



# Monterey County

Government Center  
Administration Building -  
Monterey Room  
168 W. Alisal St., 3rd Flr  
Salinas, CA 93901

## Budget Committee Report

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**Matter Type:** Budget Committee

- a. Receive the County of Monterey Capital Improvement Program Five Year Plan FY 2019/20 through FY 2023/24; and
- b. Support the approval of the FY 2019/20 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 2019/20 through FY 2023/24; and
- b. Support the approval of the FY 2019/20 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 Five Year Plan FY 2019/20 through FY 2023/24 (Attachment A) (hereafter, CIP). The 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 and unfunded County department capital projects for FY 2019/20. In addition, staff has prepared objective rankings of unfunded projects to prioritize needs.

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 needed funding.

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.

Resource Management Agency (RMA) worked with other County Departments to develop their capital project requests. Eighty-eight (88) projects are fully funded in FY 2019/20, with a total cost of \$223 million for FY 2019/20 - FY 2023/24, including five (5) projects with unfunded needs in future years. Sixty-Six (66) projects are included on a list of Unfunded Needs for FY 2019/20, including twelve (12) projects partially funded for FY 2019/20. These unfunded projects have a total cost of \$161 million for FY 2019/20 - FY 2023/24. 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 2019/20 budget is developed. Fifty-two (52) projects are scheduled for years two (2) through five (5), with a total cost of \$152 million for FY2019/20 - FY23/24.

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 Budget Committee (BC) and Capital Improvement Committee (CIC). Projects were also scored using the Racial Equity Tool. The resulting priority lists will be presented to the CIC on May 13, 2019 for their recommendation regarding unfunded project priorities.

Lake San Antonio and Lake Nacimiento (collectively referred to as, "Monterey County Lakes") are currently operated and managed through third party agreements which are funded through the Enterprise Fund. The Enterprise Fund includes all revenues and expenses allocated to the Monterey County Lakes 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 operated and managed by a third party through an agreement funded by the Enterprise Fund. Lake Nacimiento would continue to be operated and managed by a third party through an agreement funded by the Enterprise Fund. The County will continue to be responsible for capital improvements at Monterey County Lakes regardless of who manages the facilities. This context was the basis for a draft, "*Monterey County Lakes Operation Plan*" (Draft Plan) that was released on March 20, 2019. The Draft Plan includes a 5-year capital improvement plan for the Monterey County Lakes.

Because these capital projects are an essential part of the Monterey County Lakes Draft Plan, staff prepared separate reports to the CIC on April 8, 2019 and the BC on April 10, 2019 to address those investments in the context of lake operations. Any supported capital investment resulting from those BC and CIC reports will be included in the CIP as part of the final CIP document presented to the Board for adoption. As currently drafted, the Monterey County Lakes Draft 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 request: \$4,275,000.

Lake Nacimiento: 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.

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. This matter is scheduled for review by the CIC on May 13, 2019 and PC on May 29, 2019 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.

Members of the 2018 and 2019 County Government Alliance on Race and Equity (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.

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. There is no financial impact from receiving this report or for referring the recommended capital projects for FY 2019/20 to the Annual Recommended Budget process for further consideration by the Board of Supervisors. 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 traffic impact fees which are 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. RMA reviewed the status of the countywide traffic impact fees prior to preparing the CIP. The latest status review indicates that there is an inadequate accrual of funds for any of the projects for which traffic impact fees have been collected; therefore, Carmel Valley traffic mitigation projects are not included in the CIP at this time.

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

Prepared by: John Snively, Management Analyst, (831) 759-6617

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

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

Attachments:

Attachment A - County of Monterey Capital Improvement Program Five Year Plan FY 2019/20 through FY 2023/24