# FY 2015 Capital Budget

## Transportation, Facilities, and Information Technology

Department of Community Services
Kim Peoples, Director

Department of County Assets
Sherry Swackhamer, Director

May 1, 2014

- Overview of Multnomah County's capital program
  - Financing and funding considerations
  - Key policy decision points
- Transportation Capital Program budget review
- Facilities and Information Technology Capital Program budget review
- Questions & follow-up

- Capital expenditures are:
  - Items or projects with a useful life of +3 years
  - Equipment costing more than $5,000
  - Roads, bridges, buildings, and software costing more than $100,000
- Capital project expenditures are:
  - Lumpy, following the project construction cycle
  - Time limited, although the time period can be long (debt payback, for example)

- Very large capital expenditures
  - Require extensive planning/long lead times
  - Can require several different types of "capital"
    - Political
    - Financial
    - Organizational
  - Have an impact on funding for ongoing operations
    - Debt service requirements
    - Opportunity costs and trade-offs

- Capital projects tend to be discrete:
  - Funding, timelines, and sizes vary greatly
    - Boiler replacements vs bridge projects
  - Financing options are not the same for all projects
    - General Fund OTO can cover smaller projects, or small portions of larger projects, or can be used for leverage
    - Larger projects may require borrowing, fees or taxes, federal or state grants, or other large sources, either one-time or ongoing, or both
  - Projects are typically not comparable to each other

- County Capital Programs share the following planning parameters
  - Long-range capital plan (+/- 30 years)
  - Capital program (5 years)
  - Annual appropriations (budgets) for capital projects
- Capital planning is a continuous process
  - Maintaining capital assets is a core function of governments
  - Useful life of assets is continually evaluated

# Capital Planning Process

- Three Components:
  - Capital Plan – 20 years
  - Capital Program – 5 years
  - Capital Budget for FY 2015 – 1 year
- Selection Criteria:
  - Safety
  - Support Land Use Goals
  - Engineering Evaluation
  - Community Support
  - Equity Lens

# Transportation funding Priorities

- Debt Obligations
  - 223rd Avenue Railroad Undercrossing
  - Sellwood Bridge Replacement
- System Preservation & Maintenance
- Capital
  - Sellwood Bridge Replacement
  - Broadway & Burnside Bridge Repairs
  - Arata Road & Cornelius Pass Road
  - Beaver Creek Culverts
  - NE Sandy Blvd: 230th-238th

# Revenues – Sources of funds

- State Highway Fund

- County Gas Tax

- County Vehicle Registration Fees

- Grants:
  - ODOT/Metro/FHWA

- City of Portland
  - Sellwood

Total revenue for FY 2015: $44.7M

State Hwy Fund
$37,924,000
85%

County Gas Tax
$6,800,000
15%
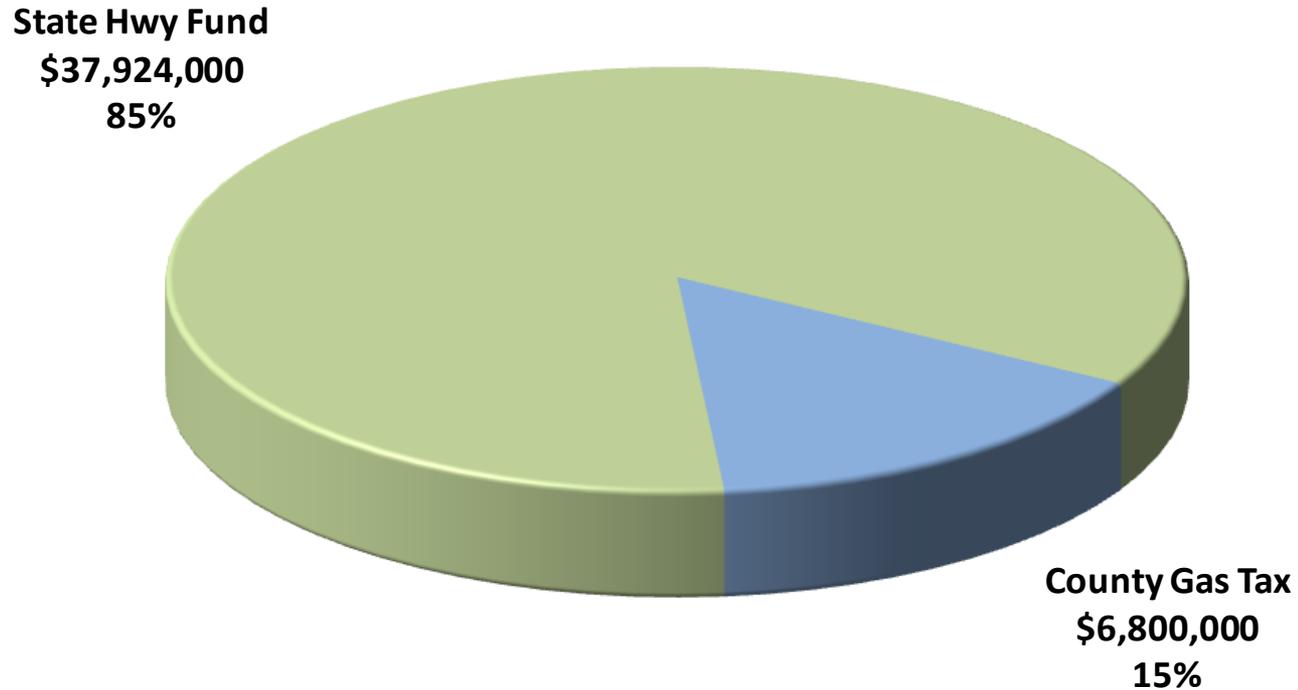
# Road Services Revenue in FY 2015: $7.3M
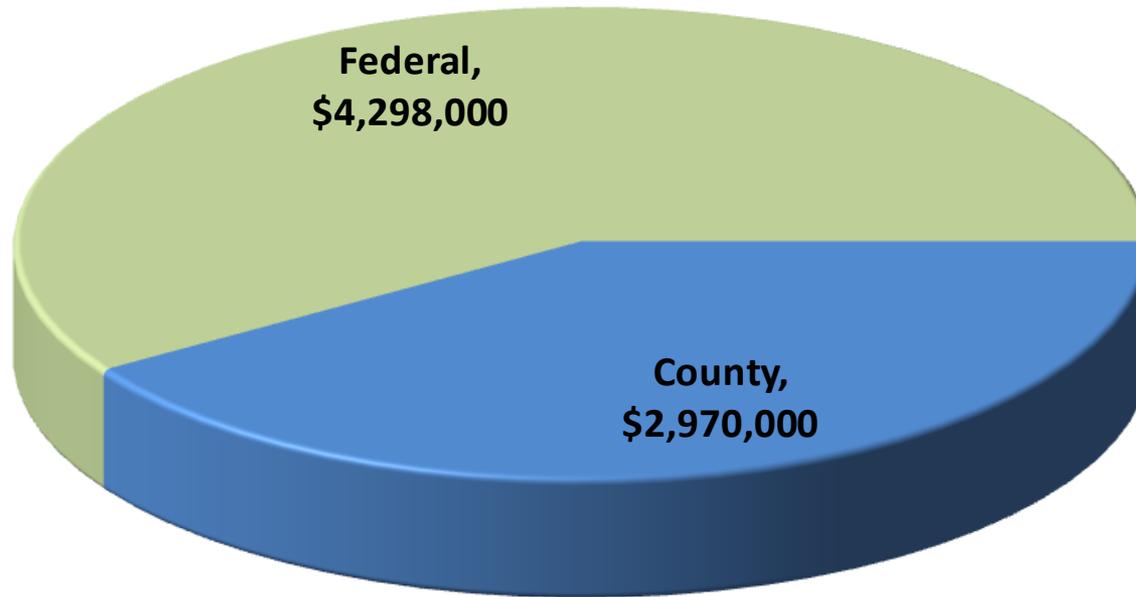
# Total Bridge Services Revenue in FY 2015: $4.4M



