



Monterey County

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Board Report

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Receive a report on the Projected Cash Flow for the New Juvenile Hall and Jail Housing Addition projects.

RECOMMENDATION:

It is recommended that the Board of Supervisors receive a report on the Projected Cash Flow for the New Juvenile Hall and Jail Housing Addition projects.

SUMMARY/DISCUSSION:

A cash-flow analysis of the New Juvenile Hall and Jail Housing Addition projects was requested by the County Budget Office to ascertain the monthly impact that construction expenditures and grant reimbursement/financing sources will have on County finances. To satisfy this request, a month-to-month schedule has been established for each project based on historic construction data with percentages allocated during the overall construction duration. Both projects were combined into one overall report. Key parameters and assumptions in developing the projected cash flow are summarized below.

Board of State and Community Corrections (State) Reimbursement: The County may only invoice the State for reimbursement after issuance of a "Notice to Proceed" for each project. The anticipated start of construction for the New Juvenile Hall is May 2016; for the Jail Housing Addition, June 2016.

Time Frame for Reimbursement: The anticipated duration of reimbursement from issuance of an invoice to the State to County receipt of funds is 90 days.

State Held Retainage: The State retains five percent (5%) of the invoiced amount until final project completion. The County will retain five percent (5%) of the contractors request for payment prior to submittal to the State. The five percent (5%) retainage will be held by the County until completion of the project.

Projects Schedule: Both the New Juvenile Hall and the Jail Housing Addition projects will be in construction at the same time and for the same duration. The New Juvenile Hall and Jail Housing Addition Projects Projected Cash Flow Graph reflects cash flow for each project separately, and for both projects combined with carryover (attached).

The New Juvenile Hall, at three (3) months into construction, is in negative cash flow due to delayed State grant-reimbursement payments, mandatory State retainage, and pace of construction. This situation exists until the release of all retention in November 2018, after construction completion. The Jail Housing Addition, at six (6) months into construction, enters a negative cash flow until release of retention in November 2018 for the same reasons. The

Combined Carryover Graph reflects a maximum negative cash flow of approximately \$15 Million in December 2017, recovering to zero (0) in November 2018.

OTHER AGENCY INVOLVEMENT:

The Budget Committee received this report on June 24, 2015. The County Administrative Office (CAO) has been involved with the compilation and analysis of this data. The Probation Department and Office of the Sheriff have been provided the data.

FINANCING:

A plan to alleviate the projected negative cash flow for the New Juvenile Hall and Jail Housing Addition projects will be developed in collaboration with the CAO, Treasurer, and Auditor-Controller.

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Approved by: Robert K. Murdoch, P.E., Director of Public Works

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

Attachment: Projected Cash Flow Graph

cc: Chief Probation Officer Marcia Parsons, Sheriff Stephen T. Bernal