



BOARD OF SUPERVISORS
AGENDA LETTER

Agenda Number:

Clerk of the Board of Supervisors
105 E. Anapamu Street, Suite 407
Santa Barbara, CA 93101
(805) 568-2240

Department Name: General Services
Department No.: 063
For Agenda Of: May 8, 2018
Placement: Departmental
Estimated Time: One Hour
Continued Item: No
If Yes, date from: N/A
Vote Required: Majority

TO: Board of Supervisors
FROM: General Services Janette D. Pell, Director (805) 560-1011
Contact Info: Skip Grey, Assistant Director (805) 568-3083
SUBJECT: Proposed Capital Projects for County Financing Consideration; All Districts

County Counsel Concurrence

As to form: Yes

Auditor-Controller Concurrence

As to form: Yes

Other Concurrence:

As to form: N/A

Recommended Actions:

That the Board of Supervisors:

- a) Receive a report on General Services' analysis of existing and proposed Capital Improvement Program (CIP) projects, and projects recommended for inclusion in a proposal for potential financing of County capital improvements;
- b) Direct General Services to finalize the list of recommended projects and have an estimator develop project costs for presentation to the Debt Advisory Committee (DAC);
- c) Direct the County Treasurer-Tax Collector, County Auditor-Controller, County Counsel, and General Services to proceed with all necessary actions required to return to the Board with a proposal for financing the selected capital improvements; and
- d) Determine that the proposed actions do not constitute a "Project" within the meaning of the California Environmental Quality Act pursuant to 14 CCR § 15378(b)(5) (Organizational or administrative activities of governments that will not result in direct or indirect changes in the environment) and direct staff to file a Notice of Exemption on that basis.

Summary Text: The County of Santa Barbara has historically financed capital improvements utilizing Certificates of Participation (COP). Recent new facilities and renovations include the Emergency Operations Center, the Public Defender Remodel of the Santa Barbara Historic Courthouse, and the Santa Maria Board of Supervisors Hearing Room Addition, among others. At this time, the 2005 COPs have been paid off and General Services has been asked to identify recommended projects for possible financing.

If the Board directs the County Treasurer-Tax Collector, County Auditor-Controller, County Counsel, and General Services to proceed and return to the Board with a proposal for financing, final estimates on the selected capital improvements will be developed and presented to the DAC for review and will be brought back to the Board for approval.

Background:

The County's Capital Improvement Project (CIP) program identifies funded and unfunded projects that departments have prioritized for implementation in master planning the County's vision. The total of all lands and building projects listed in the FY 2019-23 CIP (Attachment 2) is **\$336,472,000**. This total excludes Public Works projects, equipment and information technology.

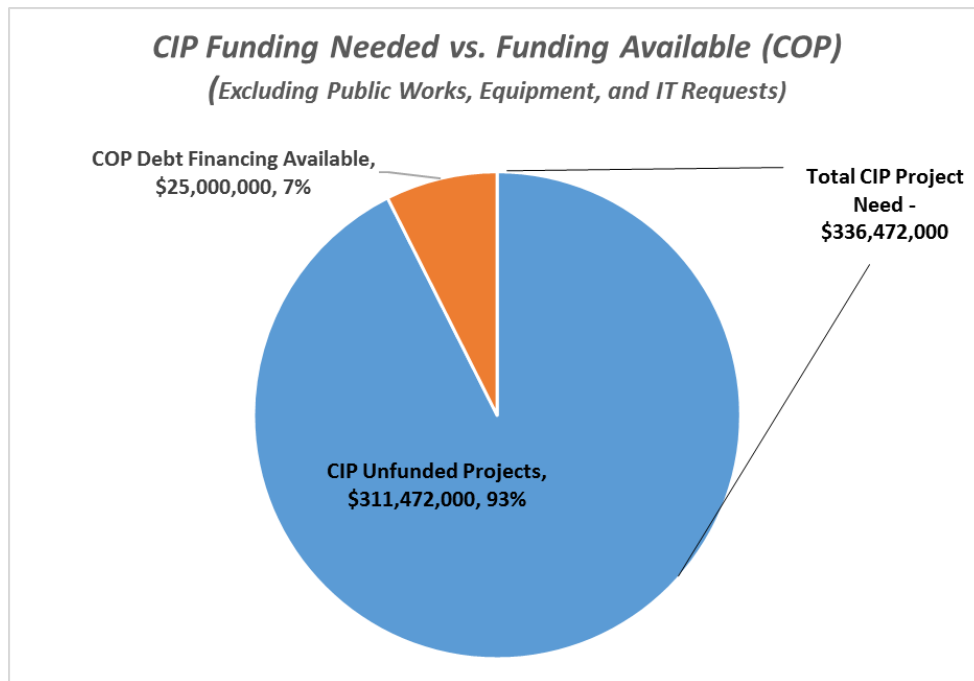
Annually, departments are asked to submit new projects, and update existing projects. In FY 2017-18, General Services (GS) assumed responsibility for the CIP program. In March 2017, GS requested all departments submit projects. As a follow-up, in August 2017, departments were asked to prioritize their departmental requests.