Federal, $1,171,000

County, $3,214,000
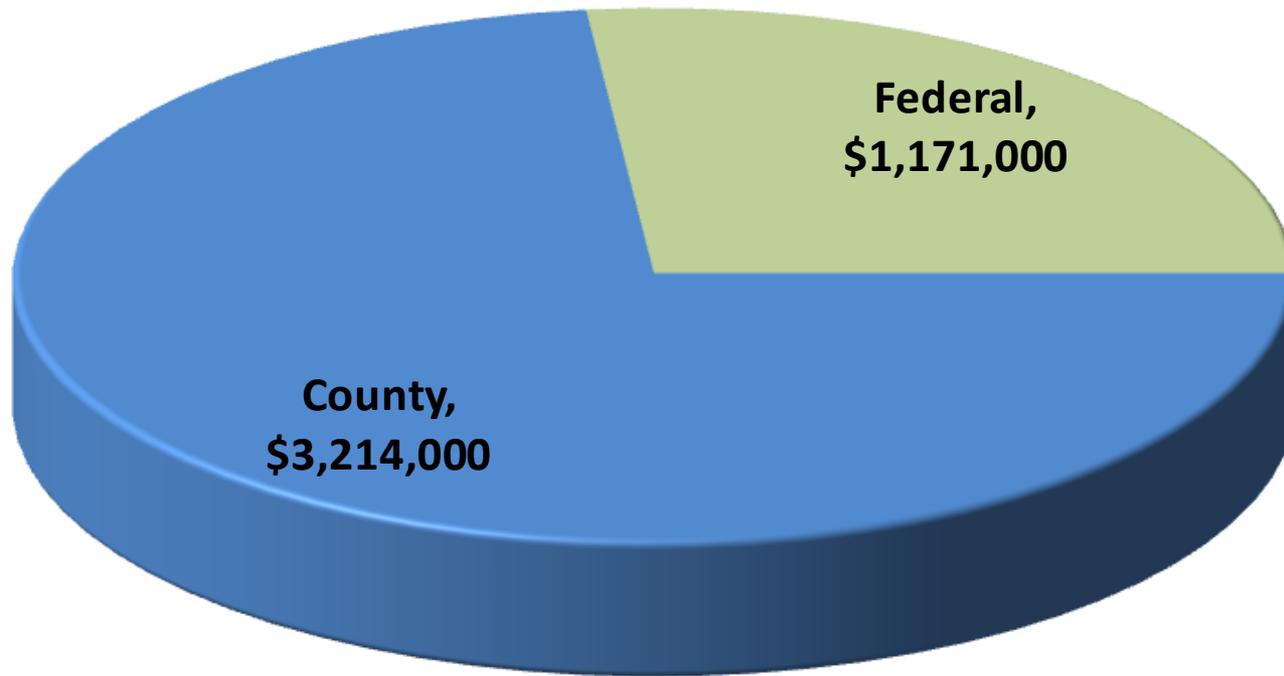
# Total Capital Expense in FY 2015: $111.1M

| Sellwood Contributions |
| --- |
| 54% - County |
| 24% - Portland |
| 11% - State |
| 11% - Federal |

