

Five-Year Capital Improvement Plan

The proposed 5-year Capital Improvement Plan (CIP) for Fiscal Years 2006-07 through 2010-2011 is the County's compilation of a long-term list of significant projects funded by General Funds in the Capital Projects Budget Agency 036. It also includes the 5-year capital program for Non-General Fund Agencies. As it is not possible to anticipate all needs and funding sources, the information in this document will be updated from year to year to reflect the changing needs and the fiscal outlook of the County.

The Capital Plan will aid the County in its assessment of the best use of General Funds and provide goals to meet in the development of capital assets while maintaining long term financial stability. The assessment process is an ongoing process influenced by many changing factors such as service need, available resources due to the changing economy, Board priorities, legal mandates, age and condition of existing buildings and health and safety considerations.

The Five-Year CIP provides information about capital projects requiring General Funds in the amount of \$150,000 or greater and maintenance and repair projects over \$50,000. As the plan progresses, it will include the stage of development, estimated one-time and ongoing costs of the project, additional funding sources and any projected cost savings. Unfunded projects in the CIP indicate current and future unmet needs and are included for planning purposes. The CIP is not a budget document but rather a planning tool to be used in conjunction with the budget document and the County Facilities Master

Plan. The FY 05-06 Budget for General Funds will serve as the base for the plan and fiscal years 2006-07 through 2010-11 will provide the 5-year forecast.

The CIP incorporates Board direction as provided during the annual Strategic Financial Planning process which begins in July of each year.

Capital projects implemented within County special funds such as Road, Flood, IWMD, and JWA are accounted for in this document as part of the Strategic Financial Plan. These projects are of significant size and magnitude and do not require any general fund support. Therefore, the primary focus of this document at this time is on projects funded in Capital Projects Budget 036. County departments that directly fund capital projects within their own agencies have reflected these projects within the listing for their funds.

Financing strategies such as bond financing, "pay as you go," master leasing, strategic priority reserves, low-interest loans from the State, State rebates for energy conservation projects, State construction grants and HUD funds are identified for each project for planning purposes.

As this plan is further developed, information regarding the background, budget status, implementation status, projected costs and impacts on each general fund capital project will be attached. But for the purposes of the strategic planning document, a high level countywide summary of the 5-year plan is included.

Highlights

Co-Generation Plant

The proposed cogeneration project at the County's Central Utility Facility (CUF) will install new electrical generating turbines (powered by natural gas) and their auxiliary equipment to produce 10.4 MW electricity. The CUF currently provides heat and air conditioning to buildings in the Santa Ana Civic Center area. Feasibility studies by independent consultants have been conducted to verify the viability of the project and its potential cost-benefit.

Conversion of the County's Central Utility Facility (CUF) to provide electricity through cogeneration will meet the County goals of Reliability, Cost Containment, Stability, Self-sufficiency, and Conservation. The project is currently anticipated to be constructed and on-line by mid-year 2007. The project has an estimated payback within 7 years for the total project costs, without calculation of County staff increase of 3 persons to accommodate 24/7 operation of the facility and financing costs. Overall, the County is estimated to realize an annual savings of approximately \$4 million, without SCE standby charges and staffing increases. Estimated cost is \$26,417,000. Bond proceeds have been included in the FY 05-06 Capital Fund 036 budget for this project. Although actual debt service and eventual savings may reside in the 040 Utilities budget in future years, they are shown in the capital improvement plan summary for purposes of demonstrating the overall benefit to the General Fund.

Annual Maintenance and Repair Plan

Each year the Facilities Operations division of Resources and Development Management Department submits a list of projects related to the maintenance and repair of all county and court facilities. Requests of over \$38 million (excluding the Courts beyond FY 07-08) for the period of FY 06-07 through FY 10-11 cover the following component needs:

Lonworks	\$ 6.1 million
Generators	\$ 12.3 million
Roofs	\$ 5.0 million
Lighting Controls	\$ 2.1 million
HVAC Equipment	\$ 6.3 million
Electrical Equipment	\$ 0.4 million
Elevators	\$ 1.6 million
Misc.	<u>\$ 4.7 million</u>
Total	\$ 38.5 million

General Funds in the amount of \$4.5 million per year, or \$22.5 million over five years, are programmed into the plan leaving a deficit of \$16 million of unfunded county facility needs. This unfunded need would have amounted to \$26 million over five years, however, Court facility maintenance needs of \$10 million beyond FY 2007-08 are not included due to the implementation of SB 1732- Transfer of Trial Court Facilities.

Deferred Maintenance

A Deferred Maintenance Plan was developed and approved as a Strategic Priority in FY 1997-98 following the OC Bankruptcy. Deferred maintenance included HVAC and elevator maintenance, among others in County as well as Court facilities. Much of the plan has been completed with only the

Central Justice Center Floor-by-Floor Rehabilitation/ADA remaining. Floors 11 – 9 have been completed, and rehab of floors 8 and 7 are currently in progress. A remaining \$15.8 million in deferred maintenance for this facility is identified in the Capital Improvement Plan over the next couple of years.

South Court

Over the years, population growth in South Orange County has increased the caseload at the justice facilities in South Orange County. The facilities are not large enough for the Court to conduct all types of cases and therefore citizens from South Orange County have to drive to other parts of the County for numerous court matters.

This need prompted the planning for a new South County Courthouse. The original scope of the project of 10 courtrooms and 110,000 square feet expanded to 18 courtrooms and over 200,000 square feet and a cost of over \$118 million. The County agreed to provide \$2 million a year in funding over 30 years to assist with the debt financing of the project.

