



# County of Monterey

Board of Supervisors  
Chambers  
168 W. Alisal St., 1st Floor  
Salinas, CA 93901

## Board Report

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**File #:** 14-341, **Version:** 1

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Receive and approve proposed changes to the Capital Improvement Financing Plan for Major Facilities.

RECOMMENDATION:

It is recommended that the Board of Supervisors:

Receive and approve proposed changes to the Capital Improvement Financing Plan for Major Facilities.

SUMMARY/DISCUSSION:

In January 2013, the Board of Supervisors approved a “*Five-Year Capital Improvement Plan financing plan for Capital Projects Fund 404*” (2013 Plan) as summarized in Attachment 1. The purpose of the 2013 Plan was to detail how the Fund 404 fund balance and proposed debt financing would be used to deliver major facility improvements.

Since adoption of the 2013 Plan, a number of changes have occurred including the completion of projects, addition/deletion of projects, and the significant expansion of project scopes. These changes require that the 2013 Plan be updated to accurately reflect the five year program. In addition, an update is needed to refocus the plan from Fund-specific to a project type as reflected in the revised title for the plan - Capital Improvement Financing Plan for Major Facilities (Proposed Plan) as summarized in Attachment 2.

The changes can be categorized as follows:

- Total Project Expenditures will increase from \$147,736,092 to \$197,804,575 as a result of the Jail Housing Project scope change that increased the bed count from 268 to 576 and the increased cost of the East-West Wing Project.
- Debt Financing will decrease from \$54,438,088 to \$47,916,052 due to the need provide an all cash match for the New Juvenile Hall Project which reduced financing needs by \$16 million. This is offset in part by the need to increase financing for the East-West Wing Project by \$9.5 million.
- Four (4) projects have been or will be completed by June 30, 2014
  - 20 E. Alisal Tennant Improvements for Probation
  - Laurel/Natividad Master Plan
  - Harris Road Overlay
  - District Attorney Modular 3 Tenant Improvements
- Three (3) projects will not receive additional funding beyond the current fiscal year
  - Government Center Master Plan (Salinas Vibrancy Plan)
  - District Attorney Case Management System
  - North Wing of Salinas Courthouse - Litigation and Warranty
- The Joint City/County Parking Garage has been delayed by one year due to workload and uncertainty over participation by the City of Salinas
- The Old Jail Partial Demolition Project has been de-funded beyond the current fiscal year
- The Government Center Modular Building Removal Project scope was incorporated into the East-West

Wing Project

- Two (2) projects were added in the community of Las Lomas for Lighting & Drainage
- All fund balance (cash) in Fund 404 has been programmed along with additional funds necessary to meet the required cash matches for the Jail Housing Addition and the New Juvenile Hall projects.

The result of the changes noted above will reduce the number of projects from fifteen (15) in the 2013 Plan to eight (8) in the Proposed Plan. Of the eight remaining projects, significant changes in scope and funding have taken place because of the need to move available cash to the Las Lomas Lighting Project, Las Lomas Drainage Project, and the New Juvenile Hall Project.

**Las Lomas Lighting & Drainage Projects**

In June 2013, the Board of Supervisors agreed to provide \$800,000 for the Las Lomas Lighting Project and \$1,000,000 for the Las Lomas Drainage Project. Subsequently, it was determined that funding would come from the available cash balance in Fund 404. Work on these two projects is underway.

**New Juvenile Hall Project**

Since the 2013 Plan was approved, the State has informed the County that the entire local match of \$17,798,253 for the New Juvenile Hall Project must be in cash at the time of Project Establishment which is scheduled for November 2014. County staff has been and will continue to request that the State allow a portion of the local match to be provided through financing. However, in order to put together a financing plan at this time, it will be assumed that none of the local match can be financed.

This will have a significant impact on the projects within the Proposed Plan. In order to provide the required cash match the following actions will be needed:

Total Project Cost . . . . .	\$52,798,253
State Grant . . . . .	<u>\$35,000,000</u>
County match . . . . .	<b>\$17,798,253</b>
Project expenditures to date - Fund 404 . . . . .	\$ 747,669
Remaining funds from North Wing Settlement . . . . .	\$ 1,070,966
General Fund Capital Project Assignment . . . . .	\$ 2,902,372
312 E. Alisal Site Remediation/Demo <sup>1</sup> . . . . .	\$ 704,776
Government Center Modular Relocation <sup>2</sup> . . . . .	\$ 1,000,000
East-West Wing Financing Change <sup>3</sup> . . . . .	\$ 4,236,531
Old Jail Partial Demolition <sup>4</sup> . . . . .	\$3,000,000
FY 13-14 Building Lease Allocation . . . . .	\$ 3,163,807
FY14-15 Building Lease Allocation <sup>5</sup> . . . . .	\$ 772,132
Reduce cash allocation to Public Defender Bldg. . . . .	<u>\$ 200,000</u>
<b>Total:</b> . . . . .	<b>\$17,798,253</b>

<sup>1</sup>312 E. Alisal Project scope will be reduced from a site remediation and existing building demolition project to a soil remediation project. The existing building remediation and demolition will be required by the buyer of the property. As a result of the change in scope the project budget can be reduced from \$1 million to \$295,224. This allows the diversion of \$704,776 to the New Juvenile Hall Project.