Sellwood, $99,417,000

Roads, $7,268,000

Bridges, $4,385,000
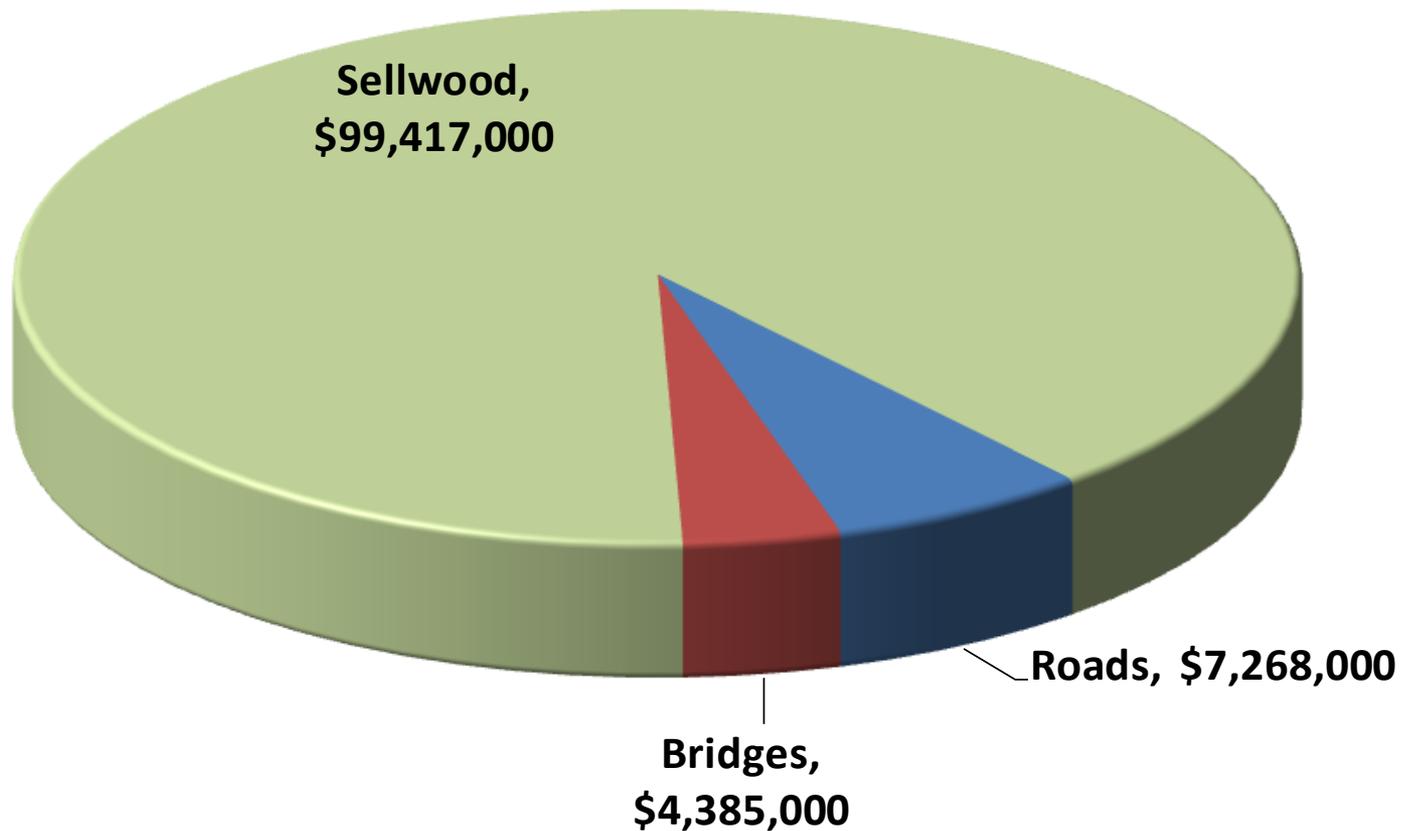
- **Pavement Maintenance**
  - **Chip Seals**
- **Culvert Replacement Program**
  - **Fish Barrier Removal**

- **Wood Village Blvd Extension**
- **Asphalt Overlays**
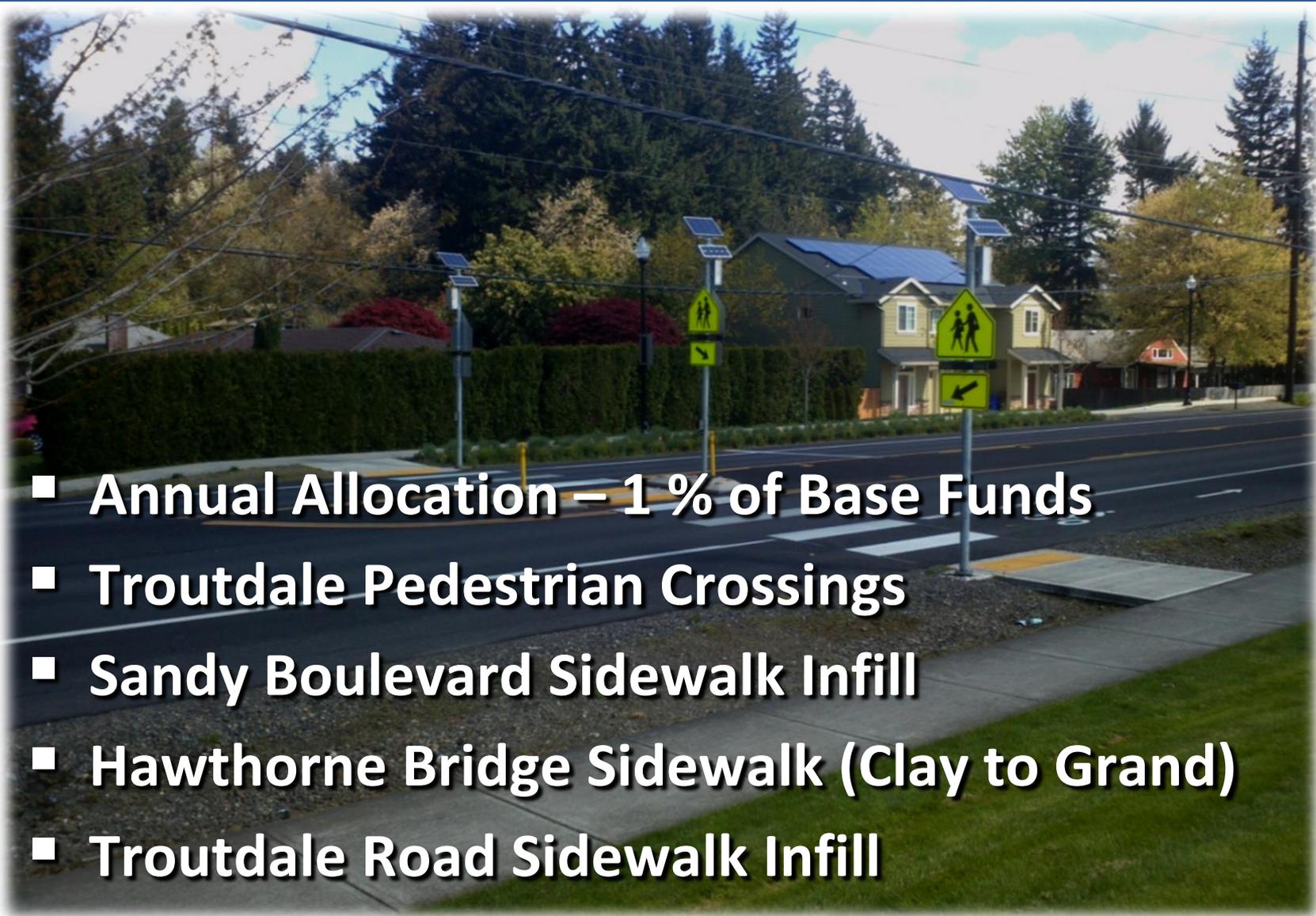
- **Annual Allocation – 1 % of Base Funds**
- **Troutdale Pedestrian Crossings**
- **Sandy Boulevard Sidewalk Infill**
- **Hawthorne Bridge Sidewalk (Clay to Grand)**
- **Troutdale Road Sidewalk Infill**

