



Legislation Text

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To: Sonoma County Board of Supervisors

Department or Agency Name(s): General Services

Staff Name and Phone Number: Caroline Judy: 565-8058; Keith Lew: 565-3193; Eric Herrman: 565-2986

Vote Requirement: 4/5th

Supervisorial District(s): All

Title:

Report on Deferred Maintenance Fund Uses and Priorities

Recommended Actions:

- A) Accept report from General Services on FY 18/19 Deferred Maintenance Fund uses and priorities.
- B) Adopt a resolution approving budget adjustment to the FY 18/19 Budget in the amount of \$529,380, using Facility Maintenance and Investment/Deferred Maintenance funds to complete the remaining deferred maintenance priority projects in FY 18/19.

(4/5th vote required)

Executive Summary:

The County's real estate portfolio is diverse, with over 2 million square feet of owned and leased facilities and over 170 structures. The cost of operating the property portfolio have grown as facilities have aged, and deferred maintenance obligations have also increased over time primarily due to resource shortfalls.

Recognizing these challenges, as part of the FY 2017-18 budget hearings, the Board approved a new "Facility Maintenance and Investment" financial policy dedicating for the period of 5 years forty percent (40%) of secured property tax growth above what is needed to finance general fund services as included in the Recommended Budget. Anticipated Deferred Maintenance projects are described in the Five Year Capital Plan and the annual Capital Plan. During the course of the budget year, urgent needs may require reprioritization of the anticipated projects. The CAO and General Services routinely evaluate needs and prioritize projects for funding.

The report highlights the critical nature of the Deferred Maintenance challenge as many building systems in the County's property portfolio are "running to fail" and require urgent repair or replacement. Running to fail means that systems operate without adequate preventative maintenance until they simply fail and must be repaired or replaced.

This report describes the FY 18/19 projects that have been funded and new priorities that have emerged in this fiscal year.

Discussion:

Prior studies evaluated the magnitude of the County's property portfolio needs. Opportunities for more efficient management of the County's real estate portfolio were studied by HOK Architects in 2007, and

Gensler Architects in 2013. VFA was tasked in 2014 to evaluate the condition of County facilities. These prior studies recommended either significant ongoing investment in maintenance, a demolition program, and/or replacement of County owned buildings. Staff presented a report in May 2018 providing updated information on maintenance costs, and options for mitigating the growing financial liability of operating buildings beyond their useful life. The report primarily focused on buildings at the County Government Center, but also described the overall deferred maintenance liability and growing obligation. The report is included as Attachment B.

Although the Board of Supervisors has authorized General Services to begin the process of considering options for replacement of buildings on the County Government Center campus or relocation elsewhere, many deferred maintenance projects require funding now in order to protect the health and safety of employees and the public. The decision to fund a deferred maintenance project is carefully considered and weighed against other needs. Where possible less costly options are considered. For example, the PRMD roof replacement that was completed in 2017 was initially considered as a complete roof demolition and replacement. A less costly approach was used where the existing roof was treated with an elastomeric coating thereby saving several million dollars.

General Services maintains an up-to-date list of deferred maintenance projects utilizing the data collected in prior studies and current knowledge of critical infrastructure needs. Needs are reviewed on a weekly basis by the Director, Deputy Director and the Manager of Facilities Maintenance and emergent situations are evaluated on a daily basis using the criteria described above.

In order to avoid significant increases in deferred maintenance costs for County facilities, the Board of Supervisors adopted a Facility Maintenance and Investment/Deferred Maintenance Funding policy during the FY 17/18 budget hearings. As the policy states, the Board of Supervisors will appropriate, for a 5 year period commencing with Fiscal Year 2017-2018, forty percent (40%) of all new property tax growth which is above the growth needed to keep up with inflation for existing levels of general fund services, to the Capital Projects Budget to be used towards addressing deferred maintenance of County facilities.

Following Board adoption of the policy, the County Administrator's Office established a process for General Services to request use of the Facility Maintenance and Investment fund. Since the creation of this fund a number of critical deferred maintenance projects have been mitigated.

In general, the Deferred Maintenance projects for a given fiscal year are proposed in the Capital Budget process. During the fiscal year some projects may be reprioritized based upon emergent needs and newly identified projects may be added to the list. This report provides information on the projects underway in FY 18/19 and emergent needs that have reprioritized projects previously reported to the Board, and/or described in the annual Capital Plan.

