



COUNTY OF SAN MATEO
Inter-Departmental Correspondence
County Manager



Date: July 22, 2013
Board Meeting Date: August 6, 2013
Special Notice / Hearing: None
Vote Required: Majority

To: Honorable Board of Supervisors

From: John L. Maltbie, County Manager

Subject: Buildings and Facilities Infrastructure - Measure A Report Back

RECOMMENDATION:

- A. Direct staff to authorize Measure A funding to:
- 1) Construct a new Public Safety Dispatch, Emergency Operations Center and Data Center in the amount of \$16.25 million;
 - 2) Construct new Pescadero Fire Station in the amount of \$6 million;
 - 3) Prepare a cost and financing study for the construction of modern mental health facilities to replace the Cordilleras building in the amount of \$250,000; and
 - 4) Purchase and install 14 Air Blade hand dryer units for a total cost of \$35,000 and install seven vehicle charging stations for a total cost of \$105,000.
- B. Review the recommended construction schedule and financing options for the Measure A projects;
- C. Direct the County Manager to consider including additional projects funded from sources other than Measure A in the FY 2013-18 Five-Year Facilities Capital Plan depending on projected and available funding and staffing.

BACKGROUND:

At the Measure A Workshop on February 15, 2013, your Board requested a list of capital projects that are needed to address deferred maintenance and improve the condition of the County's existing buildings and facilities infrastructure. That list, which includes the estimated total cost of each project over five years is attached to this memorandum as Exhibit A.

Exhibit A includes 11 projects with a total estimated cost of \$381.5 million. Of that total, the recommendation is that Measure A funds be spent to fund or finance the new consolidated Emergency Dispatch and Operations Center and Data Center, the replacement Pescadero Fire Station, prepare a cost and financing study to construct new mental health facilities at Cordilleras, and two small sustainability projects.

In addition to this list of projects, capital projects for the Parks were considered separately by your Board on April 23, 2013. Also, projects funded by the Road Fund, the Utility District Funds and the Airport Funds (all Non-General Funds) are not included in Exhibit A and will be presented to your Board as part of the Department of Public Works FY 2013-15 Recommended Budget.

DISCUSSION:

The projects proposed for Measure A funding will provide modern facilities for County emergency services providers and study the replacement of residential care facilities for mental health clients. In addition, two small sustainability projects are also proposed.

Public Safety Dispatch, EOC and Data Center - \$16.25 million

A new County Emergency Operations Center at the Redwood City County Center is proposed for the corner of Veterans Boulevard and Middlefield Road on land currently used for juror parking. The Center would house Public Safety Dispatch, the Office of Emergency Services, an Emergency Operations Center, the Sheriff Patrol sub-station, and the Data Center. Currently, none of these critical operations are located in a building constructed to “essential services” standards. The new facility would meet these standards and be designed and constructed so that it will remain operational or available for immediate occupancy after a major earthquake. Partial funding in the amount of \$250,000 is included for new furniture that needs to be replaced now and will be moved to the new center when it is constructed. The estimated cost of constructing this new building is \$16.25 million (\$19.2 million including financing costs) and it is projected to be completed by June 2016. This estimate does not include the cost of moving departments or providing additional juror parking to the Courts.

Pescadero Fire Station Replacement - \$6 million

Staff proposes replacing County Fire Station #59 – Pescadero. This project relocates the existing barracks and apparatus building to a site (to be determined) in the vicinity of Pescadero, east of Butano Creek and constructs a new 7,880 square foot facility. Though the condition of the building is acceptable, the existing barracks are in a floodplain and are threatened annually with interior flooding. In the past, high water has caused mold and plumbing backups at the facility. Additionally, seasonal flooding of the adjacent Butano Creek denies the fire personnel direct access to the Pescadero Community. The estimated cost of \$6 million to construct the new fire station includes demolishing the existing building and the cost of land if a new site is required.

Cordilleras Mental Health Facility Replacement - \$250,000 for a cost and financing plan

Cordilleras is a County-owned 117 bed locked psychiatric facility serving seriously mentally ill residents that is managed by the Health System, Division of Behavioral

Health and Recovery Services (BHRS) through an agreement with Telecare Corporation. The building, which was designed as a hospital for tuberculosis patients decades ago, is deteriorating and is maintained at considerable annual expense. More importantly, the large institutional structure does not support current treatment practices that are effective in promoting recovery for people with serious mental illness. The prevailing best practice for treating persons whose serious mental illness/co-occurring disorder requires a locked level of care in smaller homelike settings rather than a large institution.

Facilities housing 16 or fewer individuals are eligible for federal reimbursement, subject to an amendment to California's current Medicaid waiver. BHRS currently spends approximately \$7 million per year in realignment funding for services provided at Cordilleras, none of which is currently federally reimbursable. BHRS believes that replacing Cordilleras with a campus comprised of smaller facilities has the potential for up to 50% federal reimbursement, and will also provide for more effective programs for seriously mentally ill residents so that they can successfully transition back to community living. Measure A funding in the amount of \$250,000 is requested to develop detailed cost and financing options for a replacement facility. It is expected that funding for this facility will be requested in the FY 2015-17 budget.