- **Arata Road – Multi-Modal Improvements**
- **Cornelius Pass Road – Safety Improvements**
- **Beaver Creek Culvert at Stark Street**
- **Sandy Boulevard – 230-238th**
- **Oxbow Park Road Slide Repair**

- **Sandy Boulevard (Construction) – Spring 2015**
- **Arata Road (Construction) – Spring 2015**
- **Cornelius Pass Road (Construction) – Fall 2015**
- **Beaver Creek Culverts Fish Passage (Construction) – Summer 2015**
- **NE 238th Drive – East Metro Connections – FY 2016**

*Funding is uncertain due to depletion of Federal Highway Trust Fund and lack of a new Transportation Bill.*

- **Willamette River Bridges Capital Plan Update**
- **Morrison Center Locks – Lift Span (Postpone)**
- **Repairs to Aging Concrete – Spalling/Cracks**

- **Sellwood Bridge Replacement**
  - **Traffic – Fall 2015**
  - **Complete – Summer 2016**

- **Morrison Deck Repair**
- **Complete Broadway Paint Project**
  - **Design – FY 2014-15**
  - **Construction – FY 2016**

- **Broadway Rail Wheels Replacement**
  - **Design – FY 2015**
  - **Construction – FY 2015-16**

- **Burnside Bridge Repairs**
  - **Design – FY 2014-15**
  - **Construction – FY 2016-18**

- Seismic Update Plan (Part of WRB Capital Update)
- Seismic Need: $200M+*
- Work Completed:

| Phase/Component | Hawthorne | Morrison | Burnside | Broadway |
|---|---|---|---|---|
| Phase 1 – Main Spans | $7.5 | $11.9 | Complete | $5.8 |
| Phase 1 – Approaches | $2.7 | $4.8 | Complete | $0.9 |
| Phase 2 – Main Spans | $33.3 | $28.5 | $58.8 | $35.6 |
| Phase 2 – Approaches | $8.2 | $11.9 | $6.9 | $2.7 |
| Totals: | $51.7 | $57.1 | $65.7 | $45.0 |

*All dollar values are 2013 estimates (in millions)*

*\*This will go up substantially after CIP*

- Work Completed:
  - Phase 1 on Burnside Bridge
  - Sauvie Island – Designed to Current Standards
- Work in Progress:
  - Sellwood – Designed to Current Standards
- Other seismic upgrades will require substantial capital investment

- **State highway funds, county gas tax and vehicle registration fees fund current debt, preservation of system, and limited capital projects**

- **Leveraging Capital for outside grants**

- **Rely on continued support from BCC, other partners, and stakeholders**

- **Continue to look for other sources of base funding, and industry trends**

**Questions?**

# FY 2015 County Assets Capital Budget

## Facilities & Information Technology

### Presentation to the Board of County Commissioners

Department of County Assets
Sherry Swackhamer, Director

May 1, 2014

# Overview

Facilities and Property Management
Capital Program, FY 2015

# Overall Objectives

- Provide quality, professional service

- Recapitalize aging inventory: right-size building portfolio

- Prioritize investments based on condition and life cycle needs

- Seek partnerships

- Improve work space

# Capital Planning Cycle

- Create 10-year building replacement & recapitalization plan
  - Criteria: age, condition, safety/health, workplace

- Create 5-year CIP (major maintenance and repair) plan
  - Tier I, II, III category dependent

- Seek return on investment



Multnomah County Buildings Energy Summary
Cost and Consumption
FY10 - FY13
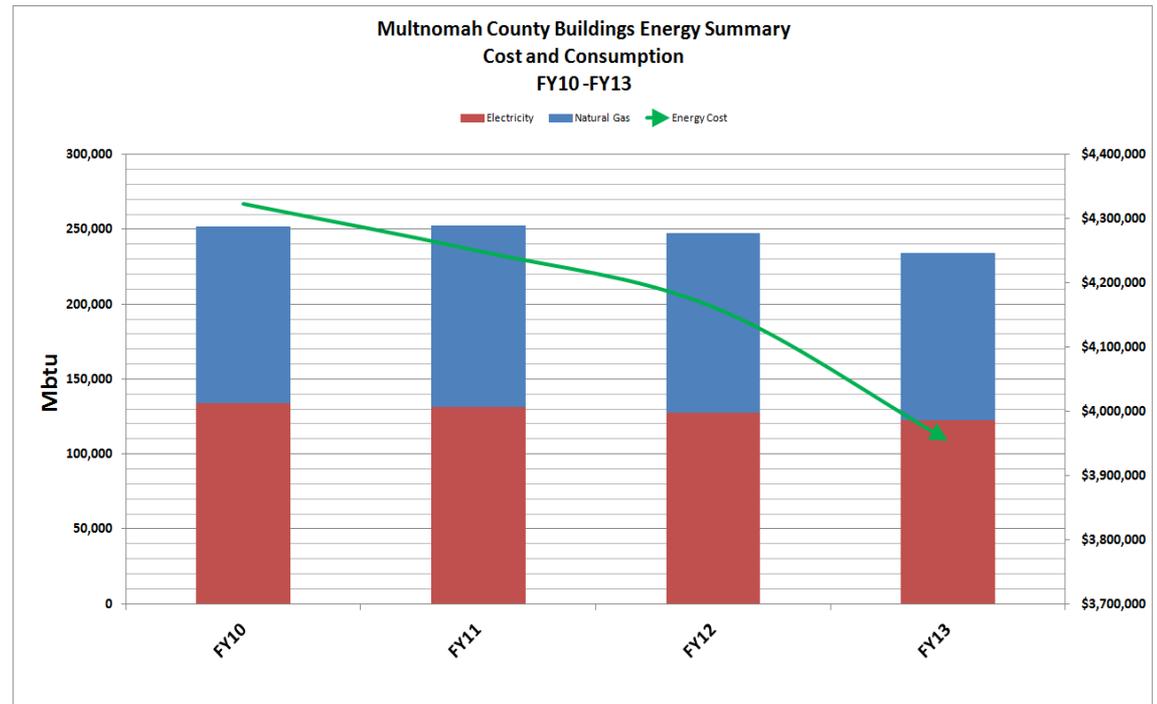
# Owned Primary Facilities



