



**COUNTY OF SAN MATEO**  
Inter-Departmental Correspondence  
County Manager



**Date:** March 23, 2017  
**Board Meeting Date:** March 28, 2017  
**Special Notice / Hearing:** None  
**Vote Required:** Majority

**To:** Honorable Board of Supervisors

**From:** John L. Maltbie, County Manager

**Subject:** Study Session on the Five-Year Capital and IT Improvement Plans

**RECOMMENDATION TO:**

- A) Accept the County's recommended Five-Year Capital Improvement Plan and provide direction with respect to four projects: County Office Building #3, Government Center Parking Structure, Lathrop House relocation, and the Health System Campus; and
- B) Accept the County's recommended Five-Year IT Improvement Plan and provide direction with respect to the list of countywide IT projects proposed for FY 2017-19.

**BACKGROUND:**

As the County looks forward to the future, it is well positioned to make investments that will improve the services provided to the residents of San Mateo County, provide better working conditions and tools to County staff, and ultimately save on maintenance and operations. This study session will focus on proposed investments in County facilities and various IT related projects.

**County Facilities**

In 2010, the County engaged HOK and JLL to review its use of leased space, aging buildings, public accessibility and navigation, parking, environmental standards, and efficiency of employee work spaces for the Facility Master Plan Report. In 2014, the County engaged Dreyfuss and Blackford to perform a more detailed investigation, which has led to the countywide feasibility and master plan studies mentioned in this report. In this study session, staff from the County Manager's Project Development Unit (PDU), the Department of Public Works (DPW), the Parks Department ("Parks"), and the Department of Housing ("Housing") will present an update on several proposed large

capital construction and tenant improvement projects, facilities maintenance and energy efficiency projects, and improvements and maintenance in our parks facilities.

All of this information has been compiled into a five-year capital improvement program, which, if accepted by your Board, will provide structure and direction in planning and budgeting for capital improvements in the upcoming FY 2017-19 budget cycle as well as subsequent budget cycles. Additionally, the PDU is requesting direction on four of the seven Master Plan studies. The resources required for the proposed facilities projects are shown in Attachments A (Project Development Unit, 5-Year Capital Plan – All Projects), B (Public Works, 5-Year Capital Plan – All Projects) and C (Parks, 5-Year Capital Plan –All Projects).

### **Information Technology Projects**

The County of San Mateo is committed to improving the effectiveness and efficiency of government services through the use of Information Technology. With the assistance of the Information Management Planning Council (IMPC), a group consisting of department representatives, the Information Services Department (ISD), and the Info-Tech Research Group, a comprehensive Five-Year IT Improvement Plan has been developed to meet the needs of the County and community. The IMPC identified several countywide IT needs and developed a spending forecast for the next five years.

Due to competing priorities, financial constraints, and the number of proposed technology projects, the group recommends focusing investments in the following areas: (1) Mobile Strategy – Support Telecommuting; (2) Big Data – Predictive Analysis; (3) Paperless – Document/Case Management; (4) Multiple Data Sources Countywide – Data Management; (5) Self-Service Access; (6) Leverage SharePoint for Document Management; and (7) GIS Capability and Support.

The IMPCs Five-Year IT Plan, if approved by your Board, will provide structure and direction in planning and budgeting for future IT improvements. For the upcoming FY 2017-19 budget cycle, the County Manager's Office (CMO) and ISD have identified specific projects and funding sources that align with the IMPCs Five-Year IT Improvement Plan.

### **DISCUSSION:**

#### **County Facilities:**

There are currently three departments that manage capital facility projects within the County. The CMO recently created the PDU to oversee all new, ground-up construction projects. The unit is currently working on the Regional Operations Center (ROC) in Redwood City, the Skylonda Fire Station in Woodside, the Pescadero Fire Station, and the Animal Shelter in San Mateo. The DPW Capital Projects team primarily completes facility maintenance and preservation projects, as well as tenant improvement and remodel projects in County owned and leased facilities. The Parks Department oversees capital projects and maintenance work within the parks system, with assistance from DPW on larger infrastructure projects.

### ***Project Development Unit***

In this study session, the PDU will present updates on seven Master Plan studies, resulting in recommendations for several large projects over the next 5 years. These studies include the following:

County Office Building #3 (COB3): The proposed new COB3, located across from the Hall of Justice, is a 120,968 gross square foot building with five above-grade levels and a partial basement. Each floor is approximately 24,000 square feet. This building footprint will utilize approximately half the block and require the demolition of the former First American Title Company and Lebsack buildings, and relocation of the Lathrop House. The cost for this project is estimated at \$86.8 million.

Government Center Parking Structure: Due to a severe lack of parking for visitors and staff, it is proposed to build a new 800 to 1,200 stall parking structure. The construction duration for the new parking structure is approximately 18 months with a project cost of approximately \$36.5 million to \$50 million depending upon the decided size.