Sustainability Projects - \$140,000

Measure A funding for a pilot project to test the cost-effectiveness of blade hand dryers is being requested by the sustainability team. The pilot project installs 14 Air Blade hand dryers, one in each restroom on each floor of County Office Building Two, and in each of the four restrooms in the County Manager's and Board of Supervisors offices. The new units cost \$35/year to maintain, which will be expected to be offset by the savings from no longer purchasing and stocking paper towels in the restrooms. The total CO2 emissions for the Air Blade hand dryers is 3.8g of CO2 per day, versus 12.5g of CO2 per day for manufacturing, transporting, and stocking paper towels. Finally, the Air Blade dryers are more hygienic than paper towels because they use HEPA filtered air and are touch-free. The total cost of installing 14 Air Blade hand dryers is a one-time amount of \$35,000.

In addition, Measure A funds are proposed for the purchase and installation of seven electric vehicle charging stations at County facilities. Four of the stations, all of which will require users to pay for the "charge", will be located at County Center in Redwood City. Two of the County Center stations will be located in public parking areas and two on the upper floors of the garage, where County staff park. Two additional stations will be located at the Health Campus in San Mateo and one will be installed at Tower Road in the motor pool area. The exact location of each station will be determined based on installation costs and optimum access. Each station will cost \$15,000 for a total cost of \$105,000.

Construction Schedule

Part of the challenge of constructing these essential public services buildings over the next five years is that the Department of Public Works normally completes between \$10 and \$15 million in capital projects each year. In order to complete the proposed projects

over the next five years, the Department is planning to add three new Capital Projects Managers in the Capital Projects division. The attached construction schedule (Exhibit B) shows all potential capital projects, including those that are proposed to have a funding source other than Measure A. The construction schedule includes adequate time for planning, design, bidding, pre-construction, construction, and warranty phases.

Financing Options

Another challenge is deciding on the most cost effective strategy to finance the recommended projects. For example, Measure A funds could be used on a pay as you go basis for the Pescadero Fire Station and the Public Safety Dispatch and Emergency Operations Center building. Another strategy would be to finance the construction of both facilities and use Measure A funds to pay the debt service over 10, 20 or 30 years, depending on the length of the bonds. It should be noted that a lease revenue bond financing would need to be at least 20 years in duration but the County could accelerate the payments and pay off the bonds within 10 years. Because of the cost of the Cordilleras project, staff needs to determine the best alternative for financing this project, including use of revenue from other County assets to pay for these facilities.

In Fiscal Year 2012-13, the County budgeted \$29.1 million in annual debt service payments subject to the debt limit of \$72 million (4% of the \$1.8 billion total Adopted Budget). These figures leave the County 59.5%, or \$42.9 million under the debt limit.

The County expects to finance the construction of the new Maple Street Correctional Center with a typical 30-year fixed rate general obligation bond in November 2013. The total estimated cost of the project is \$165 million. However, the capitalization of interest incurred during the construction of the facility and financing costs will bring the total closer to \$200 million. The estimated debt service payments on a \$200 million bond over 30 years, assuming a 5% interest rate would be \$12.9 million per year. Using these assumptions, and basing the 4% debt limit on a \$1.8 billion total Adopted Budget, the County's debt service subject to the debt limit would increase to \$41.4 million per year. This increase in debt would leave the County only 42.6% or \$30.7 million under the debt limit. Exhibit C examines these figures in greater detail.

Though the County anticipates being \$30.7 million under the debt limit following the financing of the Maple Street Correctional Center, it would be imprudent to incur that much debt as it would almost certainly extend the structural deficit beyond 2023 and jeopardize the County's AAA bond rating. With that being said, the County has several options when it comes to funding the construction of the proposed facilities. Three possible options are explained below:

1. The County could fund the construction of the Public Safety Dispatch, Emergency Operations Center and Data Center and the Pescadero Fire Station with Measure A funds on a pay-as-you-go basis.
2. Another option is to finance the two proposed facilities at the same time and use Measure A funds to fund the annual debt service payments. In this scenario, annual debt service payments on the two facilities could be approximately \$3.2

million (10-year amortization schedule), \$2 million (20-year), or \$1.6 million (30-year), assuming a 5% fixed interest rate.

3. A third option is to use other County revenue as well as Measure A funds to either pay-as-you-go or cover debt service.

These figures show that the County can afford to finance the two facilities without exceeding the overall debt limit. However, other considerations such as the County's proposed initiative to use \$50 million in FY 2013-14 and \$10 million in future fiscal years in Excess ERAF to pay down the unfunded pension liability would have an impact on the County's overall cash flow. This initiative would affect the County's ability to use General Fund Reserves to pay for the Public Safety Dispatch/Emergency Operations Center and the Pescadero Fire Station, which is why Measure A funds are being proposed. Finally, the County's future commitment to building a new Animal Shelter with an estimated cost of \$20 million would further impact the County's ability to pay for the construction of the proposed facilities.

