



County of Monterey

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

Board Report

File #: 12-1197, **Version:** 1

- a. Approve the recommended Five-Year Capital Improvement Plan financing plan for Capital Projects Fund 404;
- b. Approve the recommendation of capital projects to be funded in FY 2012-13; and
- c. Direct Resource Management Agency staff to continue to pursue alternative options for the proposed new office facility for the Public Defender.

RECOMMENDATIONS:

It is recommended that the Board of Supervisors:

- a. Approve the recommended Five-Year Capital Improvement Plan financing plan for Capital Projects Fund 404;
- b. Approve the recommendation of capital projects to be funded in FY 2012-13; and
- c. Direct Resource Management Agency staff to continue to pursue alternative options for the Public Defender.

SUMMARY/DISCUSSION:

The Capital Projects, Fund 404, is the funding source used for major capital projects. Major capital projects eligible for Fund 404 include new and major renovation projects. The Fund 404, Fiscal Year (FY) 2012-13 estimated beginning fund balance is \$21,568,240.

The total Five-Year Capital Improvement Plan financial plan for Fund 404 exceeds \$147 million (refer to Attachment 1) which far exceeds the funds available. The Fund 404 FY 2012-13 adopted Budget of \$5,525,000 was intended to support three projects: 20 E. Alisal Tenant Improvements, 312 E. Alisal Clean-up and Abatement, and East/West Wing. The recommended action would approve a Five-Year CIP for the Capital Projects, Fund 404 as depicted in Attachment 1.

The recommended action will only approve the funding shown in the first year (FY 2012-13) of the five year plan. The funding in the remaining four years is shown for planning purposes. This five year plan constitutes a financing program. The projects listed may be exempt from the County's proposed Green Building Ordinance. A determination will be made on a case by case basis.

Given the magnitude of the proposed plan and recent unbudgeted cost increases on County capital projects, a quality control plan will be developed to better manage the risk associated with the construction of new facilities as well as the rehabilitation of existing facilities.

Funding of these recommendations will require debt financing of approximately \$54.4 million. Based on discussions with the County's Debt Manager, staff is confident that through parcelization, the County will be able to free up enough securitizing assets to finance up to \$54.4 million in debt service.

OTHER AGENCY INVOLVEMENT:

The Resource Management Agency in collaboration with the County Administrative Office, Auditor-Controller's Office, and other County departments worked to identify capital needs, related costs, and funding sources. This item was supported by the Capital Improvement Committee on November 19, 2012 and the

Budget Committee on November 30, 2012 with one significant addition. The Budget Committee requested that a downtown parking facility be included in the plan. County and City staff have been in discussions about such a facility and are in the preliminary stages exploring the opportunity for a joint City/County parking structure that would also serve the Courts. The County's anticipated cost share of such a facility has been added to the plan.

FINANCING:

There will be an impact to the General Fund for paying off the debt service for the issuance of Certificates of Participation (COPs) up to \$54.4 million. The annual estimated cost for issuing \$54.4 million of debt service is approximately \$3.5 million over thirty years. The current FY 2012-13 Adopted Budget for Fund 404, RMA015 contains sufficient appropriations to execute the recommended capital projects contained in year one of the Five-Year CIP for Fund 404.

Prepared by: Shawne Ellerbee, Finance Manager III, (831) 755-4794

Approved by:

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

Benny J. Young, RMA Director

Dated: January 9, 2013

Attachments: Attachment 1 - Five-Year Capital Improvement Plan, Fund 404; Attachment 2 - Fund 404 Five-Year CIP Project Summaries