



MEMORANDUM
OFFICE OF THE
COUNTY EXECUTIVE
COUNTY OF PLACER

TO: Honorable Board of Supervisors
FROM: Thomas M. Miller, County Executive Officer
Submitted by: Bryan Hacker, Budget Analyst
DATE: July 25, 2011
SUBJECT: Capital Facilities Financing Plan

REQUEST

The Board is requested to affirm the updated Capital Facilities Financing Plan. Doing so provides a framework for priorities and funding for County capital facilities construction through FY 2020-21.

BACKGROUND

The Comprehensive Facilities Master Plan was completed in 1993, and the Capital Facilities Financing Plan was first affirmed by July 24, 2006 and reviewed by your Board on August 7, 2007, and April 21, 2009.

The nature of capital facility construction is dynamic and, as a result, activities such as planning, estimated costing and funding, and project prioritization need to be reviewed periodically. Included for your Board's consideration today is the Capital Facilities Financing Plan that includes updated construction costs and delivery dates for facilities identified as priorities for the County through FY 2020-21. Since inception of the original plan, the County's Finance Committee has worked closely with Facility Services to provide the Board and County management team with a framework that supports the capital facility projects by matching potential funding sources with the established project priority and construction timelines.

Since the plan was last presented in 2009, the economy has remained in a state of recession and ongoing funding available for capital facilities is limited. The total General Fund contribution for capital facilities is necessarily reduced from \$70.6 million in the previous plan to \$44 million in this plan. Projections for Capital Facilities Impact Fee revenue (CFIF) remain at a conservative level, estimated at \$35.4 million. However, due to your Board's foresight in setting aside capital infrastructure reserves over the last decade and the implementation of the Capital Facilities Impact Fee (CFIF) collection process in the mid 1990's the County has funding available to move forward with limited critical priorities.

Since the adoption of the Comprehensive Facility Master Plan the following projects have been completed: the Finance and Administration Building, Juvenile Detention Center, Main Jail Housing Unit 4, Fulweiler Administration Building Renovation, Community Development Resource Center, Auburn Justice Center, Placer County – Bill Santucci Justice Center site acquisition, South Placer Courthouse, South Placer Justice office building, Children's Emergency Shelter, Tahoe Public Works Office, Cabin Creek DPW Relocation, Rocklin Library, and the acquisition of the Tahoe Land Development Office. Funding for these projects was provided from a variety of sources,

including state and federal grants, Capital Facility Impact Fees (CFIF), Master Settlement Agreement revenue securitization, debt proceeds (certificates of participation) and General Fund.

CAPITAL PROJECTS 10 YEAR FUNDING REQUIREMENTS

The Capital Projects 10 Year Funding Requirements schedule reflects the proposed delivery of previously identified major projects and their anticipated funding needs through FY 2020-21 (Attachment 1). This schedule was developed to illustrate continued implementation of the 1993 Comprehensive Facilities Master Plan, including the updated Criminal Justice Master Plan. The schedule is arranged in tiers, reflecting the general priority of each project. Tier definitions and associated projects are as follows:

Tier 1 – These projects have significant funding commitment from your Board, and in some cases are well under way toward completion. The South Placer Adult Detention Center is expected to be completed in May 2012. Funding for this project was completed by your Board in FY 2010-11. The Tahoe Justice Center Site Acquisition earmarks the funding set aside from your Board's prior commitment to the Burton Creek Justice Center project. The timing of this project is intended to coincide with the pending site selection by the State Courts of a new court facility in the Tahoe area. The Foresthill Library Site Acquisition funds the purchase of 1.7 acres of property situated between the Foresthill Memorial Hall and the Leroy E. Botts Memorial Park, with zoning amenable to a future library facility. The West Placer Animal Shelter and Auburn Animal Shelter projects reflect the 2009 cost estimates and funding sources. The Tahoe Land Development Office Improvements follow the recent purchase of the "Customs House" building, and include the tenant improvements necessary to house County offices.

Tier 2 – These are projects where the Board of Supervisors previously provided specific policy direction, but for which significant project funding is still needed. They include the Tahoe Justice Center Construction and the Tahoe General Government Facility.

