



Monterey County

Board of Supervisors
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Board Report

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Adopt a Resolution approving the County of Monterey Five-Year Capital Improvement Program for FY 2019-20 through FY 2023-24.

RECOMMENDATION:

It is recommended that the Board of Supervisors adopt a Resolution approving the County of Monterey Five-Year Capital Improvement Program for FY 2019-20 through FY 2023-24.

SUMMARY:

The Capital Improvement Program Five-Year Plan FY 2019-20 through FY 2023-24 (hereafter, CIP) includes capital projects planned as part of the capital budgets managed by RMA, Information Technology Department (IT) and Natividad Medical Center (NMC). Capital projects are funded through Capital funds (401, 402, 404) and individual department budgets. The CIP provides information about funded County department capital projects for FY 2019-20. In addition, unfunded projects are prioritized based on objective rankings and input from the County Government Alliance on Race & Equity (GARE) cohort, Budget Committee and Capital Improvement Committee. Projects included in the first year of the CIP (FY 2019-20) requiring County capital funds will be reflected in the FY 2019-20 Annual Recommended Budget for the consideration and action by the Board of Supervisors.

Since the Water Resources Agency (WRA) is not considered a department of the County, the Five-Year CIP does not include WRA projects. Natividad Medical Center (NMC) manages its own funds for capital projects, so those projects are included in the CIP for reference only; however, RMA does not review or prioritize NMC projects.

This CIP does not include capital projects/costs for Juvenile Hall overage and the Lake San Antonio and Lake Nacimiento (collectively referred to as, "Reservoirs") Reservoir Recreation Plan. RMA is working to refine projected costs for these projects. The FY 2019-20 recommended budget does not include costs for the Juvenile Hall overage or the Reservoir Recreation Plan; therefore, these projects will be carried forward as unfunded needs into FY 2019-20.

DISCUSSION:

The CIP sets forth the public projects necessary to maintain and improve the County's public facilities and the orderly implementation of the County General Plan. Public facilities include buildings, major equipment, telecommunication infrastructure, parks, and transportation systems. Projects listed in the CIP are over \$100,000 and provide long term assets to the community. Budgeted costs include design, environmental, construction, equipment, land purchases, and project administration of new, improved or replacement infrastructure. The costs identified in the first year of the CIP are

appropriated as a part of the operating and capital budget process. The projects and costs identified in years two (2) through five (5) of the CIP are intended to illustrate priorities and the magnitude of funding needed.

Each year, the CIP is updated and reviewed in light of the County's needs, priorities, and available funding. A long-term CIP provides several benefits:

It focuses attention on community goals, needs and capabilities for the best use of public funds, and establishes a long-term plan to address future needs.

It prioritizes needs and establishes an orderly basis for sound budget decisions.

It improves the County's likelihood of obtaining State and Federal financing assistance.

It encourages coordination of projects among County staff and other public agencies and reduces scheduling problems. In addition, it permits private enterprise to relate their projects to the CIP.

The Resource Management Agency (RMA) worked with County Departments to develop their capital project requests. Ninety (90) projects are fully funded in FY 2019-20, with a total cost of \$241 million for FY 2019-20 - FY 2023-24, including four (4) projects with unfunded needs in years two through five. Sixty-seven (67) projects are included on a list of Unfunded Needs for FY 2019-20, including eleven (11) projects partially funded for FY 2019-20. These unfunded and partially funded projects have a total cost of \$162 million for FY 2019-20 - FY 2023-24. Unfunded projects may be considered for Capital funding based on the recommendation of the (Capital Improvement Committee) CIC and (Budget Committee) BC, or they may utilize other funding sources as the FY 2019-20 budget is developed. Fifty-five (55) projects are scheduled for years two (2) through five (5), with a total cost of \$159 million for FY2019-20 - FY23-24.

The list of unfunded projects for FY 2019-20 - FY 2023-24 does not impact the corresponding budget. If additional funds are identified at a later time, projects may be brought back to the CIC for approval and to the BC to allocate funding.

Attachment B is the "Capital Improvement Program (CIP) Five-Year Plan FY 2018-19 through FY 2022-23" that was developed as outlined above.

For FY 2019-20, RMA followed the standardized unfunded project review and scoring criteria process started in FY 2017-18 and updated for FY 2018-19 to include a Racial Equity Tool. Projects were ranked by RMA staff for critical life/health/safety impact, and a priority list was developed to be presented to the BC and CIC. Projects were also scored using the Racial Equity Tool. Project rankings are included in the CIP under Exhibit B.

The Reservoirs are currently operated and managed through an Enterprise Fund. The Enterprise Fund includes all revenues and expenses allocated to the Monterey County Reservoirs and is intended to function as a self-sustaining operation. On January 15, 2019, the Board of Supervisors selected an option whereby Lake San Antonio would transition to be operated and managed entirely by the

County and no longer part of the Enterprise Fund. Lake Nacimiento would continue to be operated and managed by a third party through an agreement, which will be funded by the Enterprise Fund. The County will continue to be responsible for capital improvements at Monterey County Reservoirs regardless of who manages the facilities. A Five-Year capital improvement plan for the Reservoirs is being developed by RMA which will be considered separately. Projects developed and approved under this plan will be included in future updates to the CIP.

Because these capital projects are an essential part of the Monterey County Reservoir Recreation Plan, staff prepared separate reports to the CIC on April 8, 2019 and to the BC on April 10, 2019 to address those investments in the context of lake operations. As currently drafted, the Monterey County Reservoir Recreation Plan includes the following projects:

Lake San Antonio: Repairs to electrical systems, installation of wells, remodeling and demolition of existing infrastructure, reconstruction of sewer distribution and water delivery systems, road/site repaving, and new equipment. FY 2019-20 augmentation requests include \$2,275,000 for one-time capital projects.