**Building Age**

- <24 yrs 29%
- 25-49 yrs 26%
- 50+ yrs 45%
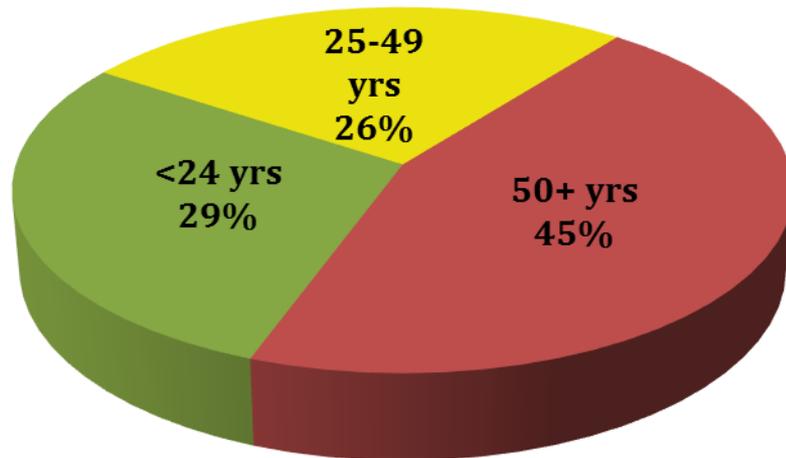
**Building Condition**

- Tier 2 & 3 35%
- Tier 1 65%
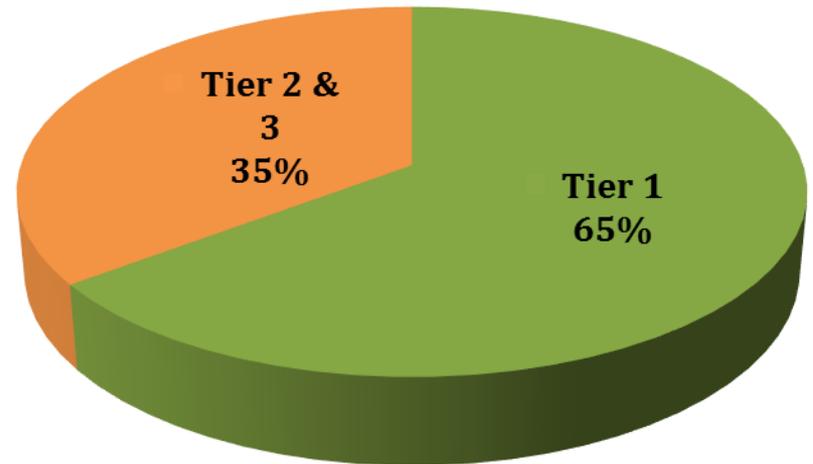
# Ongoing resources

- FY 2015 asset preservation & capital improvement fees = $3.75 per square foot of owned space
  - Asset Preservation Fund revenue: $3.45M (Tier 1)
  - Capital Improvement Fund revenue: $3.9M (Tiers II & III)

- Library Capital program moved to its own fund in FY 2015
  - Library capital fees for Tier 1 buildings: $0.88M
  - Library capital fees for Tier II & III buildings: $0.18M

# One-time resources

- New requests $4.1M
  - Health Department Headquarters, PO 78006, $1.0M
  - Central Courthouse, PO 78013, $2.3M
  - Animal Services Renovation Planning, PO 78015, $0.7M
  - Columbia River Boathouse/Portage Building, PO 78014, $0.1M

- Prior-year requests carrying forward $3.3M
  - Hansen Site Redevelopment $1.0M
  - MCSO Alternative Site (from Hansen) $1.2M
  - Energy Projects $1.1M