Given the volume of projects identified in the CIP, further criteria was applied to assist in identifying the projects for potential financing. A set of prioritization principles was applied using Government Financing Officers Association (GFOA) criteria. The GFOA criteria is as follows:

1. **Priority I:** Imperative (Must-do) – Projects that cannot reasonably be postponed in order to avoid harmful or otherwise undesirable consequence. These projects correct a condition dangerous to public health or safety, satisfies a legal obligation, alleviates an emergency service disruption or deficiency, and prevents irreparable damage to a valuable public facility.
2. **Priority II:** Essential (Should-do) – Projects that address clearly demonstrated needs or objectives. These projects rehabilitate or replace an obsolete public facility or attachment thereto, stimulate economic growth and private capital investment, reduce future operating and maintenance costs, and leverage available state or federal funding.
3. **Priority III:** Important (Could-do) – Projects that benefit the community but may be delayed without detrimental effects to basic services. These projects provide a new or expanded level of service, promote intergovernmental cooperation, reduce energy consumption, or enhance cultural or natural resources.
4. **Priority IV:** Desirable (Other Year) – Desirable projects that are not included within five-year program because of funding limitations.

The GFOA criteria was applied to each department's top five project priorities and a potential list of candidate projects was developed.

A \$25 million threshold was established by the CEO, as it is believed the County can afford a repayment schedule of \$1.4 million annually. The chart below depicts disparity of total projects versus debt financing available.



The criteria was used to assist in selecting projects, knowing the requests far exceed the money available. Below, projects are divided into two categories: Projects requiring General Fund (GF) as a repayment source and projects that have a designated repayment source (revenue or savings from the project would support the debt payments).

The recommended projects list below for debt financing was developed accordingly. These are rough order of magnitude estimates that will be further refined and then presented to the DAC for review and will be brought back to the Board for final approval.

<i>Projects Requiring GF as a Repayment Source (000's)</i>	Estimated Range		Repayment Source
Calle Real Water System Replacement (D2)	\$2,000	\$2,300	General Fund
SB Court House Roof Replacement (D1)	\$5,400	\$5,900	General Fund
Public Safety Radio Tower Enhancements (D3, D5)	\$2,100	\$2,400	General Fund
Cachuma Lake Park Infrastructure Upgrades (D3)	\$6,000	\$6,600	General Fund
SB Probation Dept. HQ - Remodel and Addition (D1)	\$6,900	\$7,600	General Fund
Total Projects with GF as Repayment Source	\$22,500	\$24,800	

<i>Projects That Have a Designated Repayment Source</i>	Estimated Range		Repayment Source
Renewable Energy and Energy Efficiency Upgrade Project (D2, D5)	\$4,600	\$5,100	Utility Savings
Cachuma Lake Renewable Energy Project (D3)	\$3,500	\$3,900	Incr Revenue/Utility Savs
Total Projects with a Designated Repayment Source	\$8,100	\$9,000	

Total Possible COP Issuance (approximate depending on grant and other financing sources) \$30,600 \$33,800

Attachment 3 has the detail sheets for each project being recommended.

CEQA:

The proposed administrative actions do not constitute a project within the meaning of the California Environmental Quality Act (CEQA) pursuant to 14 CCR § 15378(b)(5). An environmental analysis of any project resulting from this effort will be required, and any resulting environmental action will be brought to the Board for approval prior to construction.

Fiscal and Facilities Impacts:

Budgeted: Yes

Fiscal Analysis:

A full fiscal analysis will be presented based on the DAC recommendations resulting from the future presentation of proposed projects. Fund balance is available for potential future debt payments.

Attachments:

- 1) PowerPoint presentation
- 2) List of Capital Improvement Projects
- 3) 2018 Combined Project Portfolio Data Sheets
- 4) CEQA Exemption

Authored by:

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