

ATTACHMENT B

CAPITAL CONSTRUCTION FUND (CCF)

The Fiscal Year 2015-16 Recommended Budget provides for major construction projects as a part of the long-range Capital Improvement Program (CIP), as well as minor alterations, improvements, and major equipment replacement in county-owned facilities. As a result of the county's financial limitations and commitments to approved major projects now being planned and/or under construction, the recommendations for additional capital construction projects are limited to those required because of health, safety, security, or severe operational problems.

The anticipated available financing within CCF for Fiscal Year 2015-16 is \$34,594,125. The Recommended Budget Fiscal Year 2015-16 includes continuing the Rio Cosumnes Correctional Center (RCCC) Campus Expansion and Infrastructure, as well as projects at other county facilities. Following is a summary of available financing and significant projects in the CCF Budget:

Financing Sources	Amount
Available Fund Balance of Appropriation*	5,964,274
Courthouse Temporary Construction Fund Revenues	1,300,000
Criminal Justice Facility Temporary Construction Fund Revenues	1,800,000
Interest Income	2,500
County Facility Use Allowance	14,606,634
Vacancy Factor & Improvement Districts	836,441
Fixed Asset Acquisition Fund (FAAF)	3,500,000
Miscellaneous Revenues - Dept. Funded Projects	4,639,813
Energy Service Company (ESCO) Energy Savings Revenue	506,439
Revenue Leases	103,609
Americans with Disabilities Act (ADA) COP funds	30,000
California Energy Commission (CEC) Energy Savings Revenue	103,224
Tobacco Litigation Settlement (TLS) Funds	1,201,191
Total	34,594,125

*The budget for CCF projects is typically based on anticipated expenditures. Often the design and engineering is not completed within a single fiscal year after the project is authorized. If large construction projects are awarded late in the fiscal year, the contracts commit funds in CCF, but due to a policy change, the budget no longer rolls into the following fiscal year. CCF now re-budgets multi-year construction projects for those committed funds.

CCF activities face significant funding limitations and restrictions on how each revenue stream can be used. The following lists the funding restrictions in the Fiscal Year 2015-16 Budget.

Fund Balance in CCF can vary year-to-year depending on how many large construction projects are awarded from year-to-year. It is anticipated that the fund balance will be positive \$5,964,274 due to the policy change requiring re-budgeting appropriations instead of rolling contract encumbrances into the following fiscal year.

Courthouse Temporary Construction Fund Revenues are used to partially fund the Juvenile Courthouse Debt Service. Court NonTrial Operations (5025022) pays the entire debt service for the Juvenile Courthouse. CCF transfers a partial reimbursement to 5025022 from CCF funds, and then CCF processes a reimbursement from the Courthouse Temporary Construction Fund (093A) back to CCF. CCF only transfers what is received or accumulated in the Courthouse Temporary Trust Fund during the year. If the Courthouse Temporary Trust Fund revenues are down, the amount transferred to Court NonTrial Operations will be as well. The revenue from the Courthouse Temporary Trust Fund has been declining in recent years. The amount budgeted this year is \$200,000 less than last year.

Criminal Justice Facility Temporary Construction Fund Revenues can only be used for construction or debt service for adult or juvenile detention facilities. The entire amount in Fiscal Year 2015-16 is to partially reimburse CCF for the Main Jail construction projects.

Interest income is from CCF fund balance. The interest is posted quarterly and varies year to year. This revenue source is available for use without restrictions but is typically small. In Fiscal Year 2015-16 Interest Income is designated to pay debt service.

County Facility Use Allowance is intended to reinvest in county facilities to repair or replace major building systems, such as mechanical, plumbing, roofing, environmental, or safety systems. The Facility Use Allowance funds are unrestricted and can be used for any CCF budget items, such as debt service, administrative costs, allocated costs, or others. For the past several years, the Facility Use Allowance had been used to pay General Fund obligated debt service to assist in the General Fund deficit. In past years, this redirection to pay debt service instead of facility improvements was not reimbursed (from other funds) and it reduced the amount available for facility improvement which resulted in many projects being deferred to future years. More recently, Facility Use Allowance has been used to De-allocate Tobacco Litigation Settlement (TLS) funds used for General Fund purposes in prior years. CCF was tasked to spend a fixed amount of De-allocated Funds (each year on a schedule) on capital projects while using the Facility Use Allowance to pay a like amount in additional General Fund debt service. Fiscal Year 2013-14 was the last year of De-allocation. In Fiscal Year 2015-16, CCF has been relieved of the General Fund debt service obligation. It will take several years to complete the back log of deferred capital projects.

Vacancy factor is a cost for the vacant space in county owned facilities. That cost is spread to all tenants in county facilities. It is a pass-through, CCF is charged then reimbursed, through the allocated cost package. Some facilities are in an improvement district. Those improvement district fees are paid by CCF, but then reimbursed through the allocated cost package by charging the occupying departments.

CCF sometimes borrows money from the FAAF to fund capital improvements. Those funds are specifically restricted to fund those particular capital improvements. CCF then must budget to pay the FAAF loan back over a period of years.

Departments will, on occasion, fund capital projects that are processed through CCF. This facilitates the capitalization of the investment the departments are funding.

ESCO Energy Savings Revenue and California Energy Commission Energy Savings Revenue are used to reimburse CCF for debt service and construction costs for energy saving projects funded in past and current fiscal years.

Americans with Disabilities Act (ADA) Certificate Of Participation is restricted funding source for ADA improvements to county-owned facilities. The fund was originally \$4.0 million and the Fiscal Year 2015-16 includes \$30,000 of the remaining funds.

TLS funds are restricted to specific projects approved by the Board of Supervisors (2001 TLS) or the Tobacco Settlement Board (2005 TLS refunding).

The majority of CCF activity will focus on:

- Expand the RCCC campus and improve its infrastructure
- Replace the Security Controls at the Chris Boone and Stuart Baird facilities at RCCC
- Replace the Main Jail Housing Cell Noise Monitoring System
- Replace the roof at the Main Jail
- Upgrade the Fire Alarm System at the New Administration Building
- Replace the roof and drain system at the Rancho Cordova Library

Debt service for bond-financed projects will be paid by the occupying department. Due to the back log of deferred capital projects, CCF has no contingency funds set aside. The funds set aside as contingencies historically have been used to fund large construction or design projects at the direction of the Board or to finance large unexpected cost escalations or contractor claims on a project.