

03-7-2-4

W9a

## AGENDA COVER MEMORANDUM

AGENDA DATE: July 2, 2003

TO: Board of County Commissioners

DEPARTMENT: Management Services

PRESENTED BY: David Suchart, Director

SUBJECT: In the Matter of Adopting the Capital Improvement Program for FY 2004

### 1. PROPOSED MOTION:

MOVE APPROVAL OF ORDER \_\_\_\_\_ IN THE MATTER OF ADOPTING THE CAPITAL IMPROVEMENT PROGRAM FOR FY 2004

### 2. ISSUE/PROBLEM:

The County has had a Capital Improvement Program (CIP) for a majority of its facilities for the past five years. Those projects have generally been ranked by the Facilities Sub-Committee of the Board but never formally adopted by the Board of Commissioners. While there continues to be a backlog of projects, the resources available for implementing those projects has been equal to staff's ability to manage those projects.

For FY 2004 the projects as rated by the Board (Attachment A) leave a number of projects that staff would recommend off next years program. In order to program the maximum number of projects a financing scheme has been developed.

There are also other projects that will be implemented during FY 2004 that are not directly funded by the resources allocated for the program that will be discussed as their financing effects the Capital Improvement Project Fund (435). These include the Child Advocacy Center (CAC), the Family Law move, the Sheriff's Office Dispatch Center, Building Access grant and additional Lane County Adult Corrections projects.

### 3. DISCUSSION:

#### 3.1 Background:

The Department of Management administers the CIP for the Courthouse/PSB complex, the County Annex @ 6<sup>th</sup> & Oak, the Extension Building, the Juvenile Justice Center, the Mental Health Building, and Lane County Adult Corrections facilities. Starting in 1996, when an inventory of most of those facilities was programmed, a CIP has been developed which is mainly financed through depreciation indirect calculated on each facility. The CIP also programmed projects such as the Mental Health Building, which was financed with Certificates of Participation.

The basic formula used in programming the base projects has been one third of the funds are used for current projects, one third for reserves and one third for financing. Due to the backlog of projects the formula has been weighted mostly on current projects.

In developing the program for FY 2004 it became evident that the financing of projects was going to have to be more creative in order to meet the expectations of the Board and still accomplish the requirements of maintaining the base infrastructure problems in a number of facilities.

The projects up for consideration for FY 2004 included the following:

Annex Carpet	\$25,000	safety hazard
CAC Roof Replacement	\$9,500	May not be necessary In conjunction w/Wayne Morse project (see additional options in narrative below)
Courthouse Plaza	\$623,063	to be financed by GSA
Day Care/Bus Barn	\$27,000	new facility and remodel; first year cost (to be financed)
Elections Relocation	\$150,000	full project (partial project for ceiling and carpeting \$226,397)
Harris Hall	\$1,131,306	ongoing
Hazardous Materials Abatement Phase 3	\$200,000	previously approved
LCAC Annex Roof Replacement	\$180,000	basic fix; had been included in ballot measure for new
LCAC Tier A Stabilization	\$50,000	Intake will eventually have to be done but not required at this time
PSB Chilled Water Tank Removal	\$1,789,000	partially funded by grant (see below)
PSB/Courthouse Door Controls	\$500,000	tree root problem; previously approved
PSB/Courthouse Entry	\$35,000	

PSB Security Phase 1	\$500,000	based on quick study; not required unless further terrorism occurs
<b>Total Projects:</b>	<b>\$5,219,869</b>	

The projects shown in green shading were projects that had been approved in the CIP for FY 2003 but were not completed. This in part was due to holding off on final decisions until after the November 2002 election and waiting for the construction season.

The following table indicates the initial base budget for the CIP:

Depreciation	\$1,179,828
Interest Earnings	\$10,000
Fund Balance	<u>\$600,000</u>
<b>Revenue</b>	<b><u>\$1,789,828</u></b>
Indirect	\$50,476
Architectural/Engineering	\$170,000
Projects	\$690,000
Contingency (10%)	\$69,000
Building Permits	\$6,000
Debt Service	\$200,976
Reserve for Future Years	<u>\$603,376</u>
<b>Expense</b>	<b><u>\$1,789,828</u></b>

As is apparent there are not enough resources to finance all of the projects (\$5,219, 869 versus \$690,000).

