

I. Capital Improvement Program Background

Monterey County Code created Public Works, Facilities and Parks (PWFP) as a comprehensive County department to responsible for the administration, coordination, and oversight of policies and regulations, and related services concerning facilities maintenance and capital planning in support of County owned and leased facilities in compliance with all applicable local, State, and Federal laws and regulations. The Code assigns PWFP the responsibility of delivering infrastructure and capital planning which provide for the public health and safety in transportation, public works, and utility services. [Monterey County Code Section 2.28.010; Ordinance Number 5391].

MCC Section 2.25.050 outlines the PWFP Director duties, including development and recommendation of capital improvement programs and presentation and justification of such programs to the County Administrative Officer and the Board of Supervisors.

PWFP develops an annual CIP which consists of several distinct “Work Plans” implemented by PWFP - Facilities Division through the Capital Projects Team, PWFP – Public Works Division and Natividad Medical Center. Information Technology Department (ITD) implements technology infrastructure projects, and more recently, departments have been given the option by the County Administrative Office (CAO) to directly implement their own capital projects (Sustainability Program) and facility maintenance (Health Department, Social Services).

II. Unfunded Project Requests

As part of the annual CIP development, County departments submit nearly 100 unfunded project requests, totaling more than \$200 million in estimated costs. The actual project costs are likely to be significantly higher, as preliminary estimates tend to underestimate required scope, soft costs, contingencies, and hard cost of the projects. Historically, the County has relied almost exclusively on “Fund 478” Building Improvement and Replacement subfund (BIR) for discretionary capital project revenue. BIR has averaged \$13 million each year for deferred maintenance, new construction and other capital projects.

To help determine which unfunded requests to prioritize for funding, PWFP staff have used a combination of internal review and scoring metrics, along with input from the Capital Improvement Committee (CIC) and Budget Committee (BC) before final approval by the Board of Supervisors. The project scoring criteria has evolved over the years using various categories such as Health and Safety, Energy Efficiency, End of Life Replacement, Matching Funds, and more. Each iteration of the scoring criteria addressed one or more imbalances inherent in any subjective ranking system, only to create others in new areas. Critically, an objective Facility Condition Assessment (FCA) score has been missing from

Attachment B – Proposed Development Plan for Unfunded Projects

the ranking process, as the County does not have a computerized maintenance management system to track asset lifespans, repair history and potential asset replacement cost.

III. Takeaways and Lessons Learned

As part of the FY 2025/26 annual review of the CIP process, PWF staff identified four key outcomes from the current unfunded project review, along with opportunities to improve:

#	Results of Current Process	Opportunity to Improve
1	Outdated project requests get selected, approved by the Board	Better project development and vetting prior to presentation to the Committees and Board. Projects requiring additional scoping and estimating are incorporated into long-range planning.
2	Current CIP reports separate Year 1 projects from Year 2-5 projects. CIP functions as a 1-year document; all unfunded needs get “dumped” into Year 2, repeat each cycle.	CIP report consolidates all “Active” projects (those with appropriated or allocated funding) into a consolidated report for years 1 through 5.
3	Scoring criteria is subjective, can be manipulated to favor pre-determined priorities.	Prioritization and funding decisions should be based on objective data such as a facility condition index
4	Fund 478 is used for <i>all</i> unfunded requests. “High-profile” projects get selected; deferred maintenance is lost in the mass of requests.	Create a five-year Fund 478 funding allocation plan that allows large projects to “save up” over multiple years, leaves room for some deferred maintenance.

IV. Best Practices

Staff also reviewed CIPs and capital financing policies from local agencies across California to identify commonly used and best practices. A few common themes were identified:

- a. Create specific funding mechanisms and policies to address deferred maintenance, ADA upgrades, security needs, energy efficiency projects and other key categories.
- b. Utilize facility condition assessment data from maintenance management systems to identify critical facility needs and end of life systems.
- c. New construction and major renovation should have significant needs assessment, project planning, and design review prior to approval of construction funding.

V. Updated CIP Process, Phase I – Fund 478 Work Plan

Staff’s internal findings along with best practices from other agencies present several opportunities to update and improve the CIP process. Many of these items such as changes to County financial policy require extensive development and fall outside the direct responsibility and control of PWF. Staff selected the Fund 478 – Work Plan as a first step

