Agenda for Planning Session

- Budget Overview
- Recommended Funding Strategy
- Portfolio of Facilities
- Facility Asset Management
- Annual Capital Improvement Program
- Major Capital Projects
- Strategic Discussion and Next Steps

Civic Center dome and roof ornamentation
Budget Overview

• Projected General Fund budgetary shortfalls are because revenues are growing slower than our cost of doing business and we are recommending spending more for County facilities

• Recent economic trends have been encouraging

• State budget outlook is positive in the short term

• Federal policy shifts remain a risk, including healthcare funding and long-term impacts from the federal tax overhaul

• We are working with departments to identify ongoing net county cost reductions to close the projected 2-year gap
Board Priorities

- Preserving Affordable Housing
- Prioritizing Racial Equity
- Investing in County Infrastructure
- Addressing Climate Change and Sea Level Rise
- Balancing the 2-Year Budget
- Improving Emergency Preparedness
High Level Budget Analysis: Strengths and Weaknesses

• Strengths
  o AAA bond rating
  o Stable revenue base
  o Adequate reserves
  o Downward trend for unfunded retiree liabilities

• Weaknesses
  o Uncertain state and federal funding sources
  o Unfunded maintenance needs for facilities and roads
  o Slowing revenue growth makes addressing new and emerging needs more of a challenge
## Financial Report Card

### Self Assessment

<table>
<thead>
<tr>
<th>Policy/Practice</th>
<th>Grade</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Use of one-time revenues for one-time purposes</td>
<td>A</td>
<td></td>
</tr>
<tr>
<td>Reserves for contingencies</td>
<td>A-</td>
<td>Best practices are between 5% and 10%; Marin is currently at 7%</td>
</tr>
<tr>
<td>Debt Management</td>
<td>A-</td>
<td>Low debt service ratio cited by credit ratings agencies for AAA</td>
</tr>
<tr>
<td>Capital Assets</td>
<td>C</td>
<td>Significant deferred maintenance of roads, buildings, parks, libraries</td>
</tr>
<tr>
<td>Structural Expenses and Revenues</td>
<td>B+</td>
<td>Stable property tax base; uncertain state/federal revenues; more retirees than active employees</td>
</tr>
</tbody>
</table>
Recommended Increase in Capital Funding

Increase Annual General Fund Spending by $2 Million

- Current Capital Improvement Program (CIP) is $4 million annually
- Recommended increase to $5 million annually
- Recommended annual set-aside of $1 million for future debt service for high priority projects
Long Term Projections

2-YEAR BUDGETARY GAP OF $5.6 MILLION

General Fund Budget Shortfall

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Operations</th>
<th>Facilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2018-19</td>
<td>($4.5M)</td>
<td>($2.0M)</td>
</tr>
<tr>
<td>FY 2019-20</td>
<td>($5.6M)</td>
<td>($4.0M)</td>
</tr>
<tr>
<td>FY 2020-21</td>
<td>($7.4M)</td>
<td>($6.0M)</td>
</tr>
<tr>
<td>FY 2021-22</td>
<td>($9.4M)</td>
<td>($8.0M)</td>
</tr>
<tr>
<td>FY 2022-23</td>
<td>($11.3M)</td>
<td>($12.0M)</td>
</tr>
</tbody>
</table>

Department of Public Works and County Administrator
Major Capital Facilities
BOS Planning Session
February 6, 2018
Closing the 2 Year Budget Gap

We have identified reductions for approximately 80% of the shortfall.

- **$1.1 million**
  - Year 2 reductions, attrition management plan
- **$3.0 million**
  - Identified reduction proposals for FY 2018-19
- **$1.5 million**
  - HHS Clinic Transition
County Facility Portfolio

OWNED FACILITIES

- County owns 44 major buildings that houses multiple staff and/or public
  - Approx. 1.4 million square feet
    - Four owned Libraries
    - Six Fire Stations (two facilities shared by Sheriff) and related structures at Woodacre
    - Two Corporation Yards
    - Jail
    - Marin Center (Auditorium, Exhibit Hall/Theater/Concessions & related)

Throckmorton Fire Station
County Facility Portfolio (continued)

OWNED FACILITIES

- Health and Wellness Campus (five buildings)
- Juvenile Hall and related buildings at Jeanette Prandi
- Not Including pump stations, Parks and Open Space facilities (except at Jeannette Prandi), fire lookouts, airport, or various small storage buildings
  - At least 22 buildings > 20 years old
  - Significant repair and upgrade needs