Lathrop House Relocation: Built in 1863, the Lathrop House is one of the Peninsula's oldest mansions and is listed on the National Register of Historic Places. It is currently located on 627 Hamilton Avenue across from the Hall of Justice and would need to be relocated to allow for the construction of COB3. The recommendation is to relocate the Lathrop House to the lot north of the County History Museum. The estimated cost for the relocation is \$900 thousand.

Health System Campus: The Health System Campus occupies an entire block at Edison Street and 39<sup>th</sup> Avenue in San Mateo. The campus houses the San Mateo Medical Center (SMMC) and the Health Services Administration building. In order to comply with the California Office of Statewide Health Planning and Development (OSHPD) Seismic Safety Act, the portion of SMMC constructed in 1954 ("1954 Building") must undergo nonstructural retrofits that are estimated at \$20 million and structural retrofits estimated at an additional \$20 million, plus relocation, bringing these required upgrades close to \$50 million. The recommendation is to remove the 1954 Building as well as the Health Services Administration Building, which is past its useful life. The County would use the space to construct a new Non-OSHPD Hospital Administration building, not exceeding 70,000 square feet, and renovate the ground floor of the Nursing Wing, removing 64 beds out of suspension and permanently placing them "off-line". The cost for this project is estimated at \$99.9 million.

Due to project relationships and inter-dependency, the PDU is only requesting direction for these four projects at this time. In the near future, it is anticipated that three additional projects will be presented for direction as outlined below:

Cordilleras Mental Health Facility: The Cordilleras facility, located at 200 Edmonds Road in Redwood City, is a 117-bed psychiatric facility serving mentally ill residents.

Constructed in 1952, the facility is deteriorating and maintaining the facility has become too costly to maintain. The proposed project is to construct five 16-bed single-story mental health rehabilitation centers for up to 80 clients, and a 57-bed four-story adult residential facility, which will increase the bed availability from 117 to 137. The cost for this project is estimated at \$101.5 million.

South San Francisco Health Campus: The proposed South San Francisco Health Campus will be located at 1050 Mission Road in South San Francisco, the site of the north county courthouse and probation facilities. This new multi-service health campus will serve the growing population of the County's north region and provide adult and pediatric primary care, express care, dental and optometry services, and behavioral health and recovery services. To support the added functions at this site, a 200-stall parking garage would need to be constructed. The cost for this project is estimated at \$32 million.

Radio Shop Relocation: The proposed new Radio Shop will be located on the Tower Road Campus in San Mateo. Tower Road currently houses, among other functions, the Youth Services Center and Girls Camp, a CDF fire station, vehicle fleet and facility maintenance teams, the Crime Lab, the County Elections Office and Library Headquarters. The Radio Shop was relocated from the Redwood City Motorpool site to leased space to make way for construction of the ROC. Working closely with Real Property Services, a division of the CMO, the PDU is currently seeking an optimal location for the Radio Shop. The cost for this project is estimated at \$4.5 million.

### ***Department of Public Works***

DPW will present information on several large projects as well as the scope of Facilities Condition Index System (FCIS) maintenance projects scheduled for the next five years. Large projects include:

Old Maguire Jail Facility: The Old Maguire Jail is located at 300 Bradford Street in Redwood City. This portion of the larger Maguire Facility has been mostly vacated since the completion of the Maple Street Corrections Center. The proposed project consists of remodeling and expanding the space to accommodate the Sheriff's Office, including its administration team which would eliminate most of the Sheriff's presence in the Hall of Justice Building. The project will also complete necessary seismic improvements and add additional floors. The cost for this project is estimated at \$32 million.

Serenity House Respite Center Project: DPW continues to work on the remodel of the former receiving home at the corner of Hacienda Street and 37<sup>th</sup> Avenue on the Health System Campus in San Mateo. Once completed, this site will be used as a respite center by Behavioral Health and Recovery Services. The cost of this project is estimated at \$2.8 million and is funded through Measure K.

Facilities Maintenance Projects: DPW uses four main categories to prioritize its projects: (1) health and safety; (2) compliance and regulatory requirements; (3) capital preservation; and (4) energy and water conservation. Projects recommended for the FY 2017-19 budget cycle include replacement of SMMCs emergency water tower, remodeling the receiving home to meet new regulatory requirements, continued work on the Alpine Trail, and remodeling the receiving home at Tower Road to meet new regulatory requirements. The estimated cost for high priority projects over the next two years is approximately \$30 million.