Tier 3 – These projects represent the next series of anticipated projects to be completed after Tier 1 and 2 projects. They include the construction phase of the Foresthill Library, the purchase or construction of a Warehouse/Archive facility, the renovation of the Auburn Jail after completion of the South Placer Adult Detention Facility, and a Health and Human Services (HHS) Clinic and Laboratory facility.

Tier 4 – Miscellaneous projects in Tier 4 are typically smaller in nature and cost, but occur with regularity every year and therefore funding needs should be addressed in the long range plan.

Tier 5 – These projects represent a number of facility needs that have been identified within the County's Capital Improvement Plan but have not been included within Tiers 1 through 4. Included in Tier 5 are an HHS Office Building, a new Administration Center, and projects within the Placer County – Bill Santucci Justice Center including a District Attorney/Probation Office Building and Phase II of the Adult Detention Center. Most of these projects will begin the planning and/or construction process after FY 2020-21.

CAPITAL PROJECT FUNDING MECHANISMS

The Capital Project Funding Mechanisms table depicts the timeline and cost for the construction projects described above, identifies proposed funding sources, and depicts the information in a cash flow schedule (Attachment 1 / lower half of the sheet). Upon review of current and future construction needs, staff identified \$92.4 million (in current dollars) of capital facility needs for the next decade and \$307.9 million for the decade beyond. The following funding mechanisms have been identified to finance these construction costs:

- Existing capital reserves set aside to meet the Board's pay-as-you-go approach to capital facilities, to the greatest extent possible.
- Ongoing General Fund contributions.
- Facility impact fees (growth).
- Securitization of Tobacco Master Settlement Agreement revenue.

Utilization of these funds is predicated on a number of assumptions:

- A cost escalator was applied to project costs increasing the \$92.4 million to \$110.7 million by the end of the decade. The escalator was factored at 4.0% for FY 2012-13, at 5.0% for FY 2013-14, and at 6.0% thereafter.
- Fiscal year 2011-12 is designated the "base year" for funding estimates.
- As approved by your Board in the FY 2011-12 Proposed Budget, \$3.5 million in General Fund is dedicated to capital projects, including \$1.2 million for the Tahoe Land Development Office improvements, and the remaining \$2.3 million spread among several smaller projects and the Miscellaneous Projects account.
- The General Fund contribution remains flat at \$4.5 million per year beginning FY 2012-13 for the remainder of the ten year period of this plan.
- Estimates for capital facility impact fee collections and interest are based on prior year collections and projections of future activity. FY 2010-11 collections and interest totaled \$2.4 million, compared to the \$10.2 million collected in FY 2006-07 when your Board first affirmed this ten-year plan. The current slowdown in building is expected to continue for several years. In addition, the use of impact fees in recent years has reduced the cash balance available to earn interest; therefore impact fees and interest revenues are projected at well under \$3.0 million annually until FY 2014-15, with gradual increases thereafter.
- Master Tobacco Settlement Agreement securitized revenues are 100% dedicated to project construction.
- A portion of the capital reserves and facility impact fee balances will be retained to address new and replacement facilities identified for the decade FY 2020-21 through FY 2030-31.

RECOMMENDATION

The Finance Committee, County Executive Office and Facility Services have all been instrumental in the preparation of this updated plan, and each supports the Capital Facilities Financing Plan presented today. Your Board's affirmation of this updated Capital Facilities Financing Plan will provide staff the direction necessary to move forward with the projects identified. These projects will be brought back to your Board individually for approval when specific direction is required.

FISCAL IMPACT

Capital Facility needs identified during the next ten years total approximately \$92.4 million in current dollars and approximately \$110.7 million by the time of construction. This contrasts with the current County's capital reserves of \$42.9 million, including reserves held for capital construction (\$35.2 million) and capital facility impact fee balances (\$7.7 million). The conceptual plan for financing the County's facility needs will utilize a combination of accumulated reserves, current or pay-as-you-go funding from within County budget resources, development growth impact fees, tobacco securitization revenues and other revenues to bridge the \$67.8 million "gap" between the capital funds needed over the next decade and the funds on hand. Approval of this plan provides a framework for staff to proceed with capital projects but does not commit funds. As each individual project is ready to move forward it will be brought to your Board for approval of the cost and the funding mechanisms.