Veterans’ Memorial Auditorium, front entrance
**County Facility Portfolio (continued)**

**LEASES**

- **Office Space Leases as Tenant**
  - One General Fund office space lease remains for 5,963 s.f.
  - Agriculture, Weights & Measures / Farm Advisor after dental clinic leased to MCC (December 2017)
  - Eleven non-GF leases remain; total ~ 43,900 s.f. for Libraries, Child Support, H&HS, DA

- **Four ground leases/licenses**

- **Since purchasing 1600 Los Gamos, we have saved approximately $950,000 annually by eliminating four GF leases. We will save an additional $425,000 annually after IST tenant improvements are paid off in 5 years.**
Facility Asset Management: 

Facility Asset Management (FAM) is a **methodology** to do the following:

- Assess and manage the life cycle performance of County owned assets
- Improve the environmental and operational performance of facilities
- Include DPW, Parks, CAO, CDA-Green Team & other departments to enhance facilities and reduce the County’s carbon footprint
FAM Components

- Real Property Inventory
- Visual Assessment Survey
- Real Estate Management Strategy
- Capital Improvement Plan (CIP)
- Comprehensive Facilities Master Plan
- Leasing
- Design and Construction
- Operations and Maintenance
- Capital Renewal
- Surplus Real Property
- Financing Capacity Analysis
- Administration of the Plan – Partnership, Resources and Tools
FAM Key Benefits

- Managed assets improve the county’s financing capacity, credit rating, effective service delivery and public/employee perception
- Limited funds are strategically invested in high priority projects
- Strategic management extends the useful life of county assets
- Improvements occur in energy management, preventative maintenance, environmental & safety management
- Facilities are assessed for better utilization & reuse
- Result = cost effectiveness, safety, conservation and good government
County Capital Improvement Program (CIP) (General Fund)

CURRENT PROCESS AND PROGRAM

- Established by BOS early 2008 at $4 million per FY (2x previous funding)
- $3 million/yr. general facilities
- $1 million/yr. ADA architectural/mobility
- Inter-departmental technical working group
- Produces annual Capital Improvements Plan
- General Fund Facilities, $25,000 to $1 million

Civic Center Electrical Switchgear
County Capital Improvement Program (CIP) (General Fund)

Current Process and Program

- Departments submit for projects in the CIP but most are not funded

- Strong Interdepartmental Collaboration

- Project Screening Criteria / Rankings
  - Removes or Reduces Hazards or Threats to Health and Safety
  - Meets Legal Mandates
  - Maintains Operations and Functions
  - Prevents Major Repair or Replacement Costs
  - Saves Energy
  - Meets County Goals

CIP project ranking spreadsheet

Funded Projects

Un-funded Projects "Below The Line"
County Capital Improvement Program (CIP) (General Fund)

**Current Process and Program**

- 1 out of 5 projects are selected each year, requests run ~ $15 - 20 million/yr.
- Does not include major projects (> $1 million), except when phased or multiple year set asides are done.
- Funds used are largely toward an Health and Safety backlog of projects.

**Recommendation:**
- Starting in FY 18-19, increase Facilities Maintenance / CIP funding from $4 million to $5 million annually.
General Fund Major Capital Facility Needs – Possible Debt Service Funding

**ANALYSIS AND OPTIONS**

- **We recommend that we reserve $1 million annual to support future debt service payments.**

- **30-year municipal rates (assume 3.75%)**
  - Annual Payment - Approx. Funds Raised
    - $1.0 million $17.8 million

- **Our goal is to prioritize $15 - $25 million in major capital projects over the next 5 years**
General Fund Major Capital Facility Needs

INVENTORY

• Staff generated a list of major capital projects
  o Assessments conducted
  o Past Department submittals
  o Visioning plans (e.g. Fire)
  o Did not include Special Fund Operations (i.e. Library, Child Support, Airport, Parks non-GF, Flood Control)

• Budget Estimates
  o Detail varied
  o Budgeting only, not final costs
  o Create high and low concept estimates

Marin Center Exhibit Hall west entry from Fairgrounds
General Fund Major Capital Facility Needs

RESULTS

• Identified 21 projects, with conceptual costs estimates
  o Low $88,000,000
  o High $150,000,000
  o Thirteen have high (greater than $1 million) ranges
• Identified ‘priority’ projects
  o Woodacre HQ & fire station replacement: $40 - $52 mm
  o 920 Grand renovation: $4.3 - $5.0 mm
  o Marin Center seismic upgrades: $1 - $5 mm
  o Civic Center GSA facility deferred maintenance/code upgrades: $11 - $17 mm
General Fund Major Capital Facility Needs