### ***Parks Department***

Parks relies on funding from Measure K for critical operations, maintenance, and major capital projects. For the upcoming FY 2017-19 budget cycle, the County Manager's Office has recommended continuing the \$2.2 million per year in ongoing funding for operations and maintenance. This allocation funds non-discretionary activities that are necessary to keep County parks open, protect public safety, and maintain environmental quality. Funding would support activities including removal of hazards, fire fuel reduction, maintenance of trails and roads, playground equipment maintenance and replacement, civil engineering contracts for the Memorial Park Water Treatment Plant replacement, and treatment of invasive plants in high-priority areas.

The CMO recommends \$3 million per year in new Measure K funding for Parks capital projects. Parks will present an overview of several large projects currently underway, as well as new capital projects planned for the next five years. The full list of Parks improvement projects is included in the Five-Year Capital Improvement Plan. High-priority projects include the following:

Pescadero Old Haul Road: Pescadero Old Haul Road provides emergency access through remote properties in Pescadero Creek Park. Recommended repairs will address recent damage due to a large landslide. The cost of this project is estimated at \$5.25 million.

Memorial Park Wastewater and Potable Water System Replacement: This project is ongoing and includes a new wastewater treatment plant and replacing sewer and water infrastructure for restrooms. This work is necessary to keep Memorial Park open to campers and daytime visitors, and completion is expected in the summer of 2019. The cost of this project is estimated at \$4.8 million and requires an additional \$1 million to complete.

Flood Park: Ongoing improvements to Flood Park in the City of Menlo Park include construction of ball fields and infrastructure, a promenade, a play area, and restrooms. The cost of this project is estimated at \$5.35 million and requires an additional \$4 million to complete.

Green Valley Trail: The Green Valley Trail will complete an approximately one mile long segment of the California Coastal Trail linking the Devil's Slide Trail to Gray Whale Cove State Beach. Project completion is anticipated in fall of 2019. The cost

of this project is estimated at \$2.02 million and requires an additional \$700,000 to complete.

Wunderlich Hay Barn: The barn, which is located in Wunderlich County Park in Woodside, will provide hay storage and bedding for stable operations. The cost of this project is estimated at \$248,000 and requires an additional \$200,000 to complete.

Crystal Springs Trail: In conjunction with the DPW project to construct the Crystal Springs Dam Bridge, Parks is seeking funding for a portion of the construction costs for 600 yards of trail south of the dam. Parks is pursuing grant funding from the Transportation Authority for the remaining construction. The cost of this project is estimated at \$1.03 million and requires an additional \$750,000 to complete.

Huddart Park Water Supply System: Huddart Park is located in Woodside and requires extensive work on its water lines and supply system due to significant leaks in pipes and the storage tank. Project completion is expected in FY 2020-21. The cost of this project is estimated at \$1 million.

### ***Department of Housing***

The Department of Housing will present information on an ongoing joint effort between the County and the City of Redwood City to master plan three parcels on Middlefield Road on the border of Redwood City and unincorporated North Fair Oaks. There is not an estimated cost for this project at this time.

### **Information Technology Projects:**

In this study session, ISD will present updates on the IMPC's five-year IT improvement plan, as well as recommendations for investment in several areas over the next five years and specific projects in the upcoming FY 2017-19 budget cycle.

Over the next five years, it is estimated that investments in the areas mentioned below could approximate \$50.5 million in one-time costs and \$46.4 million in ongoing costs. It should be noted that some of these costs will be funded from other non-General Fund sources and that a few of the one-time costs, including GIS, are partially funded in the current budget. It should also be noted that this list does not include major department specific initiatives, most notably the replacement of the County's property tax system.

<b>Key Investment Commonalities</b>			
<b>Key Theme</b>	<b>Technology Solution</b>	<b>Estimated 5 Year One-Time Costs</b>	<b>Estimated 5 Year Ongoing Costs</b>
Mobile Strategy - Support Telecommuting	Mobility	\$ 3,600,000	\$ 1,875,000
Big Data - Predictive Analysis	Business Intelligence	\$ 3,450,000	\$ 500,000
Paperless	Document Management/ Case Management	\$ 34,542,000	\$ 41,500,000
Multiple Data Sources Countywide	Data Management/ Data Warehouse	\$ 1,470,000	\$ 350,000
Self-Service Access	Yet to Be Determined	\$ 700,000	\$ 150,000
Leverage SharePoint for Document Management	SharePoint	\$ 2,350,000	\$ 200,000
GIS Capability / Support	GIS	\$ 4,370,000	\$ 1,780,000
<b>TOTAL</b>		<b>\$ 50,482,000</b>	<b>\$ 46,355,000</b>

For the upcoming FY 2017-19 budget cycle, the CMO and ISD have identified specific projects and funding sources that align with the IMPC's five-year IT improvement plan. The proposed FY 2017-19 IT projects and funding sources can be found in Attachment D (Countywide IT Projects). Overall, it is estimated that the FY 2017-19 project recommendations will total \$65.5 million in one-time costs (see below for breakdown by funding source). It should be noted that ongoing costs to maintain these systems still need to be determined.