Attachment B – Proposed Development Plan for Unfunded Projects

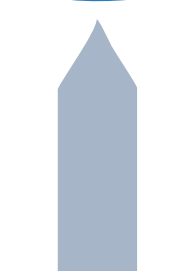
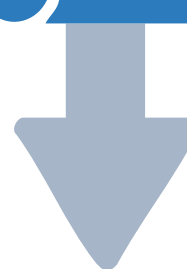
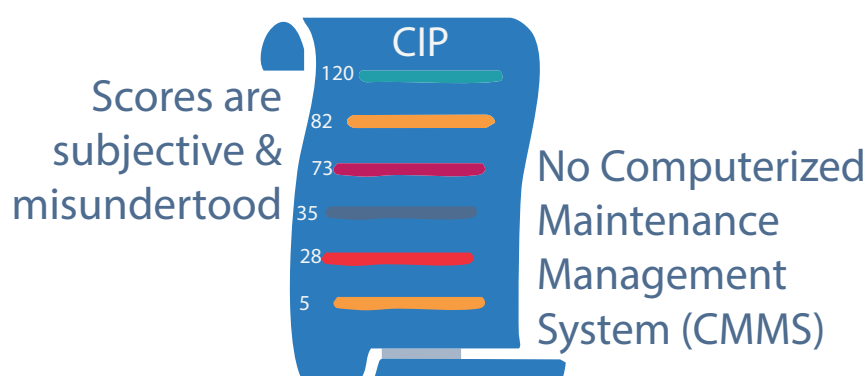
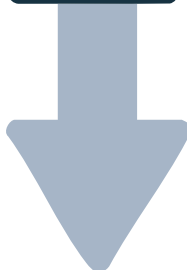
to improving the CIP process since PWFP is responsible per County Code for this part of the CIP development.

- a. The updated process to allocate Fund 478 dollars begins like the current process with a call to County departments for project submittals. Any project submittals with an unfunded need will be sorted into one of three groups:
 - Active Projects are those in construction phase at the start of the fiscal year. An Active project has been previously approved by the Board but a funding gap exists which must be met for the project to continue to completion. This funding gap is typically a result of unexpected site conditions or a major change in scope.
 - Shovel-Ready projects either have design work substantially completed, or do not require significant design work and can begin construction as soon as funding is made available. Many deferred maintenance projects such as painting, carpeting, and equipment replacement at end of life fall into the Shovel-Ready category.
 - Planning and Design projects identify a need but the actual scope and cost are unknown. New construction, major renovation, or complex projects dealing with ADA requirements, Title 24, environmental studies, hazard mitigation all require proper planning and design to ensure compliance with federal, state and local laws, as well as ensuring occupant and worker safety. Setting aside funds for Planning and Design each year enable a steady flow of new projects to work up to Shovel-Ready and Active status, creating an orderly implementation plan.
- b. Once projects are categorized, PWFP will prepare an initial draft of a five-year Fund 478 Work Plan made up of Planning and Design, Shovel Ready and Active project funding requests. Staff will use available facility condition data to identify critical systems maintenance needs, and supplement with subject matter expertise and building knowledge where data is not currently available. This initial draft will be presented to a CIP Review Committee, comprised of various departments which have a role in ensuring health and safety needs, County strategic goal and master plan priorities, and community equity goals are met.
- c. The CIP Review Committee's recommendation will be incorporated into the draft CIP for presentation to the Capital Improvement Committee for project review, and the Budget Committee for funding considerations. Any recommendations by the Committees will be taken along with the draft CIP to the Board of Supervisors for final decision and adoption.

COUNTY DEPARTMENTS



“UNFUNDED LIST”



CIC RECOMENDATION



BC RECOMENDATION



BOS APPROVAL



NO LONG-TERM FACILITIES PLANNING

COUNTY DEPARTMENTS



100+ PROJECTS

ACTIVE PROJECTS (With Funding Needs)

- ✓ Pajaro Mansion
- ✓ Covid 19 Memorial
- ✓ Big Sur Library
- ✓ CRFREE
- ✓

SHOVEL-READY PROJECTS (With Good Scope & Estimating)

- ✓ Jail ADA Project
- ✓ New Bradley Library
- ✓ New East Garrison Library
- ✓ Schilling HVAC
- ✓

PLANNING & DESIGN PROJECTS (Project Concept & Idea)