ASSESSMENT

- Priority “Mega-Project” Selection Criteria:
  - Timing
    - Immediacy, decision driven or linked to other projects
  - Phasing, how small can the project be scoped, & over how many years?
  - Priority (3 to 5 year horizon)
    - Safety, legal, maintain operations, prevents much greater repair costs
General Fund Major Capital Facility Needs

ANALYSIS AND OPTIONS

- Other possible funding & project delivery methods to augment debt service (COPs)
  - Multi-year set asides
  - Project phasing
  - Combine with other County sources, e.g. Marin Center Non-Profit
  - Grant eligibility, state/federal funding

- Goal is to “re-evaluate”, not just “replicate” existing facilities to save funds

View of accessibility improvements at main entry to the Veterans’ Memorial Auditorium and at the Children’s Island

Department of Public Works and County Administrator
Major Capital Facilities
BOS Planning Session
February 6, 2018
Strategic Discussion

LIST OF FACILITIES

- Staff generated list of facilities, issues, and recommendations for detailed discussion

1. MCFD Headquarters, Woodacre
2. General Services Facility, Civic Center
3. Marin Center
4. 920 Grand Ave., San Rafael

Woodacre Fire Station: Dispatch Building and Living Quarters
Strategic Discussion: Fire Headquarters, Woodacre

1. Existing Headquarters Fire Station and Dispatch
2. Former water district shed converted to Offices and Conference Room
3. Apparatus Bay from 1940s
4. 1940s era shed converted to storage and fitness room
5. 1940s era Maintenance Shop
6. Portable Building – Prevention Offices
7. Metal Storage Containers

Aerial view of Woodacre site and all facilities
Strategic Discussion: Fire Headquarters, Woodacre

• Background:
  o Many structures constructed or updated in 1940’s
  o Stream is adjacent to structures, and rebuilding of structures would require additional setbacks under County Plan
  o Of the ~ 4 acres, Planning estimates ~ one-half acre outside stream setbacks (would need survey to be exact)

• Issues:
  o Station should be closer to main road, Sir Francis Drake, for optimal response times
  o Structures do not meet current Essential Services standard
  o Existing buildings have major deferred maintenance
Strategic Discussion: Fire Headquarters, Woodacre

Severe cracking of slab at Apparatus Building

Apparatus Building Exterior: No heat in building and fire truck pump has frozen; ambulances with medications stored in them near freezing
Strategic Discussion: Fire Headquarters, Woodacre

Fire Station Building Interior Dispatch Office

Leaning Perimeter Wall at North end of Administrative Offices
Strategic Discussion: Fire Headquarters, Woodacre

Vehicle Maintenance Building Interior: Service Pit

Vehicle Maintenance Building Exterior: Some of the newer fire apparatus no longer fits into the maintenance building
Strategic Discussion: Fire Headquarters, Woodacre

• Issues:
  o Estimated that 8.2 to 8.5 acres would be needed to replicate existing functions, but with newer, modern, facilities
  o In 2010 $28 to $35 million estimated to replicate Woodacre, costs not including any new site
  o In 2018 with cost increases, the range would be $40 to $52 million, costs not including a new site

Recommendations:
  o Explore a substantial change of Woodacre program to only new station & administrative headquarters to cost $10 – 15 million
  o Study to combine vehicle maintenance at one County facility
  o Study to combine / move Fire dispatch to 1600 Los Gamos
Strategic Discussion: General Services Building

• Background:
  - Constructed in 1983
  - 18,950 square feet in building
  - ~ 155,000 square foot site includes ~ 203 parking spaces
  - Provides shared services (to various municipalities / special districts)
  - Home to DPW Divisions:
    - Vehicle Maintenance
    - Communications Services
    - Roads Maintenance
    - County Fueling Station
Strategic Discussion: General Services Building

Various photos of facilities at General Services site
Strategic Discussion: General Services Building

- **Issues:**
  - GSA Building generally well maintained, however;
    - Accessibility upgrades required for path-of-travel and restrooms
    - Roof leaks
    - Water intrusion
    - Electrical system needs upgrades for EV
  - Building undersized for its uses and for current codes
  - Growth in Radio Communications Division for expanded vehicle service bays, server room, workshop area, network operations center, and reception
  - Vehicle maintenance equipment needs replacing/upgrade to code
  - Stormwater management upgrades to the site are required by State
Strategic Discussion: General Services Building

