



County of Monterey

Budget Committee Report

Legistar File Number: BC 24-042

Item No.

Board of Supervisors
Chambers
168 W. Alisal St., 1st Floor
Salinas, CA 93901

March 28, 2024

Introduced: 3/19/2024

Version: 1

Current Status: Agenda Ready

Matter Type: Budget Committee

- a. Receive the Draft County of Monterey Capital Improvement Program Five-Year Plan (CIP) for Fiscal Years (FYs) 2024/25 through 2028/29;
- b. Provide recommendations on funding for prioritized unfunded projects to be included in the FY 2024/25 CIP work plan.

RECOMMENDATION:

It is recommended that the Budget Committee:

- a. Receive the Draft County of Monterey Capital Improvement Program Five-Year Plan (CIP) for Fiscal Years (FYs) 2024/25 through 2028/29;
- b. Provide recommendations funding for prioritized unfunded projects to be included in the FY 2024/25 CIP work plan.

SUMMARY:

The County of Monterey Capital Improvement Program Five-Year Plan (CIP) is a planning document that includes capital projects managed by the Public Works, Facilities and Parks Department (PWFP), Natividad Medical Center (NMC) and technology upgrade projects managed by Information Technology Department (ITD). NMC manages its own funds for capital projects and is included in the CIP for reference only. Monterey County Water Resources Agency (MCWRA) is not considered a department of the County, and PWFP does not report on MCWRA projects.

Infrastructure projects with a value over \$100,000 and a useful life of more than one year are included in the CIP. Both funded and unfunded projects are reported in Fiscal Year (FY) 2024/25. Funded projects are incorporated in operating and capital budgets. Unfunded projects are presented to the Capital Improvement Committee (CIC), Budget Committee (BC) and Board of Supervisors (Board) for consideration as priority for any eligible funding that becomes available. The projects and costs identified for FYs 2025/26 through 2028/29 are intended to illustrate priorities and the magnitude of future funding needs.

DISCUSSION:

The CIP sets forth public projects essential to maintain and improve County public facilities and facilitate the orderly implementation of the County General Plan. Each year, the CIP is updated and reviewed considering County needs, priorities, and available funding. A long-term CIP provides several benefits:

- Prioritizes needs and establishes an orderly basis for sound budgetary decisions
- Focuses attention on both mandated and community goals, needs, and capabilities for best use of public funds and establishes a long-term plan to address future needs

- Improves the likelihood of obtaining State and Federal financing assistance for projects
- Encourages project coordination between the County and public agencies which serves to reduce scheduling conflicts
- Permits private enterprise to relate and/or align their projects to the CIP

FY 2024/25 Funded Projects

Projects with sufficient funding planned for FY 2024/25 are included in the CIP as “First Year - Funded” projects. PWFP staff does not rank or score these projects as they are not competing for discretionary funding. The majority of funding for these projects is held in either Fund 404 Capital Projects Fund or Fund 002 Road Fund. Departments may also hold specific project funding such as grant funds in their own department budgets. The CIP Executive Summary in Attachment C includes a summary of the number and total cost of First Year - Funded projects currently reported to PWFP. The Draft CIP First Year - Funded list is a point in time snapshot of the projected project work plan. Some projects underway in the current FY and expected to close by June 30, 2024 may extend in FY 2024/25 due to unforeseen circumstances such as weather or supply chain issues. The First Year - Funded list will be updated in coordination with departments and the CAO Budget Office as the FY progresses. The final list of projects will be presented to the Board in June as part of the budget adoption process.

FY 2024/25 Unfunded Project Requests

Projects with a funding need which departments wish to have considered for discretionary funding in FY 2024/25 are included in the CIP as “First Year - Unfunded” projects. These projects range from an identified need with no formal scoping or cost estimating to projects with professional programming, scoping, and estimating, which provide more accurate cost estimates. For project funding requests without formal scoping and estimating, departments have three options in preparing their project requests:

Option 1: Departments may reference historical data from previous similar projects to develop an estimate or use a standard square foot cost calculator provided by PWFP as part of the CIP update process to create a potential project budget. Departments may engage PWFP Project Managers through a Reimbursable Service Agreement (RSA) to review the CIP request and historical costs. These estimates are known as Rough Order of Magnitude estimates (ROMs). ROMs vary significantly from actual costs. To account for the many unknown factors in a ROM, a cost estimate will typically include placeholders of 20% design/engineering, 20% construction management and 35% contingency based the County’s cost estimating procedures. Depending on the urgency of the project, the Board may elect to award funding based on a ROM to quickly initiate work, with staff providing updates on project estimates and actual funding needs as the scope is better defined.

Option 2: Departments may request a smaller amount of funding be allocated to projects prior to full funding, so that more accurate scoping and estimating can be done which may include engaging services of specialized consultants. This provides the Board with a more realistic project estimate for full funding consideration in subsequent years. PWFP Project Managers generally recommend this process for larger or specialized work.

Option 3: Departments may use internal funding sources to complete scoping and estimating in coordination with PWFPP Project Managers. As with Option 2, this provides the Board with a more realistic project estimate than ROMs are able to provide.

PWFPP conducted the standard unfunded project review and scoring process based on life/health/safety criteria which were initiated in FY 2017/18. Additionally, these projects have been ranked for potential benefits to disadvantaged communities utilizing a Government Alliance on Race and Equity (GARE) scoring criteria. Beginning in 2018, staff have incorporated this additional score to look at projects from a community benefits lens in addition to health and safety needs. The CIC places an emphasis on projects benefitting targeted geographical areas, such as disadvantaged communities which may qualify to leverage grant funding.

Next Steps

The CAO Budget Office will use recommendations from the CIC, BC and any Board comments at the Budget Workshop to incorporate project funding (as available) into the draft budget. Capital project requests are not included in department augmentation requests for FY 2024/25. All capital project funding requests are routed through the CIP.

OTHER AGENCY INVOLVEMENT:

PWFPP worked closely with County departments to identify capital needs, related costs, and funding sources. Department representatives are encouraged to attend the CIC and BC meetings to speak on behalf of their projects.

The CIC makes recommendations on project priorities. On March 18, 2024 the CIC recommended Facilities Master Plan Project #PWFPP 2024-17 be added to the Facilities work plan priorities. PWFPP - Parks and Health Department commented on internal Division/Department priorities.

The BC reviews capital funding and makes recommendations on funding identified priority projects in addition to those projects included in the recommended budget. The Planning Commission is tentatively scheduled to review and determine if the proposed Draft CIP conforms to and is consistent with the Monterey County General Plan in May 2024.

FINANCING:

The CIP is funded by multiple funding sources including local, state, and federal grants, Highway Users Tax Account (HUTA, or Gas Tax), SB 1, Measure X, impact fees, and capital funds. PWFPP staff costs allocated to prepare the CIP this FY are budgeted in Fund 404. No financial impacts result from receiving this report or referring the recommended capital projects for FY 2023/24 to the Annual Recommended Budget process for consideration by the Board of Supervisors. Available cash flow is considered when determining the timing and implementation of individual projects.

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Attachments:

Attachment A - Proposed FY 2024/25 Capital Project Work Plan with Recommended Unfunded
Priorities

Attachment B - Complete List of First Year - Unfunded Projects

Attachment C - Draft CIP FY 23-24 through FY 27-28