



Contra Costa County
Public Works
Department


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Memo

October 14, 2016

TO: Finance Committee

FROM: ^{For} Julia R. Bueren, Director 

SUBJECT: Increasing Capital Renewal Rate for Facility Maintenance and Replacement for Fiscal Year 17/18

In December 2012, the Public Works Department presented a proposal to institute a fee to capture funds for capital renewal and maintenance projects. This proposal was approved by the Finance Committee and adopted by the Board of Supervisors on January 22, 2013.

At that time it was determined to base the annual fee on 1% of Fiscal Year 2011/12 building occupancy costs, which was calculated to be \$750,000/year. This cost was allocated to County departments based on square footage. As of the close of Fiscal Year 15/16, we have accumulated \$2,200,000. Due to the need to meet various departmental funding requirements, the accumulated funds are specific to the building for which they are collected. For example, the \$106,311 collected from occupants of 2530 Arnold Drive (Summit Center), are reserved for capital renewal/maintenance projects at only 2530 Arnold Drive.

At the time this fee was initiated staff understood it was not adequate to address current capital improvement or maintenance costs for individual buildings. However, it was considered a necessary step in the implementation of a larger vision. Since that time the Public Works Department has worked toward a strategic effort to address County facility renewal and maintenance issues through efforts such as the Facilities Life Cycle Improvement Program (FLIP), Asset Management Database improvement and most recently working with the County Administrators Office to engage consultants on a comprehensive Capital Improvement Plan (CIP) for County Facilities. Instituting this fee was a great first step to funding future capital renewal and maintenance needs. This proposed increase is a logical next step in pursuing our goal of making our County facility capital renewal and maintenance program fiscally achievable and sustainable.

To date, because of the low amount of funds available per building, these funds have not been utilized to augment or supplement any maintenance or capital projects. As adequate funds are accumulated they can be used to supplement other funds to

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maintain county buildings and replace building systems. Ultimately, it is our goal to institute a combination of funding sources, including this one, to adequately fund a proactive routine capital renewal and preventative maintenance program for our County facility portfolio. This process is currently underway with the programs previously mentioned, but it will take additional work to refine these efforts.

Some of the additional efforts either underway or recommended are:

1. Completion of a comprehensive Capital Improvement Plan (CIP) – Public Works and the County Administrators office have engaged a consultant and anticipate a draft CIP being part of the Fiscal Year 2017/18 Budget process.
2. Asset Management Database – Public Works has improved the functionality and reliability of the County Asset Management Data and is using this data to provide vastly improved FLIP data and maintenance cost data on County facilities. Public Works will be working with the County Administrators Office on implementation of additional asset management tools in 2017.
3. Use the data and metrics contained in our improved facility data, along with industry standards, to improve overall facility management. For instance, review facility occupancy data to determine best use of facilities and use annual maintenance costs relative to building replacement value to determine effectiveness of a buildings life-cycle.

Staff recommends at this time to increase the occupancy cost factor from the current 1% to 3%. This will result in an increase of funds from the current \$750,000 per year to \$2,550,000 per year. These funds will increase funds available to address facility needs.

JRB:bmb:wq

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