• Issues:
  • 2014 study of various alternatives to replicate, expand, and upgrade, or relocate some existing programs ranged from $11 to $14 million
  • Any permanent expansion of a building greater than 250 s.f. would require an approval of a majority of County-wide voters

Recommendations:
  • Explore a substantial change of GSA facility program for selective repairs and upgrades to meet potential funding
  • Study moving Radio Communications program to 1600 Los Gamos
Strategic Discussion: Marin Center Background

- Veterans’ Memorial Auditorium
  - Constructed 1967, partial seismic retrofit 1989
  - Seats 2000 and has 55,255 s.f.

- Exhibit Hall / Cultural Office Space / Showcase Theater
  - Total ~ 55,100 s.f.
  - Constructed 1975
  - Ex Hall ~ 22,500 s.f.
  - Theater seats 348 people
  - Various Meeting Rooms

- Food Concessions
  - Constructed 1975
  - 5,380 s.f.
Strategic Discussion: Marin Center

- In 2017, Cultural Services Director started strategic planning process
- Created the Marin Cultural Association, a non-profit entity
- Seismic Evaluation concluded February 2018
  - Estimated range of $1.0 to $5.0 for voluntary seismic upgrades to VMA and Exhibit Hall

Marin Center grounds during the Fair
Strategic Discussion: Marin Center

• Recommendations:
  o Have DPW coordinate with Cultural Services the timing and scope of seismic upgrades to the Exhibit Hall and VMA
  o The Marin Cultural Association Steering Committee concluded the next step in planning is to form a strategic facility planning committee
    ▪ Goal: Look for opportunities to leverage the seismic work with other renovations using outside funds to bring the facilities up to a level that can be competitive in the marketplace and serve our community
Strategic Discussion: 920 Grand Avenue

Location near shopping, transit in San Rafael

This is the main public entry
Strategic Discussion: 920 Grand Avenue

• Background:
  o Existing building: ~ 5,722 s.f. (6,660 gross)
  o Constructed in 1952-53; Renovated in 1973
  o Licensed as a clinic
  o Lot size: 11,980 s.f. (0.275 acres)
  o Dimensions: 100 x 125 x ~ 91.68 x 125
  o Street frontage:
    ▪ 125 linear feet on Grand Avenue
    ▪ 100 linear feet on Fourth Street
• In 2017, H&HS and DPW studied remodeling building for services
  o Estimate Project Cost over $4.3 million in 2017 dollars
  o Estimated schedule over 19 months for design, construction
Strategic Discussion: 920 Grand Avenue

View from the corner of Fourth Street and Grand Avenue

Mechanical Enclosure for former Public Health Laboratory HVAC equipment
Strategic Discussion: 920 Grand Avenue

Office Space within Former Health Laboratory

Laboratory Casework
Strategic Discussion: 920 Grand Avenue

On Site Parking Lot Looking Toward the South Property Line

Public Lobby Reception and view to South Wing corridor
Strategic Discussion: 920 Grand Avenue

- Issues:
  - Cost to renovate existing building extremely high
  - Still have functionally obsolete building layout
  - Not highest and best use of site given location in San Rafael

- Staff preliminary discussion with housing developers various concepts:
  - 5,500 – 6,000 square feet of space for County use at this location, and
  - Potential for various housing options

920 Grand parcel (highlighted) with frontage on Fourth and Grand in San Rafael
Strategic Discussion: 920 Grand Avenue

Recommendation: draft RFP for mix of rental housing alternatives and return to BOS

- County require shell space of 5,500 – 6,000 square feet of office/clinic at no construction cost and no future rent
- Determine number of housing units to meet economics of project
- Mix of market and moderate, possibly low income rental housing –
  - Outside party would manage rental units
  - Would require long term ground lease from County

• Successful outcome could save $4 to $5 million in County capital funding
Summary / Next Steps

1. Continue to plan for increased annual spending of $2 million and explore using part of it for financing
   - $1 million to increase the annual CIP from $4 to $5 million
   - $1 million increase for potential debt service

2. Return to your Board on specific proposals and projects discussed today at the time they are developed

3. Return at the June Budget Hearings to provide an overview of the CIP
Thank you.
Questions?

Photovoltaics at 1600 Los Gamos