

Accumulated Capital Outlay Fund

RECOMMENDED BUDGET • FY 2017 - 18

MISSION

This program directs funding for the project development and construction of facilities and parks that support County functions. In addition, the program performs major maintenance projects on existing County buildings, parks and infrastructure. The Capital Projects Work Plan is produced by the Chief Administrative Office, and the program is staffed by the Facilities unit. All expenses for facility capital programs are captured in the Accumulative Capital Outlay (ACO) fund.

DEPARTMENT BUDGET SUMMARY

| | 15/16 Actuals | 16/17 Budget | 17/18 Dept Requested | 17/18 CAO Recommend | Change from Budget to Recommend | % Change |
|-----------------------------|---------------------|----------------------|----------------------------|---------------------------|---------------------------------------|-------------|
| Taxes | \$ 1,288,856 | \$ 1,413,000 | \$ 1,467,500 | \$ 1,467,500 | \$ 54,500 | 4% |
| Fines, Forfeitures | \$ 237 | \$ - | \$ - | \$ - | \$ - | n/a |
| Use of Money | \$ 13,232 | \$ 13,000 | \$ 13,500 | \$ 13,500 | \$ 500 | 4% |
| State | \$ 171,566 | \$ 1,643,217 | \$ 4,000 | \$ 4,000 | \$ (1,639,217) | -100% |
| Other Governmental | \$ 4,874 | \$ 5,000 | \$ 5,000 | \$ 5,000 | \$ - | 0% |
| Misc. | \$ 145 | \$ - | \$ - | \$ - | \$ - | n/a |
| Other Financing Sources | \$ 7,309,985 | \$ 20,730,968 | \$ 20,174,945 | \$ 20,174,945 | \$ (556,023) | -3% |
| Use of Fund Balance | \$ - | \$ 1,529,497 | \$ 5,089,523 | \$ 5,089,523 | \$ 3,560,026 | 233% |
| Total Revenue | \$ 8,788,895 | \$ 25,334,682 | \$ 26,754,468 | \$ 26,754,468 | \$ 1,419,786 | 6% |
| Services & Supplies | \$ 11,264 | \$ 50,000 | \$ 50,000 | \$ 50,000 | \$ - | 0% |
| Other Charges | \$ 68,769 | \$ 173,443 | \$ 1,000 | \$ 1,000 | \$ (172,443) | -99% |
| Fixed Assets | \$ 6,895,974 | \$ 22,985,982 | \$ 25,257,990 | \$ 25,257,990 | \$ 2,272,008 | 10% |
| Intrafund Transfers | \$ 1,080,721 | \$ 1,225,257 | \$ 1,445,478 | \$ 1,445,478 | \$ 220,221 | 18% |
| Designation of Fund Balance | \$ - | \$ 900,000 | \$ - | \$ - | \$ (900,000) | -100% |
| Total Appropriations | \$ 8,056,728 | \$ 25,334,682 | \$ 26,754,468 | \$ 26,754,468 | \$ 1,419,786 | 6% |
| Change in Fund Balance | \$ (732,167) | \$ - | \$ - | \$ - | \$ - | n/a |

CAPITAL WORK PLAN SUMMARY

The ACO fund is the County budget unit used to accumulate capital project funding and to plan and track major maintenance and capital improvements to County-owned facilities. This budget unit does not include roads (please see Department of Transportation) and standard maintenance projects (please see Facilities – Maintenance). Projects identified in the Work Plan are typically greater than \$10,000 and must be an improvement that adds value and life to the facility. Funds are transferred to the ACO fund and appropriated throughout the year based on the Work Plan.

Continuing Projects

Countywide Special Projects

Funding from the annual Accumulated Capital Outlay funds (1% of all property tax revenues directly deposited to the ACO fund) is set aside annually for capital projects that have not been specifically identified. For FY 2017-18, a total of \$565,000 is set aside for emergency projects, security upgrades, HVAC repairs, painting, parking lots and ADA compliance needs that may come up throughout the year.

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Additionally, \$100,000 is budgeted for facilities planning related to annual funds set aside for environmental assessments, ADA assessments, real estate negotiations, or other miscellaneous costs associated with future facility planning.

