



Board Agenda Item 6

DATE: September 15, 2015

TO: Board of Supervisors

SUBMITTED BY: John Navarrette, County Administrative Officer

SUBJECT: Prioritize Potential County Projects

RECOMMENDED ACTION(S):

Receive presentation and provide direction on the prioritization and funding of potential County projects.

Your Board has directed staff to return with a workshop on available funding and the potential projects identified by the County Administrative Officer with input from the Directors of Public Works and Planning and Internal Services Departments. Once a list is established, the future prioritization of County projects will be an ongoing process. Should your Board provide specific direction beyond prioritization, staff will return with recommended actions for final approval of project appropriations.

ALTERNATIVE ACTION(S):

Your Board may elect not to prioritize some of the presented County projects.

FISCAL IMPACT:

There is the potential for additional net County cost associated with funding projects as a portion of the available funding presented is not restricted, and is currently not included in the estimated revenues in the FY 2015-16 Adopted Budget. All funds presented are one-time in nature: some restricted to eligible capital expenditures, some to public safety expenditures, others are unrestricted and can be spent on capital or operational needs.

DISCUSSION:

The County has recently received two sources of one-time revenues totaling \$12,865,071. The first one-time source is the State repayment of pre-2004 Senate Bill 90 (SB 90) mandates totaling \$11,000,000, these funds are not restricted. They may be used for capital, maintenance or operational expenditures.

The second source of one-time revenue is the growth funds derived from Proposition 172, Local Public Safety Protection one-half percent sales and use tax totaling \$1,865,071; these funds are designated exclusively to help fund public safety needs. Your Board directed that Proposition 172 funds received above the amounts budgeted for departmental use in FY 2014-15 would be brought to your Board for funding allocation decisions.

A third source of one-time funds is restricted to eligible capital projects only. This is the remainder of the unallocated tobacco revenue bond proceeds in the amount of \$4,329,328. The Auditor-Controller/Treasurer-Tax Collector and County Counsel will need to complete a more thorough review of any projects utilizing this funding to determine what portions of the project qualify as eligible expenditures.

In order for acquisition of assets and construction projects to be eligible for the use of tobacco bond proceeds,

the project must qualify as a capital asset in accordance with both the generally accepted accounting standards and the Internal Revenue Code. Additionally, the determination must be consistent with governmental accounting standards, State of California Accounting Standards and Procedures, as well as the County's own capital assets policies (Management Directive #400).

Other restrictions apply to the use of tobacco funds. The project must have limited private vendor use, such as an outside vendor located in a tobacco funded building providing services to the public. The life of the tobacco funded projects must be equal to or greater than the term of the tobacco bonds. This calculation, prepared by the Auditor-Controller/Treasurer-Tax Collector, is based on the weighted average maturity of all tobacco funded projects.

The "savings" discussed during the August 11, 2015 board meeting related to the refinancing of the pension obligation bonds is actually a cost avoidance, not additional funds available. The pension obligation bond payment rates for FY 2015-16 were calculated utilizing the refinanced rates which reduced the amount the departments utilized to fund this expenditure in their salaries and benefits budget.

During this workshop your Board will consider projects it has previously discussed as well as projects identified by the County Administrative Officer with input from the Directors of Public Works and Planning and Internal Services Departments. Additional projects may be added to the list during the workshop session. Should your Board prioritize a project and provide specific direction, staff will return with recommended actions for final approval of project appropriations.

ATTACHMENTS INCLUDED AND/OR ON FILE:

County Project listings: Exhibits A, B, and C

CAO ANALYST:

Charlotte Tilkes