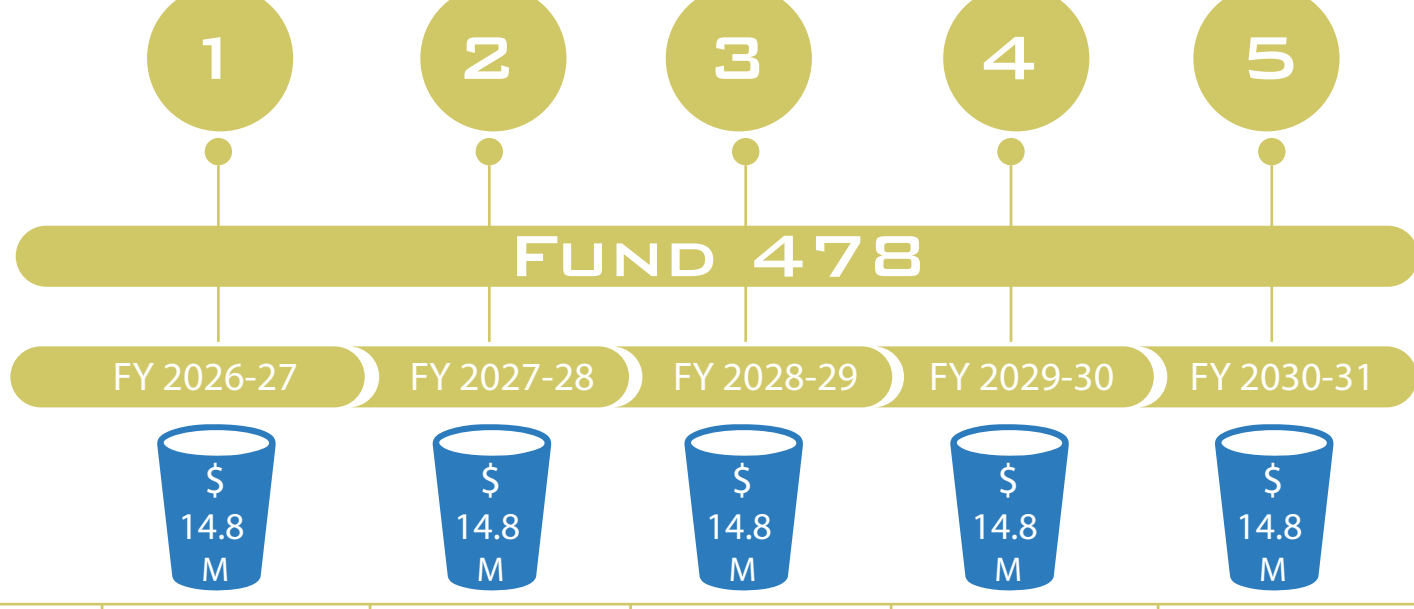
- ✓ County Jail Roofing Project
- ✓ Government Center ADA Project
- ✓ 1281 Broadway Ave Project
- ✓ Ag. Commissioner Conference Room
- ✓



CIP REVIEW COMMITTEE

(Compose by: PWFP, CAO & HCD)

(Function: Review County and Departmental priorities and select key County projects for the next 5-Years)



Project Category	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31
PLANNING & DESIGN PROJECTS					
ADA Projects	██████████	██████████	██████████	██████████	██████████
Energy Efficiency Projects		██████████	██████████		██████████
Equipment Projects		██████████		██████████	██████████
IT Projects	██████████	██████████			
Maintenance Backlog Projects	██████████	██████████	██████████	██████████	██████████
New & Remodel Projects	██████████	██████████			██████████
Preventive Maintenance Projects	██████████	██████████	██████████	██████████	██████████
Security Projects	██████████		██████████	██████████	
SHOVEL-READY PROJECTS			██████████	██████████	
	██████████	██████████	██████████	██████████	██████████
		██████████			██████████
ACTIVE PROJECTS	██████████	██████████	██████████	██████████	██████████
	██████████	██████████	██████████	██████████	██████████
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\$14.8M \$14.8M \$14.8M \$14.8M \$14.8M

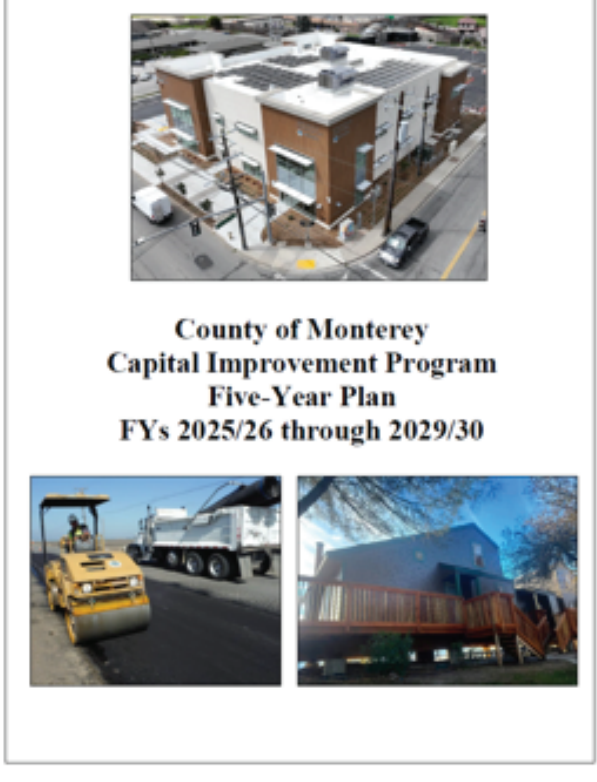


CIC RECOMENDATION

BC RECOMENDATION

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BOS APPROVAL



5-YEAR PLANNING FOCUS COUNTY LONG-TERM GOALS