County Buildings A and B Renovation

In 2016 the County began renovation work on Buildings A and B at 330 Fair Lane to replace failing HVAC systems, replace outdated lighting with energy efficient lighting, and to complete necessary ADA renovations. The County anticipates completing this project in FY 2017-18. \$470,000 in ACO annual funding is recommended to be set aside to complete the A/B renovation expansion space, including move costs and temporary trailer (“swing space”) rental. An additional \$3,365,969 from existing ACO Fund balance is designated for the final phase of the A/B renovation project and will be used in FY 2017-18. The project is anticipated to be completed on time and on budget.

Parks Projects

\$314,994 in funding has been budgeted from the ACO fund for various park projects including \$75,000 for ADA and various projects at Forebay Park, \$72,000 for work on the SPTC natural trail, \$18,000 for various projects at Pioneer Park and \$150,000 for various projects at Henningsen Lotus Park. The Department of Transportation is also estimating \$58,554 in carry over funding for the New York Creek trail project. An additional \$100,000 is requested from the General Fund for the park impact fee nexus study and the parks and trails master plan update.

Public Safety Facility

The County was approved for a \$57,140,000 loan from the United State Department of Agriculture (USDA). In addition to this loan, the County will be required to spend \$11,000,712 in General Fund prior to being able to draw down the USDA loan funds. By the end of FY 2016-17, the County estimates spending \$5,164,212 on the Public Safety Facility, including the acquisition of the land. This will leave a balance of \$5,836,500 anticipated to be spent in FY 2017-18. The County set aside a Public Safety Reserve of \$5,836,500 for the remaining County up-front costs related of the Public Safety Facility. The Department anticipates spending the remainder of these reserved funds in FY 2017-18.

Court House

\$3,000,000 was appropriated from the General Fund for the Ray Lawyer Drive expansion in preparation for the new Court House, but the funding was not used in FY 2016-17 and is being carried over into this fiscal year.

Juvenile Hall

In FY 2016-17, the Board set aside \$1.2 million as the County contribution and grant match for the replacement of the West Slope Juvenile Hall facility. For FY 2016-17, \$300,000 from the General Fund was budgeted to be used for the planning and design of the replacement building for the West Slope Juvenile Hall. As this work has not yet been completed, this funding is being carried forward and appropriated in FY 2017-18. Additionally, \$300,000 that was designated in the ACO fund for the new Juvenile Hall is budgeted for total planning and design in FY 2017-18.

FENIX

In March 2013, the Board approved a total project budget of \$5.6 million for the FENIX project. The year-end estimate of funds remaining for the project is \$2,510,312. The budget includes carry-over

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General Funds of \$2,510,312 for the project. This estimate will be adjusted at Addenda after the year-end closeout.

Deferred Maintenance

The Board annually has dedicated General Funds set aside for Capital Projects to the deferred maintenance work identified in the VANIR study. In FY 2016-17, a total of \$13.3 million was budgeted for work related to the VANIR study, including the A/B renovation. The Facilities division is projecting to spend approximately \$9.2 million of this budget from the General Fund, resulting in \$4,082,534 carrying forward for completion in FY 2017-18. Additionally, \$465,189 is recommended to be set aside from the General Fund, and \$1,395,000 from the ACO Fund Balance for various projects identified in the VANIR study.

Recommended New Projects

Megabyte

The amount requested for FY 2017-18 for the new Property Tax System is \$1,200,000. \$153,000 in funding from the Assessor's special revenue fund has been identified to be used on the system. The remaining amount of \$1,047,000 is recommended to come out of the General Fund.

Public Health Facility

Tobacco settlement funds (non-General Fund) from Public Health in the amount of \$1,338,318 are recommended to be utilized for capital improvements to the Spring Street facility.

AQMD building

\$975,000 in non-General Fund funding from the Air Quality Management District (AQMD) is recommended to be used for the new building and various charging stations throughout the County.

BUDGET SUMMARY BY FUNDING SOURCE

| | Appropriations | Revenues |
|--|-----------------------|---------------------|
| ACO Funds | \$ 6,520,969 | \$ 6,520,969 |
| Criminal Justice Special Revenue Fund | \$ 200,000 | \$ 200,000 |
| General Fund | \$ 11,504,855 | \$ 11,504,855 |
| Public Safety Facility Reserve | \$ 5,836,500 | \$ 5,836,500 |
| Tobacco Settlement Funds | \$ 1,338,318 | \$ 1,338,318 |
| Assessor Special Revenue Fund | \$ 198,000 | \$ 198,000 |
| Air Quality Management District (AQMD) | \$ 975,000 | \$ 975,000 |
| Total | \$ 26,573,642 | \$ 6,720,969 |

RECOMMENDED BUDGET

This Budget is recommended at \$26,754,468. The Recommended Budget reflects an increase in the total budget of \$1,419,786 (5%) when compared to the FY 2016-17 Adopted Budget.