Lake Nacimiento: Projects include purchase of a new boat fleet, repairs to rental lodges, sewer system repairs and upgrades, campground improvements, rental trailer replacement, group camping area and VIP camping additions and replacement of deteriorating mobile home units. FY 2019-20 augmentation request: \$2,549,968.

RMA is working to refine these numbers, and costs for the Reservoirs will be brought forward separately as part of a Reservoir Recreation Plan that will be presented before the Board for consideration and recommendation. The FY 2019-20 recommended budget does not include these projects. As such, they will carry forward as unfunded needs into FY 2019-20.

New Juvenile Hall: This project is currently in the middle of construction of Phase I of a two Phase project. It has exhausted its entire contingency budget for both phases and is also running over the project schedule: Estimated to near completion of Phase I in October 2019. Once Phase I is complete, Phase II is expected to take approximately 12 months to complete. Phase II cannot begin until Phase I is complete because the existing Juvenile Hall will be demolished, and the staff and juveniles will occupy the housing units completed in Phase I.

OTHER AGENCY INVOLVEMENT:

RMA worked with County departments to identify capital needs, related costs, and funding sources. The CIP is presented to the BC for fiscal matters and to the CIC for priority determination. The Planning Commission (PC) determines whether or not the CIP conforms to and is consistent with the 2010 Monterey County General Plan, adopted October 26, 2010 (General Plan), the Local Coastal Program and/or the 1982 General Plan as applicable. Upon final recommendation and support by the CIC, BC and PC, the CIP is submitted to the Board of Supervisors for approval and direction. Projects approved by the Board of Supervisors for capital funds are incorporated into the Annual Recommended Budget.

Members of the 2018 and 2019 GARE Racial Equity cohorts met to review projects using the Racial

Equity Tool. Ranking is designed to evaluate a project’s impact on racial equity in the County. In 2018 the CIC accepted a report on the draft Racial Equity Tool criteria and recommended the cohort not only score those projects already submitted, but also look into ways of identifying potential projects that address racial equity. The CIC encouraged the cohort to meet with department heads and evaluate the benefit of racial equity focused projects against the impact of delaying or replacing current identified needs. The CIC placed an emphasis on projects that would benefit targeted geographical areas such as disadvantaged communities, which may qualify to leverage grant funding.

The CIP was presented to the BC on April 22, 2019 for support of the FY 2019-20 capital funding for consideration in the Annual Budget. All projects were approved.

The CIP was presented to the CIC on May 13, 2019 for support of the CIP and direction regarding unfunded project priorities. The CIC approved the unfunded projects list and recommended the following unfunded projects as priorities for funding:

Project Description	Total FY 19/20
HVAC & Bio Safety System @ 1270 Natividad Rd (Laboratory)	\$341,000
Elkhorn Rd Culvert/Tide Gate Repairs Phase III (Move to #2 Priority)	\$289,517
1200 Aguajito (Courthouse) - Replace Chiller System	\$374,280
1200 Aguajito (Courthouse) - Replace two (2) Boilers	\$320,000
1200 Aguajito (Courthouse) - Refurbish Restrooms	\$320,000
1441 Schilling Pl. - Replace one (1) of three (3) Chillers	\$136,100
855 E. Laurel Dr. Bldg H - HVAC Systems	\$482,029
Total:	\$2,262,926

A report on CIP compliance with the 2010 General Plan, the Local Coastal Program and/or the 1982 General Plan was presented to the PC on May 30, 2018. The PC adopted a resolution determining that the CIP conforms to and is consistent with the 2010 General Plan or the Local Coastal Program and/or the 1982 General Plan as applicable.

FINANCING:

The CIP is funded by a wide variety of funding sources including local, state, and federal grants, Gas Taxes, Fees and Capital Funds. RMA prepares the CIP using funds allocated for that purpose in Fund 402. While the CIP is a capital budget plan, it is important to note that cash flow still needs to be considered for timing of projects.

There are two (2) traffic impact fees collected by the County, a countywide traffic impact fee and a fee specific to Carmel Valley development projects that are collected and placed in a separate account to mitigate traffic impacts. The approach is to incorporate traffic mitigation projects into the CIP when adequate traffic impact fees are collected. Project 1146, which includes Laureles Grade Road and the Carmel Valley Road Roundabout is included in the CIP and utilizes funds from the Carmel Valley traffic impact fee. Project 1147, Rogge Road Intersection Improvements is included in the CIP and utilizes funds from the countywide traffic impact fee. RMA reviewed the status of the countywide traffic impact fees collected prior to preparing the CIP. The latest status review indicates that there is an inadequate accrual of funds for any of the other projects beyond the two (2) listed above for which

traffic impact fees have been collected.

The list of unfunded projects, as accepted by the CIC, will be used to identify which projects will receive any available discretionary funding for capital projects. In previous years, discretionary funding was allocated based on the recommendations of the CIC and the priority ranking list. Currently, no available funding has been identified in the FY 2019-20 draft budget to allocate towards this list. The priority ranking will be kept for reference if funds become available later in the budget process.

BOARD OF SUPERVISORS STRATEGIC INITIATIVES:

The CIP is a critical part of County infrastructure planning and administration. The updated review and prioritization process will allow critical County needs to be identified in a standardized, efficient way. A well-planned CIP is key to developing and maintaining County infrastructure. This CIP includes projects that support health, county roads, technological infrastructure, libraries and public safety operations.

- Economic Development
- Administration
- Health & Human Services
- Infrastructure
- Public Safety

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Approved by: Carl P. Holm, AICP, RMA Director

Attachments:
Attachment A - Resolution
Attachment B - Capital Improvement Program FY2019-20
(Attachments on file with the Clerk of the Board)