Attachments: Capital Facilities 10-Year Financing Plan
Capital Facilities Funding Summary
Completed Capital Projects Funding

CAPITAL FACILITIES FINANCING PLAN

CAPITAL PROJECTS 10-YEAR FUNDING		Funding Spent	Funding Available	New Funding 11/12 Budget	Funding Required FY 2012/13 through FY 2020/21						Total Required	PROJECT TOTALS			
TIER	PROJECTS				12/13	13/14	14/15	15/16	16/17	17/18	18/19	19/20	20/21		
1	1.1 South Placer - Adult Detention (Phase I)	92,740,468	12,784,640												\$ 105,525,108
	1.2 Tahoe Justice Center*		2,667,000												2,667,000
	1.3 Foresthill Library Site Acquisition		257,000												257,000
	1.4 West Placer Animal Shelter	292,820	5,128,632				8,632,933	2,945,615							17,000,000
	1.5 Auburn Animal Shelter*	129,543	3,844,266				1,776,191								5,750,000
	1.6 Tahoe Land Development Office Improvements	100,000		1,200,000											1,300,000
	1.7 Various Smaller Projects			630,000											630,000
	Subtotal Tier 1:	\$ 93,282,831	\$ 24,661,538	\$ 1,830,000										\$ 13,354,739	\$ 133,129,108
2	2.1 Tahoe Justice Center					11,000,000	6,700,000								17,700,000
	2.2 Tahoe Government Center	250,000						22,800,000							22,800,000
	Subtotal Tier 2:	\$ 250,000	\$ 0	\$ 0				\$ 22,800,000						\$ 40,500,000	\$ 40,750,000
3	3.1 Foresthill Library Construction*		1,468,000												\$ 1,468,000
	3.2 Warehouse / Archives*		926,473												5,532,932
	3.3 Auburn Jail Renovation	38,595				2,000,000	1,532,932	4,000,000							6,500,000
	3.4 Health & Human Services Clinic / Lab					3,000,000	4,500,000	4,500,000		10,000,000					12,000,000
	Subtotal Tier 3:	\$ 38,595	\$ 2,396,473	\$ 0											\$ 28,532,932
4	4.1 Miscellaneous Facilities Projects/Contingency*		2,934,973	1,670,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	9,000,000	\$ 13,604,973
	Subtotal Tier 4:	\$ 0	\$ 2,934,973	\$ 1,670,000										\$ 9,000,000	\$ 13,604,973
5	5.1 Health & Human Services Office Building														
	5.2 Administration Center														
	5.3 South Placer - DA / Probation Complex														
	5.4 South Placer - Adult Detention (Phase II)														
	Subtotal Tier 5:														
	Total Annual Funding Required:	\$ 93,561,428	\$ 30,012,984	\$ 3,600,000	\$ 6,000,000	\$ 18,032,932	\$ 26,609,124	\$ 26,745,615	\$ 1,000,000	\$ 11,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 92,387,671	\$ 219,452,081
	Funding Required Plus Inflation:	\$ 93,561,428	\$ 30,012,984	\$ 3,500,000	\$ 6,240,000	\$ 19,691,962	\$ 30,800,693	\$ 32,816,099	\$ 1,300,689	\$ 15,164,873	\$ 1,461,342	\$ 1,549,023	\$ 1,641,964	\$ 110,666,446	\$ 237,730,856

Planned for occupancy after 10-year horizon.

