



Agenda

FINANCE COMMITTEE

December 10, 2012

1:30 P.M.

651 Pine Street, Room 101, Martinez

Supervisor John Gioia, District I, Chair
Supervisor Federal Glover, District 5, Vice-Chair

Agenda Items:

Items may be taken out of order based on the business of the day and preference of the Committee

1. Introductions
2. Public comment on any item under the jurisdiction of the Committee and not on this agenda (speakers may be limited to three minutes)
3. Report on Establishing and Funding a Capital Renewal Fund for Facility Maintenance and Replacement (Julia Bueren, Director of Public Works)
4. Next meeting – TBD

☺ *The Finance Committee will provide reasonable accommodations for persons with disabilities planning to attend Committee meetings. Contact the staff person listed below at least 72 hours before the meeting.*

📁 *Any disclosable public records related to an open session item on a regular meeting agenda and distributed by the County to a majority of members of the Finance Committee less than 96 hours prior to that meeting are available for public inspection at 651 Pine Street, 10th floor, during normal business hours.*

✉ *Public comment may be submitted via electronic mail on agenda items at least one full work day prior to the published meeting time.*

For Additional Information Contact:

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Glossary of Acronyms, Abbreviations, and other Terms (in alphabetical order):

Contra Costa County has a policy of making limited use of acronyms, abbreviations, and industry-specific language in its Board of Supervisors meetings and written materials. Following is a list of commonly used language that may appear in oral presentations and written materials associated with Board meetings:

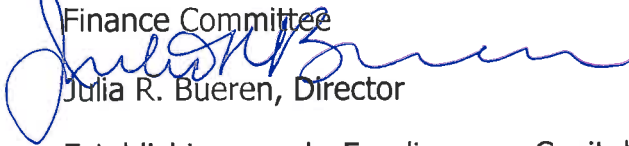
AB	Assembly Bill	HHS	Department of Health and Human Services
ABAG	Association of Bay Area Governments	HIPAA	Health Insurance Portability and Accountability Act
ACA	Assembly Constitutional Amendment	HIV	Human Immunodeficiency Syndrome
ADA	Americans with Disabilities Act of 1990	HOV	High Occupancy Vehicle
AFSCME	American Federation of State County and Municipal Employees	HR	Human Resources
AICP	American Institute of Certified Planners	HUD	United States Department of Housing and Urban Development
AIDS	Acquired Immunodeficiency Syndrome	Inc.	Incorporated
ALUC	Airport Land Use Commission	IOC	Internal Operations Committee
AOD	Alcohol and Other Drugs	ISO	Industrial Safety Ordinance
BAAQMD	Bay Area Air Quality Management District	JPA	Joint (exercise of) Powers Authority or Agreement
BART	Bay Area Rapid Transit District	Lamorinda	Lafayette-Moraga-Orinda Area
BCDC	Bay Conservation & Development Commission	LAFCo	Local Agency Formation Commission
BGO	Better Government Ordinance	LLC	Limited Liability Company
BOS	Board of Supervisors	LLP	Limited Liability Partnership
CALTRANS	California Department of Transportation	Local 1	Public Employees Union Local 1
CalWIN	California Works Information Network	LVN	Licensed Vocational Nurse
CalWORKS	California Work Opportunity and Responsibility to Kids	MAC	Municipal Advisory Council
CAER	Community Awareness Emergency Response	MBE	Minority Business Enterprise
CAO	County Administrative Officer or Office	M.D.	Medical Doctor
CCHP	Contra Costa Health Plan	M.F.T.	Marriage and Family Therapist
CCTA	Contra Costa Transportation Authority	MIS	Management Information System
CDBG	Community Development Block Grant	MOE	Maintenance of Effort
CEQA	California Environmental Quality Act	MOU	Memorandum of Understanding
CIO	Chief Information Officer	MTC	Metropolitan Transportation Commission
COLA	Cost of living adjustment	NACo	National Association of Counties
ConFire	Contra Costa Consolidated Fire District	OB-GYN	Obstetrics and Gynecology
CPA	Certified Public Accountant	O.D.	Doctor of Optometry
CPI	Consumer Price Index	OES-EOC	Office of Emergency Services-Emergency Operations Center
CSA	County Service Area	OSHA	Occupational Safety and Health Administration
CSAC	California State Association of Counties	PEPRA	Public Employees' Pension Reform Act of 2013
CTC	California Transportation Commission	Psy.D.	Doctor of Psychology
dba	doing business as	RDA	Redevelopment Agency
EBMUD	East Bay Municipal Utility District	RFI	Request For Information
EIR	Environmental Impact Report	RFP	Request For Proposal
EIS	Environmental Impact Statement	RFQ	Request For Qualifications
EMCC	Emergency Medical Care Committee	RN	Registered Nurse
EMS	Emergency Medical Services	SB	Senate Bill
EPSDT	State Early Periodic Screening, Diagnosis and treatment Program (Mental Health)	SBE	Small Business Enterprise
et al.	et ali (and others)	SWAT	Southwest Area Transportation Committee
FAA	Federal Aviation Administration	TRANSPAC	Transportation Partnership & Cooperation (Central)
FEMA	Federal Emergency Management Agency	TRANSPLAN	Transportation Planning Committee (East County)
F&HS	Family and Human Services Committee	TRE or TTE	Trustee
First 5	First Five Children and Families Commission (Proposition 10)	TWIC	Transportation, Water and Infrastructure Committee
FTE	Full Time Equivalent	VA	Department of Veterans Affairs
FY	Fiscal Year	vs.	versus (against)
GHAD	Geologic Hazard Abatement District	WAN	Wide Area Network
GIS	Geographic Information System	WBE	Women Business Enterprise
HCD	(State Dept of) Housing & Community Development	WCCTAC	West Contra Costa Transportation Advisory Committee