As mentioned earlier the CIP Fund will also budget for additional projects outside the basic CIP. These include the Child Advocacy Center (CAC), the Family Law move, the Sheriff's Office Dispatch Center, Building Access grant and additional Lane County Adult Corrections projects.

The Child Advocacy Center is a \$2,048,444 project with a number of complicated funding issues that will be constructed during FY 2004. This will be further discussed in the analysis section.

The Family Law move which was just completed will bring the "rent" for that program into the County at the same time offsetting "rent" currently paid by the Mental Health Division which has lost a significant amount of funding. Since final costs are available as of this memo, the exact computation of that "rent" has not been reallocated. That said, not all of

the improvements will be paid in this years rent and must be amortized over a two or three year period.

The exact budget for the Sheriff's Dispatch Center has not been fully developed. The changes required by the new AIRS component for the center indicates these changes should be completed by early fall. Architectural and engineering work has begun to keep the project moving. A portion of that funding will come from the Sheriff's FY 2003 budget. This will also be discussed further in the analysis section. The building access grant was recently approved by the State and Lane County will receive approximately \$92,000. This will be programmed out of the CIP Fund 435. To receive and expend those funds a supplemental budget will be requested upon completion of full programming.

Lastly, there are a number of infrastructure projects that the Sheriff's Office would like to implement in LCAC. The funding for these would also come from the Sheriff's FY 2003 budget and like the partial funding of the Dispatch Center would be transferred to the CIP Fund. As of this memo discussions on this issue are being conducted between the Sheriff's Office and County Administration/Budget. At the time this item is presented to the Board an oral update will be made.

### 3.2 Analysis:

In ranking the projects the Board of Commissioners recommended the following based upon their balloting:

LCAC Tier A Stabilization	\$50,000
Elections Relocation	\$150,000
Courthouse Plaza	\$420,000
Annex Carpet	\$25,000
Harris Hall	\$226,397
Hazardous Materials Abatement Phase 3	\$125,000
LCAC Annex Roof Replacement	\$180,000
PSB/Courthouse Entry	\$35,000
PSB/Courthouse Door Controls	\$100,000
PSB Security Phase 1	\$200,000
CAC Roof Replacement	\$9,500
Day Care/Bus Barn	\$27,000
Harris Hall	\$1,131,306
PSB Chilled Water Tank Removal	\$1,789,000
	\$4,468,203
	\$871,397

The order of projects in the preceding table is based on the number of votes and the figures in green indicate next years draft program. These include Hazardous Materials Abatement, the LCAC Annex Roof and the PSB/Courthouse Entry.

The issue of financing the CAC is complicated by the numerous financing resources going into that project. These include the sale of the current CAC, CDBG revenues from the State and the cities of Eugene and Springfield, donations and the Road Fund (an agenda item will be brought to the Board in the next few weeks). Most of the major funding sources will not come up until completion of the project. Thus cash flow must be reviewed and accounted for. The Finance Manager and the Senior Management (Budget) Analyst will be involved in this effort. This discussion will also involve the financing of the Family Law move and the Sheriff's Office projects.

### 3.3 Alternatives/Options:

The following two options were developed to maximize the CIP for next year and accommodate the priorities of the Commissioners:

Option A		Option B	
LCAC Annex Roof Replacement	\$180,000	LCAC Annex Roof Replacement	\$180,000
LCAC Tier A Stabilization	\$50,000	LCAC Tier A Stabilization	\$50,000
PSB/Courthouse Entry	\$35,000	PSB/Courthouse Entry	\$35,000
Elections Relocation	\$150,000	Elections Relocation	\$150,000
Hazardous Materials Abatement		Hazardous Materials Abatement	
Phase 3	\$100,000	Phase 3	\$100,000
Harris Hall	\$226,397	Harris Hall	\$226,397
Annex Carpet	\$25,000	Annex Carpet	\$25,000
Courthouse Plaza	\$42,000	Courthouse Plaza	\$62,300
	\$192,000		\$212,300
	\$616,397		\$616,397

In the preceding table the basic difference is that the Elections relocation which was already programmed as a project to be financed using Certificates of Participation also calls for the financing of the Courthouse Plaza which is a large single expenditure. The base plan calls for the Courthouse Plaza to be developed at a level of \$420,000. An alternative which would allow for a single level plaza as developed for last Novembers ballot would cost \$620,000. Under the financing method that

would be used for the Elections relocation only 10% of either of those amounts would be required in a single year.