\$ 45,000,000
57,462,252
92,001,300
113,396,973
\$307,882,525

CAPITAL PROJECT FUNDING MECHANISMS		11/12	12/13	13/14	14/15	15/16	16/17	17/18	18/19	19/20	20/21	TOTALS
Beginning Cash / Reserves in General & Building Funds & Capital Facility Impact Fees		\$ 35,241,192	\$ 35,741,192	\$ 46,501,192	\$ 32,309,230	\$ 19,917,761	\$ 4,001,662	\$ 7,201,072	\$ 6,536,199	\$ 9,574,857	\$ 12,525,834	\$ 15,303,870
Revenues		\$ 7,751,998	\$ 9,951,998	\$ 9,151,998	\$ 10,651,998	\$ 13,651,998	\$ 4,751,998	\$ 8,751,998	\$ 13,251,998	\$ 17,751,998	\$ 22,251,998	\$ 26,751,998
1	New General Fund Contribution to Projects & Reserves	\$ 3,500,000	\$ 4,500,000	\$ 4,500,000	\$ 4,500,000	\$ 4,500,000	\$ 4,500,000	\$ 4,500,000	\$ 4,500,000	\$ 4,500,000	\$ 4,500,000	\$ 44,000,000
2	Capital Impact Fees - Annual Revenue & Interest Earnings	2,200,000	2,200,000	2,500,000	3,000,000	3,500,000	4,000,000	4,500,000	4,500,000	4,500,000	4,500,000	35,400,000
3	Estimated Tobacco Securitization Revenue		9,000,000					10,000,000				19,000,000
4	Other - Grants, Bonds, Contributions, Trust	500,000	500,000									14,909,124
5	Total Revenue:	\$ 6,200,000	\$ 16,200,000	\$ 7,000,000	\$ 21,409,124	\$ 8,000,000	\$ 8,500,000	\$ 19,000,000	\$ 9,000,000	\$ 9,000,000	\$ 9,000,000	\$ 113,309,124
Expenditures												
6	Project Funding Requirements (Less use of Impact Fees)	\$ 3,500,000	\$ 3,240,000	\$ 18,691,962	\$ 30,800,593	\$ 20,416,099	\$ 1,300,589	\$ 15,164,873	\$ 1,461,342	\$ 1,549,023	\$ 1,641,964	\$ 97,766,446
7	Project Use of Impact Fees		3,000,000	1,000,000		12,400,000						16,400,000
8	Total Expenditures:	\$ 3,500,000	\$ 6,240,000	\$ 19,691,962	\$ 30,800,593	\$ 32,816,099	\$ 1,300,589	\$ 15,164,873	\$ 1,461,342	\$ 1,549,023	\$ 1,641,964	\$ 114,166,446
Ending Cash, Reserves & Capital Facility Impact Fees		\$ 45,693,190	\$ 55,653,190	\$ 42,961,228	\$ 33,669,759	\$ 8,753,680	\$ 15,953,070	\$ 19,788,197	\$ 27,326,865	\$ 34,777,832	\$ 42,135,868	\$ 42,135,868

Note #1. Required funding inflator as follows: 4% for FY 12/13, 5% for FY 13/14, and 6% thereafter.
 Note #2. Current outstanding debt issued: Administrative and Emergency Services Building (\$9.3 M), Juvenile Detention Center (\$7.9 M) & Courthouse (\$31.1 M).
 Note #3. General Fund contribution in FY 2011-12 Proposed Budget is \$3.5 M. Thereafter at \$4.5 M per year.
 Note #4. Assume no provision to reserves through the Plan's 10 years. Board policy recommends that \$3.5 M per year should be added to capital reserves when that funding allows.
 Note #5. Debt service cost is approximately \$4.5 M per year with \$3 M from the General Fund. General Fund contribution increases to \$3.5 M in FY 11/12.
 Note #6. Potential storage lease savings for the warehouse archives are not included in this plan.
 Note #7. Tobacco Securitization receipts occur at least five years apart.

* Funding amounts "frozen" from prior actions:
 Auburn Animal Shelter 1,363,911
 Tahoe Justice Center 2,667,000
 Foresthill Library 1,468,000
 Warehouse / Archives 967,068
 Miscellaneous Projects 1,600,000