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General Fund – Designation for Capital projects

The FY 2017-18 Budget includes a recommended \$5,000,000 increase to the General Fund's Designation for Capital Projects, to set one-time monies aside to fund future capital projects and deferred maintenance. This recommendation is made pursuant to Board Budget Policy no. 9, **Capital Reserves**, which states:

Once General Reserves and General Fund Contingency equal 8% of adjusted General Fund appropriations, the Board may choose to transfer any remaining un-appropriated discretionary resources to the Designations for Capital Projects to be retained to assist in addressing unmet capital needs and building a replacement reserve. A standard measurement used for determining the required budget to properly maintain public facilities is 2 to 4 percent of their replacement value. For example, currently the replacement value of County owned facilities is \$250,000,000. Beginning in FY 2016-17 the goal is to set aside 2%, or \$5,000,000, annually into the Capital Reserve.

This funding is not reflected in the FY 2017-18 Work Plan, as it is reserved for future capital projects. These funds will be transferred to the ACO fund and appropriated through the ACO Work Plan when capital projects are identified and require General Fund funding.

Pending Issues and Policy Considerations

The County has historically not maintained a consistent practice for setting aside adequate reserves to ensure sufficient funding is available to meet long-term facility needs. In 2013 the County contracted with VANIR for a facilities assessment report. Of the facilities that were included, the study identified \$55 million worth of deferred maintenance projects. It is important to note that not all County facilities were included in this assessment, so the actual need is likely greater than this number. The Facilities Division opted to pull out \$8 million of projects on buildings that were deemed near end of life, which reduced the overall Capital Improvement Plan to \$46 million. This assessment was completed 3.5 years ago and construction prices escalate with each year. Therefore the figure of \$46 million will continue to grow as prices escalate.

The Facilities Division has been working each year to prioritize and complete projects identified in the plan with fire/life/safety projects taking precedence. To date, the County has spent \$13,129,915 on the Facilities Capital Improvement Plan for projects related to the VANIR assessment.

As has been reported previously, to adequately budget today's available funding for the maintenance of public facilities in the future, a standard target is to set aside 2 to 4 percent of the estimated facility replacement values on an annual basis. In FY 2013-14, the replacement value of County owned facilities was estimated at \$250 million. The \$5 million that is reflected in Board policy and recommended to be set aside each year is approximately 2% of the estimated replacement value of the County's buildings. By building these reserves, the Facilities Division will be able to continue the implementation of the Capital Improvement Plan.

The FY 2016-17 budget included a General Fund contribution of \$320,000 to try to acquire land located on Depot Road for a park. This negotiation was unsuccessful. The Chief Administrative Office is recommending that this funding no longer be set aside and has been returned, in concept, to the General Fund fund balance. Therefore, the ACO Capital Workplan does not reflect this as carry-forward funding for this park.

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FINANCIAL INFORMATION BY FUND TYPE