This would essentially set up the following draft proposed budget:

**CIP BUDGET FY 2004**

<b>Depreciation</b>	<b>\$1,179,828</b>
<b>Interest Earnings</b>	<b>\$10,000</b>
<b>Fund Balance</b>	<b><u>\$600,000</u></b>
 <b>Revenue</b>	 <b><u>\$1,789,828</u></b>
 <b>Indirect</b>	 <b>\$50,476</b>
<b>Architectural/Engineering</b>	<b>\$170,000</b>
<b>Projects</b>	<b>\$616,397</b>
<b>Contingency (10%)</b>	<b>\$61,640</b>
<b>Building Permits</b>	<b>\$6,000</b>
<b>Debt Service</b>	<b>\$413,276</b>
<b>Reserve for Future Years</b>	<b><u>\$472,039</u></b>
 <b>Expense</b>	 <b><u>\$1,789,828</u></b>

Depending on which option is adopted by the Board the financing of the base projects will be coupled with the financing required for the CAC, Family Law and Sheriff's Office projects. The total package will be brought back through Finance & Audit or the Facilities Subcommittees to the full Board.

**3.4 Recommendation:**

Staff is recommending the CIP as described in Option B with associated financing options. This is based on the principle that allows for construction and reconstruction of the maximum number of projects.

**4. IMPLEMENTATION/FOLLOW-UP:**

Management Services (Facilities) will direct all projects from architectural and engineering through construction to completion and warranty follow-up.

Management Services (Finance) and County Administration (Budget) will return to the Board as required for discussion of financing options.

5. ATTACHMENTS:

Board Order

Attachment B – CIP/Budget Worksheet

Attachment C – Final Draft CIP/Budget Worksheet

IN THE BOARD OF COMMISSIONERS OF LANE COUNTY, OREGON

ORDER NO:

IN THE MATTER OF ADOPTING  
THE CAPITAL IMPROVEMENT  
PROGRAM FOR FY 2004

WHEREAS, Lane County is responsible for the improvement and maintenance of its physical assets, and

WHEREAS, Lane County has developed a Capital Improvement Program (CIP) to allocate resources for such improvement and maintenance projects; and

WHEREAS, Lane County has adopted Board Order No. 03-5-7-12 in accordance with state law to give notice to the Bureau of Labor of projects that exceed \$125,000 and the CIP described below makes no change in that Order, now therefore it is hereby

ORDERED that the following projects be financed, programmed, constructed and managed:

LCAC Annex Roof Replacement	\$180,000
LCAC Tier A Stabilization	\$ 50,000
PSB/Courthouse Entry	\$ 35,000
Elections Relocation	\$150,000
Hazardous Materials Abatement	
Phase 3	\$100,000
Harris Hall	\$226,397
Annex Carpet	\$ 25,000
Courthouse Plaza	\$ 62,300

DATED this 2d day of July, 2003

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Peter Sorenson, Chair  
Lane County Board of Commissioners

APPROVED AS TO FORM  
Date 6/24/03 lane county  
Teresa Ash  
OFFICE OF LEGAL COUNSEL

Attachment B

May 5, 2003

TO: Board of County Commissioners

FROM: David Suchart, Management Services Director

SUBJECT: Capital Improvement Program – FY04

Attached you will find a combination CIP worksheet/ballot. This includes the budget for next years CIP with a listing of proposed projects for your consideration. Towards the end of the worksheet you will find a column for you to prioritize next year's projects.

Based on budget projections for next year there is approximately \$690,000 allocated for projects next year. This includes as highlighted in BLUE projects that have already been approved that will begin this spring and be completed during next fiscal year. In also includes projects highlighted in GREEN projects that have been given tentative approval by the Facilities Committee.

There are not enough resources to cover all of the proposed projects so I am requesting that each of you number the projects from 1-13 regardless of the dollar amount so that I can compile the results and bring back a composite list for final approval. I would appreciate your ballots as soon as possible. If there are questions I am available at your convenience to assist you. I will also bring this up during the monthly facilities report in order to answer any questions you may have.