All projects that receive funding are prioritized based upon the urgency, the likelihood of service interruption to departments, the risk of system failure or cascading failures, and the anticipated impact on health and safety of employees and the public, legally mandated code compliance, and delivery of services to the public, hazards and liabilities. There are not sufficient resources to address all of the projects identified. In the event of a catastrophic failure the General Services Director will work with the County Administrator to authorize immediate emergency repairs or other necessary actions.

The Facility Maintenance and Investment/Deferred Maintenance Fund revenues since inception total \$3,556,179 to-date and are described in Attachment A. In FY 18/19 the projects described in Table 1 below have received base General Fund annual contribution funding and are underway.

Table 1	
Total Revenues To-Date	\$3,556,179

Projects	Estimated Cost
Hall of Justice Drain Line Repair	\$ 63,816
Sonoma Veterans Building Roof Repair	\$ 134,000
Chanate Security and Fire Watch	\$ 800,354
Total	\$ 998,170

Remaining Funds Available	\$2,558,009
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Table 2 describes new priority projects that have emerged during this fiscal year, which are recommended for financing in the current year with available Facility Maintenance and Investment funds. Deferred maintenance projects are defined as a subset of all of the projects described in the annual Five Year Capital Improvement Plan.

Table 2	
Projects	Estimated Cost
Human Services Roof Repair	\$ 45,000
Main Adult Detention Facility Generator Radiator Replacement	\$ 77,003
North County Detention Facility Program Logic Controls Replacement	\$ 44,994
Central Mechanical Plant Cooling Towers Media Replacement	\$ 72,383
Main Adult Detention Facility Service Building Fire Water Line Replacement	\$ 250,000
Spud Point Marina Ice House Compressor Repair	\$ 40,000
Total	\$ 529,380
Remaining Funds Available if Projects Approved	\$ 2,028,629

The Human Services Roof has been leaking in multiple locations into office areas and needs to be repaired. Repairs are also needed at the Main Adult Detention Facility (MADF) and North County Detention Facility (NCDF) to maintain jail operations. The Central Mechanical Plant Cooling Tower Media Replacement is

necessary in order to be able to maintain interior building temperatures through the government center campus and in the jail during the summer. The Spud Point Marina Ice House Compressor needs to be repaired in order to maintain ice service for the commercial fishing operation. Without ice the fisherpersons are not able to keep their catch fresh and there are no proximate ice services elsewhere. Staff is requesting the use of \$529,380 of Facility Maintenance and Investment funds to complete these repairs.

In addition to the projects listed above, General Services and Regional Parks staff are evaluating critical deferred maintenance needs at the Marinas including Bodega Bay and Spud Point. Staff plan to bring a comprehensive report to the Board outlining deferred maintenance projects and evaluating long-term plans.

Prior Board Actions:

January 29, 2019: Potential New County Government Center Options

May 8, 2018: County Government Center Facility Planning, including Staff Report on Solutions for Addressing the Growing County Government Center Administrative Building Maintenance Cost

June 24, 2014: Comprehensive Facilities Condition Assessment Plan Update

January 15, 2013: Comprehensive County Facilities Plan

April 7, 2009: County Administration Center Site Evaluation and Opportunities Analysis

FISCAL SUMMARY

Expenditures	FY 18-19 Adopted	FY19-20 Projected	FY 20-21 Projected
Budgeted Expenses			
Additional Appropriation Requested	\$529,380		
Total Expenditures	\$529,380		
Funding Sources			
General Fund/WA GF			
State/Federal			
Fees/Other			
Use of Fund Balance	\$529,380		
Contingencies			
Total Sources	\$529,380		

Narrative Explanation of Fiscal Impacts:

Additional appropriations in the amount of \$529,380 using Facility Maintenance and Investment/Deferred Maintenance funds are needed to complete the deferred maintenance critical priority projects as identified

above. Of the total funding request, \$40,000 will be used by Regional Parks to supplement project funding for repairs at the Spud Point Ice House. Regional Parks will repay the Deferred Maintenance Fund using Spud Point Enterprise Fund.

Staffing Impacts:			
Position Title (Payroll Classification)	Monthly Salary Range (A - I Step)	Additions (number)	Deletions (number)

Narrative Explanation of Staffing Impacts (If Required):

None

Attachments:

Attachment A: Deferred Maintenance Fund Revenue

Attachment B: County Government Center Facility Planning, including Staff Report on Solutions for Addressing the Growing County Government Center Administrative Building Maintenance Cost.

Attachment C: Budget Resolution

Related Items "On File" with the Clerk of the Board:

None