Schedule of Upcoming BOS Meetings
January 8, 15, 22; February 5, 12, 26; March 12, 19, 26



Memo

December 5, 2012

TO: Finance Committee
FROM:  Julia R. Bueren, Director
SUBJECT: Establishing and Funding a Capital Renewal Fund for Facility Maintenance and Replacement

In 2007, the General Services Department engaged ISES Corporation to conduct a comprehensive evaluation of the overall condition of over 90 County-owned facilities. The subsequent Facilities Life Cycle Investment Program (FLIP) report identified deferred maintenance issues and capital renewal projects that needed to be completed in areas related to accessibility improvements, electrical systems, exterior/structural, fire life and safety, heating, ventilating and air-conditioning (HVAC) systems, interior finishes/systems, plumbing systems, site projects, and other improvements such as parking surfaces. These deferred maintenance and capital renewal projects totaled over \$273 million for fiscal year 2012-13.

In August 2009, the Board of Supervisors adopted the Real Estate Asset Management Plan (RAMP). One of the objectives of that plan was to adequately fund facility maintenance so we did not end up in a continual deferred maintenance cycle. This objective, which was reaffirmed by the Board on October 16, 2012, is the following:

Objective 12: Internal Services Fund for Facilities Maintenance. Evaluate the feasibility of developing an Internal Services Fund (ISF) for facilities maintenance to improve planning and paying for deferred maintenance and capital renewal of buildings. An ISF would stabilize funding for building repairs and establish a more equitable and consistent process for maintaining the County's building assets.

This objective is still valid. However, the method of implementing it may be different than an Internal Services Fund. The concept is to add a factor to the occupancy costs paid by various departments to occupy County-owned buildings. The revenue raised from the occupancy cost factor would be deposited in a newly established Capital Renewal Fund. This fund would be used to offset the County's cost to properly maintain or replace County real estate assets, for servicing current and future debt requirements of those assets, or for other capital facility needs. Staff is currently developing the mechanics of implementing this concept.

One aspect of deferred maintenance is to determine the condition of various building systems and features, and to determine the need for either maintaining or replacing those features. Several pieces of information are needed to accurately identify what the capital renewal or replacement costs are for calculating an occupancy cost factor. Each of the major systems in a building has to be identified, the remaining service life of each system determined, and the replacement costs estimated at the end of its service life. Those total costs for each building can then be brought forward and estimated on an annual cost basis. We currently don't have the information to determine this level of detailed analysis. One question is, what should the annual occupancy cost factor be?

According to the National Science Foundation, companies "should annually fund the maintenance and repair program at 2-4% of the replacement value of the buildings supported." When ISES prepared their report in 2009, they recommended two options for setting money aside to fund maintenance requirements. One involved investing 1.85% of plant value annually, which would amount to \$36 million. The other employed a Life-Cycle Model, which would result in an annual Capital Renewal funding requirement of \$22.7 million.

We will be contracting with ISES Corporation in 2013 to review and update the list of deferred maintenance projects and capital renewal projects on County-owned buildings. At that time, we will include the determination of an appropriate occupancy factor as one of ISES's tasks. We will also decide the level of analysis we need to adequately fund the Capital Renewal Fund, including either a "one-size-fits-all-approach" or an "individual building approach".

At this time we need to establish the occupancy rates for fiscal year 2013-14. While we don't have enough information to determine the actual occupancy cost factor for the Capital Renewal Fund, we should start the process. Staff is recommending beginning with a 1% increase in the occupancy rates for Fiscal Year 2013-2014 as the first year in establishing the Capital Renewal Fund. When the ISES Corporation completes their report next year, the occupancy cost factor will be adjusted based on information provided in their analysis. A 1% occupancy rate factor will generate approximately \$750,000 per year.

JRB:RMA:lz
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c: David Twa, County Administrator
Mitch Avalon, Deputy Director
Steve Silveira, Deputy Director
Karen Laws, Real Estate
Dick Awenius, Real Estate
Lisa Driscoll, County Administrator's Office
Roland Hindsman, Facilities Maintenance
Rob Lim, Capital Projects Management