The final phase of design for this project is included as part of the FY 05-06 budget in the amount of \$1.6 million. Once complete, recommendations will be forthcoming on the full financing of the construction phase of the project. The County's commitment remains at \$2 million per year and is included in the CIP under strategic priorities.

Community Court

The community court will include the Central Justice Center Drug Court, the Co-Occurring Disorders Court and the

Homeless Outreach Court, as well as a new caseload of mental health-related criminal cases funded by Proposition 63, and the most challenging cases involving participants with drug, alcohol and/or mental illness issues.

Community Courts are designed to be much more than local branches of centralized court systems. They represent a new approach to public safety, which expands traditional notions about the role of courts and tests the extent to which they are capable of serving as catalysts for social change.

The purpose of the project is to create a Community Court at the Central Justice Center Annex. The project will require reconfiguring the existing courtrooms and offices, adding offices, and expanding the lobby to allow for weapons screening. The Court has elected to finance this project within Superior Court funds and the Board approved reallocating the County's \$600,000 share in the County General Fund Agency 036 to Court requested projects in the FY2005-06 First Quarter Budget Report.

Although the community court is a new program, it will act as a one-stop shop to coordinate existing resources among county agencies, community agencies and the Court in order to reduce duplication and maximize efficiencies. Coordinated service delivery will enhance the effectiveness of assistance provided to clients in order to reduce recidivism. In addition, community court will allow the disposition of more cases at the arraignment or pre-trial stage, thus saving costs related to pre-trial detention, pre-trial motions and hearings, post-adjudication jail or prison, and other court-related costs.

Sheriff Deferred Maintenance

Many of the County's facilities are at the age, 30 years and older, when much of their infrastructure has reached the end of its useful life. Due to declining revenue sources, both before and after the bankruptcy, the County deferred major expenditures on the aging infrastructure within its facilities, such as heating and air conditioning systems, elevators, roofing, and other infrastructure components. The County's first Strategic Financial Plan approved \$92 million for deferred maintenance. Most of this deferred maintenance funded in the County's FY 1997-98 Strategic Financial Plan (SFP) has been completed. One of the remaining areas is the Sheriff's facilities. The SFP included \$11.1 million General Funds approved for deferred maintenance on Sheriff's facilities. The funding plan was developed from an inventory of projects for facilities which are maintained by the Sheriff and allocated over six years. The current year budget includes \$3 million for improvements primarily in the Central Jail Complex such as energy efficiency lighting projects, and replacing electrical switchgear, breaker panels and motor controls, IRC roof repair and rehab of the east kitchen at the Musick facility. In FY 2006-07 the Sheriff will be eligible to receive the last allocation of \$1.4 million of their 6-year deferred maintenance plan funded by this Strategic Priority. Sheriff now develops an annual maintenance and repair plan to provide ongoing maintenance for their facilities.

Probation Capital Needs

Many of the routine capital maintenance and project needs have been accommodated in Fund 104 which is the Criminal Justice Facilities Capital Fund. This fund is made up of

revenues collected from court surcharges and penalty assessments on parking violations and criminal fines and has no general funds. Larger scale projects for Probation have previously been funded through Capital Projects Fund 036.

The Probation Department is currently completing comprehensive capital needs studies for their major facilities. As these studies and plans are developed, projects will be identified in this Capital Improvement Plan or presented as separate strategic priorities. There are two significant projects underway that are funded through the Criminal Justice Facilities Fund 104. They are the Los Pinos Renovation and the Los Pinos Wastewater Mitigation. Additionally, the Annual Maintenance and Repair Plan also includes a number of items for Probation Department facilities such as \$379,500 for generators and \$1,594,000 for conversion of four Probation Department facilities to LonWorks.

Unanticipated Capital Funds

In November 2005, the Board of Supervisors authorized the use of \$2 million per year (\$1.8 million in FY 2005-06) of general fund savings realized from the debt refinancing that occurred in August 2005 for Harbors, Beaches, and Parks (HBP) maintenance and Capital Projects. The Board approved a 5-year project specific plan for these monies.

\$7 million from Fund Balance Available was allocated to HBP as well. These funds in addition to the earlier mentioned funds will be set up in a new HBP Capital Fund 406 for ease of tracking and monitoring.

Finally, \$6.8 million from Fund Balance Available was allocated to Capital Projects General Fund 036 contingencies. These funds can be used for Dana Point Harbor, the Equestrian Center and the Santa Ana River Project, to name a few.

Summary – General Fund

In FY 2005-06, through the first quarter budget report, capital project appropriations equate to \$57 million in projects with the most significant project being the Cogeneration at the Central Utility Facility in the amount of \$26.4 million. The Net County Cost requirement is \$23.9 million for FY 2005-06. According to the latest Strategic Financial Plan, the remaining five years in the forecast have \$81.8 million committed and \$23 million of available funding for other capital priorities. The next Strategic Financial Planning cycle will begin in July 2006.

Summary – Non-General Funds

This Capital Improvement Plan also includes capital improvement needs for the County's balanced funds such as Road; Flood; Harbors, Beaches and Parks; Integrated Waste Management Department; John Wayne Airport, among others. Specific project-level detail is provided for each fund with capital projects. The 5-year capital improvement plan for the non-General Funds totals \$774.2 million. Funding for the projects comes from local revenues as well as State and Federal sources.