# Operating Environment

| | |
|---|---|
| **75 years** | • Average life of building |
| **10 years** | • Lifespan of typical office space project |
| **7-10 years** | • Fleet replacement |
| **3 years** | • Substantial organizational changes |
| **1-2 years** | • Technology shifts |
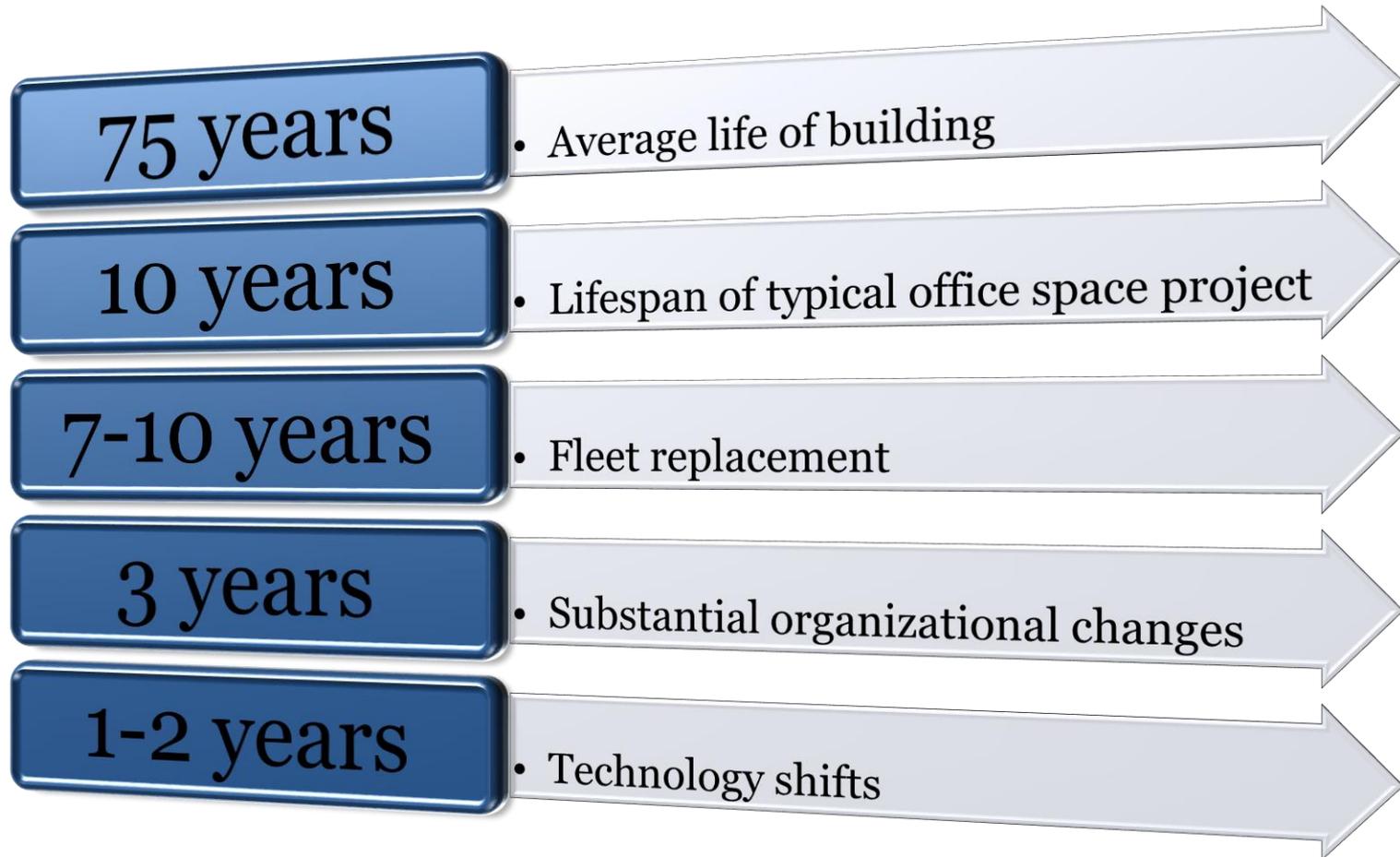
## Major Projects

- **Health Department Headquarters – design and permitting**
- **Central Courthouse – programming, building and site requirements, financial analysis**
- **Hansen Redevelopment – evaluation of best use for 4.2 acre site**
- **Hansen Site – programming, feasibility, and site selection for re-locating the Sheriff's Office**

# Accounting for Major Projects

- Two new capital construction funds
  - Central Courthouse, $42.5M, PO 78013
    - Resources for planning, programming, and development
    - State resources for site acquisition
  - Health Department Headquarters, $46M, PO 78006
    - Resources from PDC for construction costs
    - Carryover from FY 2014, estimated borrowing for remainder
- Library Capital Fund, $2.3M, PO 78006
  - Consolidating Library capital fees & ongoing projects
- New capital funds provide greater transparency and easier reporting for large projects and dedicated funding sources

# Project Highlights

- Justice Center Water Piping Replacement

- Mead Building Interior Upgrades (next phase)

- Library Administration & Rockwood Library re-roof



Figure 5–3. Piping schematic for bottom heat system.

- Multnomah Building Side Exterior & Roof Replacement

- Juvenile Justice & Inverness Jail Detention Electronics Replacement

- Inverness Jail Boiler, Chiller, Air Handler Replacements

- Multnomah County East Boiler Replacements

- Gateway Children's Center Building Exterior Upgrades

# Project Examples

- Juvenile Justice Center & Inverness Jail Detention Electronics Upgrade
  - JJC: Construction 40%; budget $1.4M
  - IJ: Design 30%; budget $1.8M

- Multnomah Building Exterior & East Side Roof Replacement FY 2015
  - Exterior: budget $0.725M, bid opening May, 2014
  - East Side Roof Project: budget $0.7M, bid opening May, 2014

| Building Name | Tier | Seismic Liability |
|---|---|---|
| Multnomah Building | Tier 1 | $26,000,000 |
| Central Library | Tier 1 | 10,100,000 |
| Multnomah Building Garage | Tier 1 | 8,500,000 |
| Juvenile Justice Complex | Tier 1 | 4,200,000 |
| Inverness Jail | Tier 1 | 2,200,000 |
| All Other Tier 1 Buildings | | 9,560,000 |
| Total: | | $60,560,000 |

| Building Name | Tier | Seismic Liability |
|---|---|---|
| Multnomah County Court House | Tier 2/3 | $57,000,000 |
| Justice Center | Tier 2/3 | 40,400,000 |
| John B Yeon Facility | Tier 2/3 | 15,000,000 |
| Gladys McCoy Building | Tier 2/3 | 13,000,000 |
| Mead Building | Tier 2/3 | 10,000,000 |
| All Other Tier 2/3 Buildings | | 8,870,000 |
| Total: | | $144,270,000 |

