



Monterey County

Monterey Conference Room
168 West Alisal Street, 2nd Floor
Salinas, CA 93901-2438

Budget Committee Report

Legistar File Number: BC 20-040

April 02, 2020

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Matter Type: Budget Committee

Support authorizing and directing the Auditor-Controller to: 1) Amend FY 2019-20 Capital Projects Adopted Budget, Fund 402, Appropriation Unit RMA014, to increase appropriations by \$353,000 for the Monterey Courthouse Boiler Replacement Project, financed by an operating transfer in of \$353,000 from either Fund 001, Appropriation Unit RMA006, or Fund 001, Appropriation Unit CAO017 (4/5th vote required); and 2) Transfer \$353,000 from either Facilities Maintenance, Fund 001, Appropriation Unit RMA006, or Other Financing Uses, Fund 001, Appropriation Unit CAO017, to Capital Projects, Fund 402, Appropriation Unit RMA014, where Facilities Maintenance or Other Financing Uses has sufficient appropriations in their FY 2019-20 adopted budget to cover the transfer (4/5th vote required).

RECOMMENDATION:

It is recommended that the Budget Committee support authorizing and directing the Auditor-Controller to: 1) Amend FY 2019-20 Capital Projects Adopted Budget, Fund 402, Appropriation Unit RMA014, to increase appropriations by \$353,000 for the Monterey Courthouse Boiler Replacement Project, financed by an operating transfer in of \$353,000 from either Fund 001, Appropriation Unit RMA006, or Fund 001, Appropriation Unit CAO017 (4/5th vote required), and 2) Transfer \$353,000 from either Facilities Maintenance, Fund 001, Appropriation Unit RMA006, or Other Financing Uses, Fund 001, Appropriation Unit CAO017, to Capital Projects, Fund 402, Appropriation Unit RMA014, where Facilities Maintenance or Other Financing Uses has sufficient appropriations in their FY 2019-20 adopted budget to cover the transfer (4/5th vote required).

SUMMARY:

The Resource Management Agency (RMA) notified the Board of Supervisors on March 5, 2020, (Attachment A) that it was moving forward with a boiler replacement project (Project) at the Monterey Courthouse, 1200 Aguajito Road, Monterey, to avoid potential disruption to building occupants and operations, as a compromised boiler posed significant flooding risk to the lower level of the facility. Replacement of the two approximately 50-year-old boilers, at an estimate cost of \$353,000, qualifies as a Capital Project and will be performed out of Fund 402 Capital Projects, Appropriation Unit RMA014. As there are insufficient funds within the FY 2019-20 Fund 402 Adopted Budget, RMA recommends that the Project be financed by an Operating Transfer-In from general funds out of RMA-Facilities Maintenance Fund 001-300-8176-RMA006 or from general funds out of Other Financing Uses, Fund 001, Appropriation Unit CAO017, where the Countywide Cost Allocation for Building Depreciation is budgeted.

DISCUSSION:

On May 13, 2019, the Capital Improvement Committee recommended the replacement of two boilers at Monterey Courthouse, located at 1200 Aguajito Road in Monterey. On June 18, 2019, the Board of Supervisors approved the project as an unfunded priority in the County Five-Year Capital Improvement Program (5-Year CIP) for FY 2019-20 through FY 2023-24.

On January 30, 2020, during a routine inspection, a water leak was discovered in one of the two 200-gallon boilers. The Courthouse boilers are approximately 50 years old, well beyond the typical 20-year life span. The leaking 200-gallon boiler could fail completely at any time and potentially flood the lower level of the building, which houses Probation, Environmental Health, and a Superior Court file storage room. Given the boiler's age, inability and impracticability of repairing the leak, and potential for damage to the building and disruption of operations, RMA has moved forward with the replacement of both boilers. The replacement cost is estimated at \$353,000, including a project contingency of \$28,000. The Project's current estimated cost is \$33,000 higher than identified in the 5-Year CIP. There is a cost benefit of \$57,000 to replace both boilers at the same time.

The Judicial Council of California (JCC), shares occupancy of the Monterey Courthouse. Per a Joint Occupancy Agreement, JCC's share of any repair costs is 50.14%. RMA received written confirmation from JCC of their acceptance of their share of estimated Project costs, \$176,994.

Since this Project was not budgeted in FY 2019-20, and the replacement of the boilers meets the requirements of a Capital Improvement Project, RMA requests that the Budget Committee support an increase in appropriations in the Capital Projects Fund 402, in the amount of \$353,000, financed by an operating transfer in, from Facilities Maintenance Fund 001, Appropriation RMA006, or from Other Financing Uses Fund 001, Appropriation CAO017, where funds from the Countywide Cost Allocation for Building Depreciation are budgeted. Building Depreciation is an appropriate funding source for this project.

This matter is scheduled to be presented for Board consideration on April 21, 2020.

OTHER AGENCY INVOLVEMENT:

RMA confirmed with JCC that they agree to reimburse the County for their share of the project costs of approximately \$176,994.

FINANCING:

The FY 2019-20 Fund 402 Capital Projects Adopted Budget did not include funding for this Project. RMA recommends the financing source, in the form of an Operating Transfer-In, be from general funds out of the RMA-Facilities Maintenance Fund 001-300-8176-RMA006 or out of Other Financing Uses, Fund 001, Appropriation Unit CAO017, where the Countywide Cost Allocation for Building Depreciation is budgeted. Sufficient appropriations are available in RMA006 or CAO017 to fund the project. Per the Joint Occupancy Agreement between the County and JCC, JCC has agreed to pay their share, 50.14% of total project costs estimated at \$176,994. The County typically cashflows JCC's share of costs. Payments, historically, have taken between one and two years to be remitted. When the County receives reimbursement from JCC for this Project, staff recommends the funds be deposited back to Fund 402 to be used for future capital projects.

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Reviewed by: Lindsay Lerable, Chief of Facilities

Approved by: Shawne Ellerbee, RMA Deputy Director of Administrative Services

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

Attachment A-March 5, 2020 Memorandum to Board of Supervisors

Attachment B-Project Budget Sheet