



Monterey County

168 West Alisal Street,
1st Floor
Salinas, CA 93901
831.755.5066

Budget Committee

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- a. Receive the County of Monterey Capital Improvement Program Five Year Plan FY 2018-19 through FY 2021-22; and
- b. Support the approval of the FY 2018-19 capital funding for consideration in the Annual Budget.

RECOMMENDATION:

It is recommended that the Budget Committee:

- a. Receive the County of Monterey Capital Improvement Program Five Year Plan FY 2018-19 through FY 2021-22; and
- b. Support the approval of the FY 2018-19 capital funding for consideration in the Annual Budget.

SUMMARY/ DISCUSSION:

Resource Management Agency (RMA) is seeking Budget Committee support for the County of Monterey Capital Improvement Program (CIP) Five-Year Plan 2018/19 through 2022/23 (Attachment A). The list includes capital projects planned as part of the capital budgets managed by RMA, IT and NMC. Capital projects are funded through Capital funds (401, 402, 404) and individual department budgets. This document provides information about funded and unfunded County department capital projects for FY 18/19. In addition, staff has prepared an objective ranking of unfunded projects to prioritize needs.

The 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. Eighty-eight (88) fully funded projects were included in the CIP with a total value of \$390 million and sixteen (16) partially funded projects with full funding for FY 18/19, with total costs of \$149M. Two projects listed in the unfunded category identify FY 18/19 costs of \$621,566 funded and \$445,470 unfunded. Unfunded projects may be considered for Capital funding based on the recommendation of the CIC and BC, or they may utilize other funding sources as the FY 18/19 budget is developed. A total of Ninety-six (98) projects with a total value of \$ 377 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.

The Transportation Agency of Monterey County (TAMC) passed a local Sales Tax Measure in November 2016, referred to as Measure X, which is estimated to bring in approximately \$6.2 million annually for 30 years. The Road Fund FY2018-19 baseline budget includes Measure X funds of \$5.6million; \$5.5 million for road maintenance and repair projects and one (1) augmentation request for a Project Manager II to oversee the additional projects for \$155,000.

Governor Brown signed a transportation funding package that included SB1 in April 2017. SB1 is estimated to bring in \$7.6 million in FY2018-19, increasing incrementally over the next 9 years to \$15.8 million in FY2026-27. The Road Fund FY2019 baseline budget includes \$2.3 million for road maintenance and repair projects and two (2) augmentation requests for the Annual Chip Seal Program and one Program Manager II for \$1.8 million using a total of \$4.1 in SB1 funding. Other augmentations included in recommended budget funded with SB 1 monies are the National Pollutant Discharge Elimination Systems (NPDES) street sweeping and Proactive Drainage Maintenance & Flood Prevention The County is being conservative with SB1 funds, as there is an active repeal effort that could jeopardize funding. If the repeal effort is successful, the initiative has a retroactive date of January 1, 2017; however, all SB1 funds received by the County would remain with the County. For this reason, even those projects with appropriations are not allowed to begin until adequate SB1 funding is received.

For FY 2018-19, RMA revised 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 to Life/Health, Environment, Safety and Security
- Infrastructure/Systems Function
- Community Impact
- Project Readiness
- Operating & Maintenance Cost Avoidance
- Sustainability and Regulatory Compliance
- Funding Status

The resulting priority list was presented to the CIC on April 16, 2018 for their recommended funding priorities. Human Resources presented information and requested consideration of their project in the priority list of unfunded projects. The CIC accepted the ranking of unfunded projects based on the seven criteria with no changes. The list of unfunded projects does not affect the budget. If additional funds are identified at a later time, projects may be brought back to the CIC and BC to allocate funding.

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

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. The draft CIP was presented to the CIC on April 16, 2018 for review and direction regarding recommended unfunded project priorities. The CIP was accepted with no changes. This matter is scheduled for review by the Planning Commission on May 9, 2018 so it can be presented to the full Board as part of the budget hearings in June. 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.

This year RMA met with the County's Government Alliance on Race and Equity (GARE) Racial Equity cohort to begin the process of developing a second set of ranking criteria for unfunded CIP projects. Ranking is designed to evaluate a project's impact on racial equity in the County. The cohort developed draft criteria, which were presented to the CIC. The draft criteria are included in the CIP under Appendix A. RMA will continue to work with the cohort as they develop criteria and recommendations. The CIC accepted the report on the draft GARE 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.

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. There is no financial impact from receiving this report or for referring the recommended capital projects for FY 2018-19 to the Annual Recommended Budget process for further consideration by the Board of Supervisors. 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.

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 2018-19 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 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

Prepared by: John Snively, MA I, (831) 759-6617

Reviewed by: Shawne E. Ellerbee, Deputy Director of Administrative Services *af*

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

Attachments:

Attachment A - County of Monterey Capital Improvement Program 2018/19 through 2022/23 sent out undercover of memo on April 9, 2018