# Total Estimated Seismic Liability: $204.8M

# FY 2015 Capital Program // Facilities Capital Program

**Existing Portfolio Requirements**
**(in millions)**



Legend: ■ Existing Requirements ■ Less Courthouse, Hansen, McCoy

0.7% Current PRV Funding
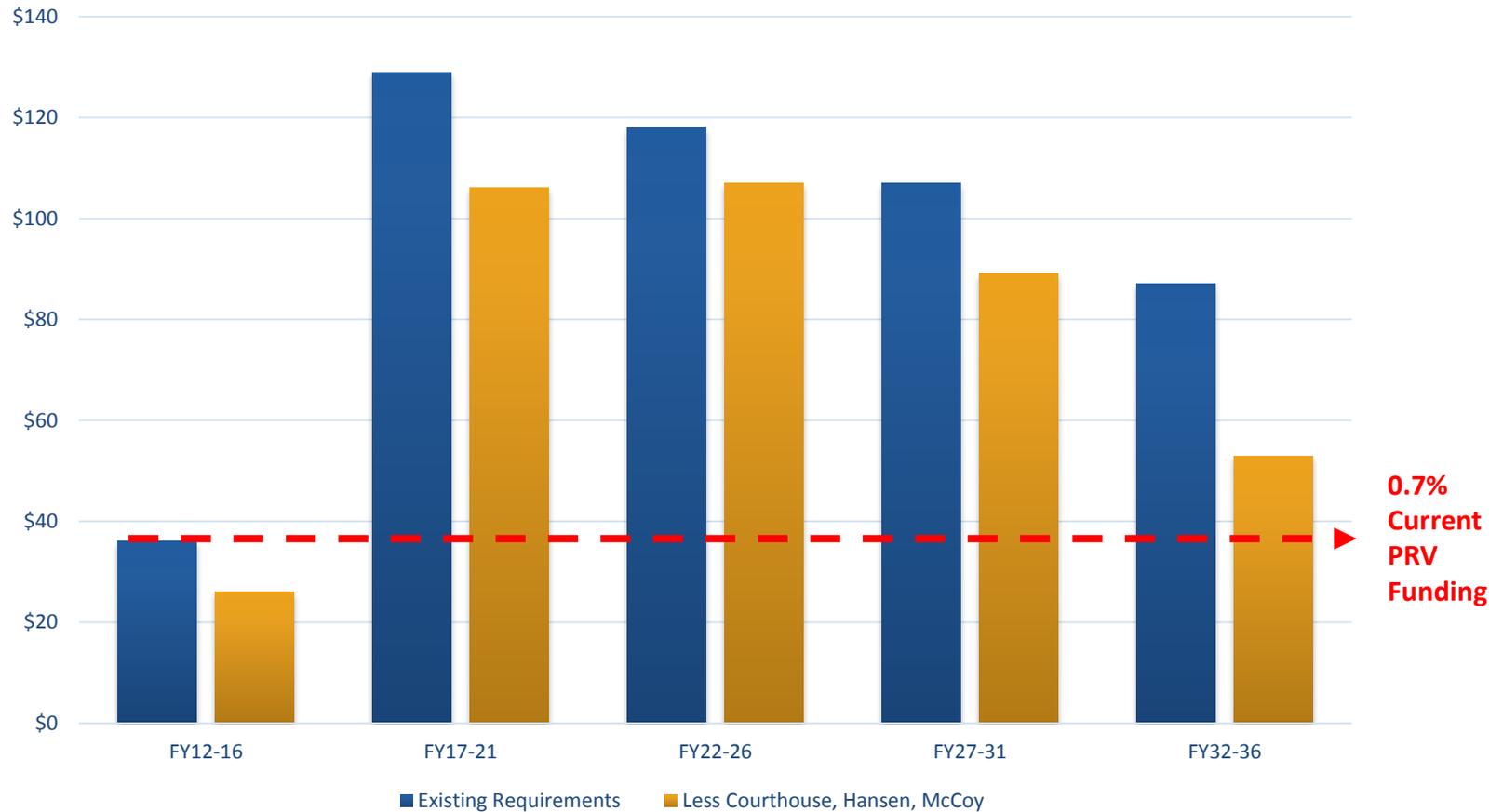
# Facilities Strategic Projects

- Dispositions/Developments
  - Morrison Bridgehead
  - Other Disposition Opportunities
- Facilities Strategic Plan – Assessing properties based on identified 20-year investment requirements, age, and client need

# Summary

- Prioritize reinvestment based on Facilities Strategic Plan and Asset Management Plan

- The 5-year capital investment plan aligns immediate requirements with a long-term view

- Package similar work/projects to gain efficiencies and allocate more funds toward direct project work

- Seek partnership opportunities with departments

# Questions?

# Overview

Information Technology
Capital Program, FY 2015

# IT Capital Program Funding Sources

- Board-approved one-time-only General Fund
  - New allocations
  - Carryover of prior-year allocations
- Department internal service allocations
- Grants
- Debt

# Capital Planning Process

- Three components
  - Capital Program – 5 year
  - Annual Capital Re-Planning
  - Capital Budget for FY 2015 – 1 Year
- Selection Criteria
  - Improved service quality to constituents
  - Reduced County risk or liability or mandate
  - Return on investment
  - Significant and sustainable cost savings or revenue
  - Amount and availability of IT resources

## Projects Funded in FY 2014

| Project | Description |
|---------|-------------|
| DCA Facilities Information Management System | Plan & implement a Facilities information management system |
| DCA Network Convergence/VoIP | Network and Telecommunications replacement and integration |
| DCJ Document Management System | Store & manage documents in the DCJ offender case file |
| DCM Budget System | Implement an enterprise budget system |
| DCM ERP Analysis | Lifecycle analysis of SAP to include recommendations on ERP strategy for the County |
| DCM SAP-related Enhancements | Prioritized projects: 1) eTimesheets; 2) SRM optimization; 3) performance management implementation |
| MCHD/DCHS Healthcare Transformation | Funding to address health information exchange and/or other needs related to health care transformation |

## One-time-only requests in FY 2015

| Project | Description |
|---|---|
| DCA Network Convergence/VoIP – Implementation Acceleration, Program Offer 78018B-15 | Increase in resources allocated to the phone system replacement to complete the majority of the project in FY 2015. |
| DCA/IT Continuity of Operations – Program Offer 78017-15 | Improve technical infrastructure for county-wide remote access and ability for county to operate from alternative work sites in a disaster scenario. |