<sup>2</sup>The Government Center Modular Building Removal project has been incorporated into the East-West

Wing Renovation Project. This will allow for better project coordination of the modular removals and allow the \$1 million in cash from this project to be diverted to the New Juvenile Hall Project.

<sup>3</sup>The East-West Wing Project had \$5,075,512 in cash shown in the 2013 Plan. To provide funding for the New Juvenile Hall, \$341,240 in cash will be retained in FY 14-15 to fund the initial stages of the East-West Wing project development. This will allow \$4,236,531 in cash to be diverted to the New Juvenile Hall Project.

<sup>4</sup>Old Jail Partial Demolition Project is currently in the Re-use Study phase. Until the final recommendation for reuse and the associated budget are known, the project will not be in the County CIP budget. This will allow the \$3 million in cash budget for this Project to be diverted to the New Juvenile Hall Project.

<sup>5</sup>\$1 million per year is programmed in the Draft 5 Year Capital Improvement Program for facility projects needed by County Departments. The proposed allocation to the New Juvenile Hall Project will reduce the funds available in FY14-15 to \$227,000 to meet County Department needs.

### **East-West Wing Project**

The scope of this project has been increased to include the removal of the Modular Buildings, construction of a parking lot where the Modulares now sit, and adding two bridges between the East and West Wings at the second floor level to maximize the use of space. These changes added \$5 million to the cost of the project.

It is anticipated that those functions which presently occupy the Modulares will be moved to the East-West Wing upon project completion. Therefore, incorporating the Modular removal into the East-West Wing Project will gain economies of scale and allow the \$1 million in cash programmed for the Modular removal in the 2013 Plan to be reallocated to the New Juvenile Hall Project. In addition, it will free up the space currently occupied by the Modulares for the construction of an expanded parking lot to the serve the Government Center.

As part of the current occupancy study for the East-West Wing Project, a building modification was suggested to maximize the useful space within the overall facility. This modification would be to construct two bridges that span between the East and West Wings at the second floor level. This scope change combined with the reallocation of \$4,236,531 in cash from the East-West Wing Project to the New Juvenile Hall Project will result in an increase of the project budget from \$30,969,000 to \$35,965,775 and an increase of the debt financing for the project from \$25,893,488 to \$35,322,519.

The changes in financing due to the movement of all allocated cash to the New Juvenile Hall project will put the East-West Wing project on hold until debt financing provides the needed cash to move the project forward.

### **Jail Housing Addition Project**

This project has had a significant increase in the project scope and budget to account for an increase in beds from 288 to 576. To effect this change, the Board of Supervisors agreed in November 2013 to accept an additional grant from the State of \$43,705,000 and provide additional matching funds of \$4,867,222. The result is an increase of the project budget from \$40,327,778 to \$88,900,000 with \$80,000,000 coming from State grant funds and \$8,900,000 from County matching funds which must be in cash.

### **Public Defender Office Building**

The scope and budget for this project has not changed. However, \$200,000 in cash has been moved from this project to the New Juvenile Hall Project. This will result in the need to increase the financed portion of the

project budget by the same \$200,000 amount.

**Joint City-County Parking Garage**

The scope, budget, and financing for this project has not changed. The project schedule has been delayed one year due to workload and uncertainty over participation by the City of Salinas.

OTHER AGENCY INVOLVEMENT:

The RMA-PW has worked with County departments to identify capital needs, related costs, and funding sources. Both the Budget Committee and the Capital Improvement Committee received the report and provided direction to staff.

FINANCING:

The State has informed the County that the entire local match of \$17,798,253 for the New Juvenile Hall Project must be in cash at the time of Project Establishment which is scheduled for November 2014. Changes in the Capital Improvement Plan for Major Facilities reflect revised funding to previously approved projects in order to meet the County's Juvenile Hall funding requirement. County staff will continue to request that the State allow a portion of the local match to be provided through financing. If the County cannot meet the match through debt financing, certain capital projects will be delayed to meet this requirement.

Prepared by: Robert K. Murdoch, P.E., Director of Public Works (831) 755-4800

Approved by:

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Robert K. Murdoch, P.E., Director of Public Works

Approved by:

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Benny J. Young, RMA Director

April 14, 2014

Attachments: Attachment 1 Five Year Capital Improvement Plan, Fund 404, dated January 15, 2013;  
Attachment 2 Capital Improvement Plan for Major Facilities, dated February 27, 2014.

cc: Manuel Gonzalez Assistant CAO; Manuel Real, Chief of Probation