FUND TYPE: 13 CAPITAL PROJECT FUND
DEPARTMENT: 02 CAO - CHIEF ADMINISTRATIVE OFFICE

| | MID-YEAR PROJECTION | CURRENT YR APPROVED BUDGET | DEPARTMENT REQUEST | CAO RECOMMENDED BUDGET | DIFFERENCE CURR YR CAO RECMD |
|----------------------------|---|----------------------------------|-----------------------|------------------------------|------------------------------------|
| TYPE: R REVENUE | | | | | |
| SUBOBJ | SUBOBJ TITLE | | | | |
| 0100 | 1,348,000 | 1,348,000 | 1,402,000 | 1,402,000 | 54,000 |
| 0110 | 49,000 | 49,000 | 51,000 | 51,000 | 2,000 |
| 0130 | 1,000 | 1,000 | 1,000 | 1,000 | 0 |
| 0140 | 2,000 | 2,000 | 2,100 | 2,100 | 100 |
| 0150 | 8,000 | 8,000 | 8,400 | 8,400 | 400 |
| 0174 | 5,000 | 5,000 | 3,000 | 3,000 | -2,000 |
| CLASS: 01 | REV: TAXES | 1,413,000 | 1,413,000 | 1,467,500 | 54,500 |
| 0400 | REV: INTEREST | 13,000 | 13,000 | 13,500 | 500 |
| CLASS: 04 | REV: USE OF MONEY & PROPERTY | 13,000 | 13,000 | 13,500 | 500 |
| 0820 | ST: HOMEOWNER PROP TAX RELIEF | 4,000 | 4,000 | 4,000 | 0 |
| 0880 | ST: OTHER | 1,639,217 | 1,639,217 | 0 | -1,639,217 |
| CLASS: 05 | REV: STATE INTERGOVERNMENTAL | 1,643,217 | 1,643,217 | 4,000 | -1,639,217 |
| 1200 | REV: OTHER GOVERNMENTAL AGENCIES | 5,000 | 5,000 | 5,000 | 0 |
| CLASS: 12 | REV: OTHER GOVERNMENTAL | 5,000 | 5,000 | 5,000 | 0 |
| 2020 | OPERATING TRANSFERS IN | 20,730,968 | 20,730,968 | 20,174,945 | -556,023 |
| CLASS: 20 | REV: OTHER FINANCING SOURCES | 20,730,968 | 20,730,968 | 20,174,945 | -556,023 |
| 0001 | FUND BALANCE | 248,005 | 248,005 | 1,453,554 | 1,205,549 |
| 0003 | FROM DESIGNATIONS | 1,281,492 | 1,281,492 | 3,635,969 | 2,354,477 |
| CLASS: 22 | FUND BALANCE | 1,529,497 | 1,529,497 | 5,089,523 | 3,560,026 |
| TYPE: R SUBTOTAL | 25,334,682 | 25,334,682 | 26,754,468 | 26,754,468 | 1,419,786 |
| TYPE: E EXPENDITURE | | | | | |
| SUBOBJ | SUBOBJ TITLE | | | | |
| 4302 | 0 | 0 | 50,000 | 50,000 | 50,000 |
| 4500 | 50,000 | 50,000 | 0 | 0 | -50,000 |
| CLASS: 40 | SERVICE & SUPPLIES | 50,000 | 50,000 | 50,000 | 0 |
| 5300 | INTERFND: SERVICE BETWEEN FUND | 173,443 | 173,443 | 1,000 | -172,443 |
| CLASS: 50 | OTHER CHARGES | 173,443 | 173,443 | 1,000 | -172,443 |
| 6000 | FIXED ASSET: LAND | 320,000 | 320,000 | 0 | -320,000 |
| 6020 | FIXED ASSET: BUILDING & IMPROVEMENTS | 15,159,891 | 15,159,891 | 17,187,858 | 2,027,967 |
| 6021 | FIXED ASSET: DESIGN SERVICES | 935,000 | 935,000 | 1,000,000 | 65,000 |
| 6022 | FIXED ASSET: PROJECT MANAGEMENT | 2,500,000 | 2,500,000 | 2,500,000 | 0 |
| 6025 | LEASEHOLD IMPROVEMENTS | 60,000 | 60,000 | 60,000 | 0 |
| 6028 | FIXED ASSET: CONSTRUCTION RENTALS | 200,000 | 200,000 | 400,000 | 200,000 |
| 6029 | FIXED ASSET: CONSTRUCTION MATERIALS | 400,000 | 400,000 | 400,000 | 0 |
| 6042 | FIXED ASSET: COMPUTER SYSTEM | 3,411,091 | 3,411,091 | 3,710,132 | 299,041 |
| CLASS: 60 | FIXED ASSETS | 22,985,982 | 22,985,982 | 25,257,990 | 2,272,008 |
| 7000 | OPERATING TRANSFERS OUT | 1,225,257 | 1,225,257 | 1,445,478 | 220,221 |
| CLASS: 70 | OTHER FINANCING USES | 1,225,257 | 1,225,257 | 1,445,478 | 220,221 |
| 7801 | DESIGNATIONS OF FUND BALANCE | 900,000 | 900,000 | 0 | -900,000 |
| CLASS: 78 | RESERVES: BUDGETARY ONLY | 900,000 | 900,000 | 0 | -900,000 |
| TYPE: E SUBTOTAL | 25,334,682 | 25,334,682 | 26,754,468 | 26,754,468 | 1,419,786 |
| FUND TYPE: 13 | SUBTOTAL | 0 | 0 | 0 | 0 |