## FY 2015 IT Projects, $6.9M

*$$ in Thousands*



FY 2015 IT Projects pie chart:
- OTO Request for Continuity of Operations, $600
- OTO Request for Network Convergence/VoIP, $1,139
- Network Convergence/VoIP, $945
- ERP Analysis, $500
- Lifecycle Replacements, $1,000
- DCJ Document Management System, $497
- SAP Enhancements: Performance Management, $330
- SAP Enhancements: eTimesheets, $345
- Healthcare Transformation, $400
- SAP Enhancements: SRM Optimization, $215
- Facilities Information Management System, $500
- Budget System, $498

# Network Convergence/VoIP

- In process

- 48%, 2,226 devices converted

- 16%, 13 facilities converted

- 2 emergency conversions completed

- Original budget: $5.1M
  - Carryover to FY 2015: $0.9M
  - OTO request FY 2015: $1.1M
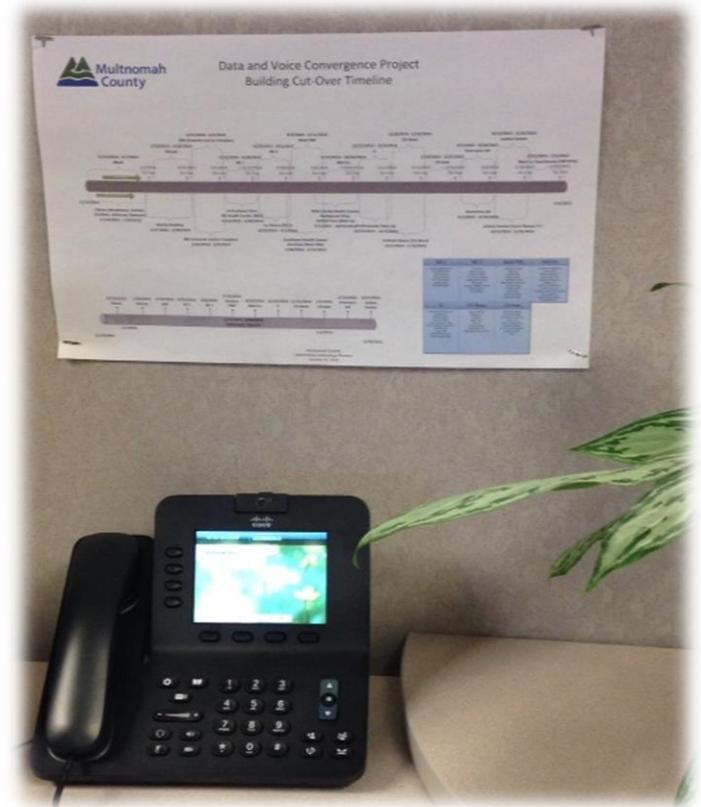
# DCM Countywide Budget System

- Phase 1 Go-Live: November, 2013 for FY 2015 budget process

- Phase 2 scheduled for summer, 2014

- Total budget: $1.5M
  - Carryover to FY 2015: $0.5M

# DCM Enterprise Resource Planning (ERP) Analysis

- Steering Committee and project team in place

- Vendor selected and on board: Gartner, Inc.

- Five phases, Phases 1 and 2 underway

  - Total budget: $0.5M

# DCM SAP-related enhancements

- Three projects

- In process:
  - SRM Optimization, $215K
  - eTimesheets, $345K

- Planned:
  - Performance Management, $330K; scheduled start July, 2014

- Total budget: $0.9M
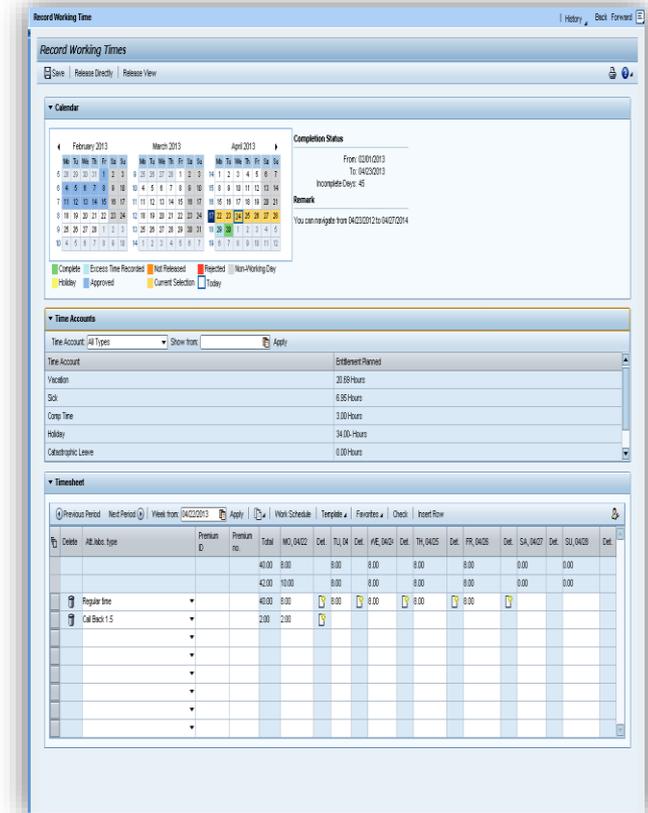
# FY 2015 Focus

- DCJ Document Management System, $497K

- DCA Facilities Management System, $500K

- MCHD/DCHS Healthcare Transformation, $400K

# FY 2015 New Requests

- DCA/IT Network Convergence – PO 78018B-15, $1.1M

- DCA/IT Continuity of Operations – PO 78017-15, $600K

## On the horizon for IT

- Accomplishments to date:
  - Implemented new Health Inspection System
  - Converted ~50% of VoIP phone replacements
  - Initiated one of most important future initiatives, ERP Analysis

- What's next: working with departments on lifecycle planning

- Good news: No seismic issues in IT! Except for potentially replacing SAP…

Questions?

Building new County infrastructure: under way

- Sellwood Bridge
- Health Department Headquarters
- Central Courthouse planning

County infrastructure evaluation: the future is near!

- Hansen site redevelopment options
- ERP Lifecycle evaluation
- Burnside Bridge Repairs