



Monterey County

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Board Report

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Adopt a resolution approving the County of Monterey Capital Improvement Program Five Year Plan FY 2017-18 through FY 2021-22.

RECOMMENDATION:

It is recommended that the Board of Supervisors adopt a resolution approving the County of Monterey Capital Improvement Program Five Year Plan FY 2017-18 through FY 2021-22.

SUMMARY/ DISCUSSION:

The Capital Improvement Program Five Year Plan FY 2017-18 through FY 2021-22 (CIP) is a five-year plan of 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 through five 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 a number of benefits:

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

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

It improves the County's chances 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.

Resource Management Agency (RMA) worked with other County Departments to develop their capital project requests. Seventy-seven (77) fully funded projects are included in the final CIP with a total value of \$396 million. Eighteen (18) partially funded projects are included with allocated funding totaling \$9 million funded for FY 2017-18 and \$89 million unfunded for future years. Three projects listed as partially funded identify FY 17/18 costs of \$800,000 funded and \$135,000 unfunded. These projects may be considered for Capital funding based on

the recommendation of the Capital Improvements Committee (CIC) and Budget Committee (BC), or they may utilize other funding sources as the FY 17/18 budget is developed. A total of 102 projects with a total value of \$260 million are included on a list of Unfunded Needs. This list includes current year unfunded needs and projects that are scheduled to begin in years two through five.

Due to timing for preparing the CIP, it does not fully account for funding from Measure X (passed in November 2016) and SB1/AB1 (passed April 6, 2017). Measure X is estimated (depending on sales tax revenue) to generate about \$5 million a year for 30 years to Monterey County. SB1 is estimated to generate about \$9.9 million a year (gasoline and diesel excise tax, vehicle registration fee on zero emission vehicles, and loan repayments). This measure is in perpetuity but is only estimated for the first ten (10) years. Year 1 (FY18) will only be a partial year with funding beginning November 2017, so is estimated to be about \$2.9 million. These funds help provide a funding source for road projects identified in the CIP.

Measure X and SB1 require the County to prepare a list of projects utilizing these funds. A program illustrating how Measure X funding will be assigned is due to the Transportation Agency of Monterey County (TAMC) in June/July 2017. RMA presented a report with a list of priority projects to the CIC June 12, and plan to present that list to the full Board July 25th.

For partially funded projects or projects on the Unfunded Future Needs list, only one possible source of funds exists within Fund 401 and is generated through the Building Use Allowance (BUA) which is part of the Countywide Cost Allocation Plan (COWCAP). Since the Auditor-Controller has not released the FY 2017-18 COWCAP amounts in time for the development of the FY 2017-18 Recommended Budget, the BUA estimates are based on the FY 2016-17 COWCAP figures. Assuming the same level of funding from the BUA for FY 2017-18, approximately \$1.5 million would be available to fund partially funded and unfunded projects needs in FY 2017-18.

For FY 2017-18, RMA developed a standardized project review and scoring criteria process for unfunded projects. Projects were ranked by RMA staff and a priority list was developed to be presented to the Capital Improvement Committee (CIC) for final recommendation. The following criteria were used:

- Critical Health, Environmental or Safety Hazard
- Economic/Community Impact
- Law or Mandate
- Annual Operating & Maintenance Cost
- Project Readiness
- Sustainability and Conservation
- Funding Availability

RMA presented the criteria and process to the CIC on March 6, 2017 and department heads on April 5, 2017. There was general support for the process.

The resulting priority list was presented to the CIC on April 10 for their recommended funding priorities. After the CIC heard comments from the public and County departments, a revised

priority list was reviewed on April 27, 2017. The CIC provided the following final project priority ranking for any available funds in FY 2017/18:

Carmel River Floodplain Restoration (CRFREE)	\$50,086
Vote by Mail Sorting System	\$55,586
Parkfield Branch Library (partial funding)	\$150,000
Bradley Branch Library (partial funding)	\$200,000
Aromas Library (partial funding)	\$150,000

Based on the overall unfunded project priority ranking approved by the CIC, the following projects would receive any remaining BUA funds:

HVAC System Repair/Replacement - Kitchell Facilities Report	\$330,000
Generator Replacement Program - Kitchell Facilities Report	\$330,000
Fire Safety System Program - Kitchell Facilities Report	\$247,500

ITD Network Infrastructure Upgrade was also included as a priority project, but the Information Technology Department (ITD) removed it from the unfunded priority list as other funds were identified.

On May 27, 2017, the Budget Committee deferred allocating funds to the CIC priority ranked projects to allow for more time to review the projects and until the FY 2017-18 BUA available funds are known. During Board budget hearings on June 5th, following the development of the CIP, staff was directed to include a warming shelter as an unfunded project. Due to the timing, this project is not included in the CIP as presented. Staff requests Board approval of the CIP as presented. RMA will return to the CIC and BC for direction on options for a warming shelter, and funding priorities for any available BUA funds.

OTHER AGENCY INVOLVEMENT:

RMA worked with County departments to identify capital needs, related costs, and funding sources. The CIP is presented to the Budget Committee (BC) for fiscal matters and the Capital Improvement Committee (CIC) for priority determination. The Planning Commission (PC) determines if the CIP conforms to and is consistent with the Monterey County General Plan. Upon final recommendation and support by the CIC, the 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. The CIP was presented to the CIC on April 10, 2017 and April 27, 2017. The CIC recommended projects as priorities for available funding.

The draft CIP was presented to the BC on April 27, 2017 for approval of the FY 2017-18 capital funding for consideration in the Annual Budget. The BC requested that RMA return for further review of the priority unfunded projects.

The Planning Commission was presented a report on the CIP compliance with the County General Plan on May 10, 2017. The PC passed a resolution determining that the CIP conforms to and is consistent with the 2010 Monterey County General Plan or the Local Coastal Program and 1982 General Plan as applicable. The PC also recommended that the priority of CIP

projects be reviewed in the context of Level of Service deficiencies identified in the 2010 General Plan Environmental Impact Report.

Since the Water Resources Agency (WRA) is not considered a department of the County, the Five-Year CIP does not include WRA projects.

FINANCING:

The CIP is funded with a wide variety of funding sources including local, state, and federal grants, Gas Taxes, Certificates of Participation, Bonds, Fees and Capital Funds. RMA prepares the CIP using funds allocated for that purpose in Fund 402. RMA has included in the requested budget for FY 2017-18 under Fund 401 a placeholder of \$1.5 million in BUA funds for partially funded or unfunded projects in FY 2017-18. It should be noted that this document is a capital budget plan and that cash flow still needs to be considered for timing of projects.

BOARD OF SUPERVISORS STRATEGIC INITIATIVES:

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

Check the related Board of Supervisors Strategic Initiatives:

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 - County of Monterey Capital Improvement Program 2017/18 through 2021/22

(Attachments on File with the Clerk of the Board)