Other Major Capital Projects

In addition to the four projects recommended for Measure A funding, there are two categories of major capital projects – replacement facilities and major maintenance of existing facilities to reduce energy use and increase density of use – recommended for potential consideration in the Five Year Facilities Capital Plan. These projects include:

- Replacement Facilities
 - Public Health Laboratory – Projected cost is \$11 million for construction of a new public health laboratory to replace the current outdated facility in the Health Administration building.
 - Animal Shelter at Coyote Point – Discussions with the cities are currently ongoing regarding funding for this project. The total estimated cost is \$20 million.
- Major Maintenance and Restacking of County Office Facilities
 - The Facility Condition Survey needs to be updated in FY 2013-14 at a cost of \$500,000. The new survey will assist the Department of Public Works with identifying the highest priority major maintenance projects. The survey will evaluate all County owned facilities, including Parks facilities.
 - The Department of Public Works recommends spending at least \$4 million per year in major maintenance projects over the next five years to address the existing backlog of deferred maintenance. Specific projects will be identified as part of the facility condition evaluation noted above.
 - County Office Building One (455 County Center) is over 60 years old and is the most expensive building to operate in the County. Mechanical upgrades, seismic improvements and other tenant improvements will reduce operating costs and provide for more efficient use of the space and offer options for moving County staff from leased to owned space. The

- estimated cost of renovating the building is \$15 million, compared to over \$40 million to construct a new building of comparable size.
- County Office Building Two (555 County Center) is not currently used efficiently on all floors. Restacking the building will increase the number of building occupants and allow departments to potentially reduce facility service charge costs if their total square footage is reduced. Tenant improvements at County Office Building Two and moving costs are estimated to cost \$7.5 million.
- Updating the County Center Master Plan for the Redwood City campus to include the new Public Safety Dispatch and Emergency Operations Center building near Veterans Boulevard and potential additional parking and future office space.

Staff will evaluate funding options for these projects and provide a prioritized list to your Board with funding recommendations in the FY 2013-18 Five Year Facilities Capital Plan. The timing and ability of the County to undertake any of these capital projects will depend on a combination of fund availability and staff resources for project management.

Approval of this Recommendation will contribute to the County's Shared Vision 2025 goal of a Healthy Community by ensuring that County residents are served by the state of the art public safety and health care facilities.

PERFORMANCE MEASURE(S):

Measure	FY 2012-13 Actual	FY 2017-18 Projected
Percent of planned capital projects completed	New measure	90%
Percent of County facilities with a Facility Condition Index at or below .05.	70%	95%

FISCAL IMPACT:

It is recommended that Measure A funding be used on a pay-as-you-go basis to construct a new Public Safety Dispatch/Emergency Operations Center, pay for a cost and financing study for a replacement of the Cordilleras Mental Health facility, replace the Pescadero fire station, and fund the sustainability projects. Measure A funds for the construction of the new Cordilleras facility and other major capital projects would be requested in the FY 2015-17 cycle.

Measure A Funds recommended in this Report:

Proposal	FY 2013/14	FY 2014/15
New Mental Health Facilities	\$250,000	\$0
Public Safety Dispatch / EOC / Data Center*	\$2,250,000	\$8,000,000
Pescadero Fire Station*	\$2,000,000	\$4,000,000
Sustainability Projects*	\$140,000	\$0
TOTAL	\$4,640,000	\$12,000,000

*Based on pay-as-you-go basis; Public Safety Dispatch / EOC / Data Center would require an additional \$6 million in FY 2015-16.

Other projects, including construction of the Cordilleras facility, would be considered for the next round of requests for FY 2015-16 and FY 2016-17.

Cumulative Measure A Funds tentatively approved to Date:

Proposal	FY 2013/14	FY 2014/15
Agreement with Seton Medical Center	\$11,500,000	TBD
Court Appointed Special Advocates (CASA)	\$100,000	\$100,000
Coastside Response Coordinator	\$30,000	\$30,000
Veterans Services	\$100,000	\$100,000
Mental Health System Care for Adults	\$2,198,794	\$1,397,588
Bicycle Coordinator	\$80,000	\$75,500
Sam Trans	\$5,000,000	\$5,000,000
School Safety	\$473,219	\$473,219
Prevention and Early Intervention	\$3,989,139	\$5,325,874
North Fair Oaks General Plan Implementation	\$3,403,500	\$3,080,000
County Fire Engine and Vehicle Replacement Fund	\$2,000,000	\$1,500,000
Early Learning and Care Trust Fund	\$5,000,000	\$5,000,000
Library Summer Reading Programs	\$328,300	\$206,300
Library Capital Needs	\$2,000,000	0
Medical Services in Pescadero, La Honda, Loma Mar and San Gregorio	\$551,180	\$402,359
Core Agencies and Thrive One-time Computer software purchase and system development (one-time)	\$300,000	\$25,000
Homeless Outreach Teams (ongoing)	\$150,000	\$150,000
East Palo Alto Homeless Shelter Operating Expenses (ongoing)	\$700,000	\$500,000
Parks Department (Note – One-time capital projects not included in FY 14/15 funding)	\$1,766,208	\$1,766,208
Parks Department Capital Projects (one-time)	\$3,500,000	0
TOTAL	\$43,170,340	\$25,132,048