CAPITAL FACILITIES FINANCING PLAN

Tier	Project Description	Funding	Total Project Costs	Funding Committed Thru FY 2011-12 Proposed Budget	10-Year Funding Requirement	Future Funding Requirement After (FY 2020-21)
1	1.1	South Placer - Adult Detention	\$ 105,525,108	\$ 105,525,108	\$ -	
	1.2	Tahoe Justice Center*	General Fund 2,667,000	2,667,000	-	
	1.3	Foresthill Library Site Acquisition	General Fund 257,000	257,000	-	
	1.4	West Placer Animal Shelter	\$1M CFIF / \$7.4M GF / Balance City & Community 17,000,000	5,421,452	11,578,548	
	1.5	Auburn Animal Shelter*	\$2M City & Community / Balance GF 5,750,000	3,973,809	1,776,191	
	1.6	Tahoe Land Development Office Improvements	General Fund 1,300,000	1,300,000	-	
	1.7	Various Smaller Projects	630,000	630,000	-	
	<i>Subtotal Tier 1</i>			\$ 133,129,108	\$ 119,774,369	\$ 13,354,739
2	2.1	Tahoe Justice Center	\$9M Tobacco Securitization / Balance GF 17,700,000	\$ -	\$ 17,700,000	
	2.2	Tahoe Government Center	\$11.4M CFIF / Balance GF 23,050,000	250,000	22,800,000	
	<i>Subtotal Tier 2</i>			\$ 40,750,000	\$ 250,000	\$ 40,500,000
3	3.1	Foresthill Library Construction*	General Fund 1,468,000	\$ 1,468,000	\$ -	
	3.2	Warehouse / Archives*	\$1M CFIF / \$3.5M Other / Balance GF 6,500,000	967,068	5,532,932	
	3.3	Auburn Jail Renovation	\$10M Securitization / Balance GF 12,000,000	-	12,000,000	
		Health & Human Services Clinic / Lab	\$3 M CFIF / Balance GF 12,000,000	-	12,000,000	
<i>Subtotal Tier 3</i>			\$ 31,968,000	\$ 2,435,068	\$ 29,532,932	
4	4.1	Miscellaneous Facilities	General Fund 13,604,973	\$ 4,604,973	\$ 9,000,000	
	<i>Subtotal Tier 4</i>			\$ 13,604,973	\$ 4,604,973	\$ 9,000,000
5	5.1	Health & Human Services Office Building	Funding Not Identified -	\$ -	\$ -	\$ 45,000,000
	5.2	Administration Center	Funding Not Identified -	-	-	57,482,252
	5.3	South Placer - DA / Probation	Funding Not Identified -	-	-	92,001,300
	5.4	South Placer - Adult Detention (Phase II)	Funding Not Identified -	-	-	113,398,973
	<i>Subtotal Tier 5</i>			\$ -	\$ -	\$ -
CFIF Balance Available		\$26,751,998	\$ 219,452,081	\$ 127,064,410	\$ 92,387,671	\$ 307,882,525

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CAPITAL FACILITIES FINANCING PLAN - COMPLETED PROJECTS

Completed Projects	Year Completed	Project Cost
TART Building	1999	\$ 2,678,688
Larry Oddo (FAB) Building	2000	13,708,014
Jail Violent Offender Grant	2000	1,090,532
Jail Sally Port I/R Areas	2001	588,245
Juvenile Detention Center	2001	10,253,323
Main Jail HU4	2003	9,560,132
DPW Relocation - Cabin Creek	2005	10,257,081
Community Development (CDRC)	2005	30,861,842
Jail Control System	2005	1,515,260
Auburn Admin Bldg Renovation	2005	3,296,940
Auburn Justice Center	2007	35,249,427
Children's Emergency Shelter	2008	11,400,708
South Placer Courthouse	2008	52,238,391
South Placer Justice Office (Building B)	2008	21,173,261
Bill Santucci Site & Infrastructure	2008	15,631,649
HHS 113-115 Improvements	2010	742,811
Colfax Library Renovation	2010	1,720,271
Tahoe Public Works Office	2010	1,218,985
Rocklin Library	2011	4,116,074
Tahoe Land Development Office Acquisitio	2011	3,690,601
Total		\$ 230,992,235

General Fund	CFIF	FUNDING SOURCE				Total Funding
		Tobacco Securitization	Debt Issuance	Grants	Other	
			13,708,014		\$ 2,678,688	\$ 2,678,688
				1,090,532		1,090,532
				588,245		588,245
	2,630,454		7,622,869			10,253,323
4,196,843	1,500,000			2,747,249	1,116,040	9,560,132
4,664,779	-	490,016	-	-	5,102,286	10,257,081
14,851,932	2,159,501	13,850,409				30,861,842
1,515,260						1,515,260
3,296,940						3,296,940
16,714,299	1,750,000	16,785,128				35,249,427
6,939,543	1,116,626			2,409,707	934,832	11,400,708
899,051		13,567,710	34,826,329		2,945,301	52,238,391
10,428,371	8,700,000				2,044,890	21,173,261
369,120	15,262,529					15,631,649
742,811	-					742,811
1,706,050	14,221					1,720,271
1,218,985						1,218,985
2,716,074	1,400,000					4,116,074
3,690,601						3,690,601
						-
						-
\$ 73,950,659	\$ 34,533,331	\$ 44,693,263	\$ 56,157,212	\$ 6,835,733	\$ 14,822,037	\$ 230,992,235