Departmental	\$ 27,752,364
Measure K	\$ 10,000,000
Non-Departmental	\$ 17,067,577
Prop. 172	\$ 10,700,000
<b>Total</b>	<b>\$ 65,519,941*</b>
*Includes major department specific initiatives, most notably the replacement of the County's property tax system.	

### **FISCAL IMPACT:**

This is certainly the most ambitious five-year capital and IT plan ("Plan") the County of San Mateo has ever undertaken, with potential outlays approaching \$700 million. As it stands, the Plan before you for major capital construction, facility maintenance, parks capital and maintenance, and Countywide IT totals \$631.2 million and that figure is understated in that it does not include the full replacement of critical IT systems, most notably two components of the Property Tax System (Assessor and Controller

systems), the Countywide Radio System, and the Electronic Health Records System. Given these unknowns and complexities, we believe the best approach with dealing with a plan of this size is to focus on the impacts for the upcoming two-year budget, what can reasonably be accomplished over the next two years, and at a minimum discuss the financing component and future debt service for the major capital construction projects.

County staff recommend funding the Plan using a variety of sources, including General Fund reserves, department reserves, Measure K Sales Tax, proceeds from the sale of Circle Star Plaza, Public Safety Half-Cent Sales Tax ("Prop. 172"), and the issuance of long-term debt in the form of lease revenue bonds.

The major capital construction projects, totaling \$454.1 million, will be managed by the County Manager's Project Development Unit. Pursuant to the Plan, General Fund reserves and Circle Star proceeds would provide bridge funding until lease revenue bonds could be issued to finance five major projects: the Health System Campus, the Cordilleras Mental Health Facility, the Government Center Parking Structure, County Office Building #3, and the South San Francisco Health Campus. The total projected financing for these five projects would approximate \$297 million, with an annual debt service in the neighborhood of \$16.5 million. Debt service would not commence until the projects were completed.

Circle Star proceeds would also be used to fund the relocation of the Lathrop House and a new Radio Shop. The replacement of the Coyote Point Animal Shelter, which is included in the County's FY 2016-17 Adopted Budget, is funded with General Fund reserves. Once completed, the cities will begin reimbursing the County for their respective shares of the project over a 30-year period. Measure K will continue to fund three projects previously approved by the Board: the Regional Operations Center, the Skylonda Fire Station and the Pescadero Fire Station. See Attachment A for the five-year spending plan for PDU projects.

The facilities maintenance projects, totaling \$30 million over the next two years, will be undertaken by the Department of Public Works (DPW). These projects will be funded with General Fund reserves. The remodel of the Old Maguire Jail, at a total cost of \$32 million, will be managed by the Sheriff's Office. The estimated cost for the first two years of this project is \$19 million and will be funded with a combination of Sheriff's reserves and proceeds from the sale of Circle Star Plaza. See Attachment B for the five-year spending plan for DPW and Sheriff's projects.

The County Parks capital and maintenance projects, totaling \$12.2 million over the next two years, will be managed by the Parks Department and Public Works, and will primarily be funded with Measure K proceeds. See Attachment C for the five-year spending plan for Parks projects.

The Countywide IT projects, totaling \$65.5 million over the next two years, will be overseen by the Information Services Department in collaboration with affected



departments. These projects will be funded with a combination of General Fund reserves, department reserves, Prop. 172 reserves, and Measure K. See Attachment D for the two-year spending plan for IT projects. It is hoped that we will have a fully vetted five-year IT plan later this fall.

We are not recommending funding for the Middlefield Junction project at this time; however, we acknowledge there are aspects of that project's long-term success that can't be funded through the Affordable Housing Fund. We recommend the Board consider contributing to those efforts at the appropriate time.

Over the next two years, the Plan would exhaust all but \$5 million of the Circle Star proceeds. The draw on General Fund reserves would be \$89.3 million. Based on our analysis, General Fund reserves can provide one-time contributions of \$94 million and remain at or above the 10% minimum requirement for the upcoming two-year budget. This leaves little room to address potential State and Federal cuts. For this reason, we believe that when your Board deliberates the Measure K spending plan on April 11, strong consideration be given to setting aside a contingency of \$5 million per year (for a total of \$10 million).

The resources required for the proposed facilities projects are shown in Attachment E (5-Year Capital and Technology Plan Summary).

Pursuant to the Board's direction on the capital and IT plans submitted herein and the Measure K workshop on April 11, staff will include appropriate funding in the FY 2017-19 Recommended Budget. The Recommended Budget will be available by June 1 and hearings are scheduled for June 19-21. Project funding for work recommended in years 3-5 will be include in future budgets.