

**SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**



FROM: Executive Office

SUBMITTAL DATE:
March 9, 2011

SUBJECT: Capital Improvement Plan (CIP) March 2011 Update

RECOMMENDED MOTION: That the Board of Supervisors:

- 1) Receive and file the attached CIP March 2011 Update; and,
- 2) Approve the transfer of \$5.1 million of accumulated program interest from the CIP budget to the general fund Reserve for Economic Uncertainty (REU); and,
- 3) Approve and direct the Auditor-Controller to adjust appropriations and designations per Attachment A; and,
- 4) Direct that CIP fund interest be automatically credited to the general fund; and,
- 5) Re-affirm the Board's intent to reserve general fund borrowing capacity to fund the construction of the Riverside County Regional Detention Center (Hub Jail).

BACKGROUND: The new economy now presents even greater challenges to balance budget considerations with capital projects for the use of scarce one-time general funds.

(continued on next page)

Christopher Hans, Deputy CEO

FINANCIAL DATA	Current F.Y. Total Cost:	\$ N/A	In Current Year Budget:	No
	Current F.Y. Net County Cost:	\$ 0	Budget Adjustment:	Yes
	Annual Net County Cost:	\$ 0	For Fiscal Year:	2010/11

SOURCE OF FUNDS: CIP Interest	Positions To Be Deleted Per A-30	<input type="checkbox"/>
	Requires 4/5 Vote	<input checked="" type="checkbox"/>

C.E.O. RECOMMENDATION: APPROVE
BY:
County Executive Office Signature

4ep't Recomm.: Policy
Per Exec. Ofc.: Policy

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Per Exec. Ofc.: Policy

Prev. Agn. Ref.: District: All **Agenda Number:** 3.33

FISCAL PROCEDURES APPROVED
PAUL ANGULO, CPA, AUDITOR-CONTROLLER
BY: 3/16/11
SAMUEL WONG

Departmental Concurrence

On May 4, 2010 (Item 3.82), the Board of Supervisors approved the transfer of \$12,223,000 in savings from deferred or completed capital improvement projects from the capital improvement program budget. This bold action by the Board increased the Reserve for Economic Uncertainty (REU) following the FY 10-11 budget workshops. In response to diminishing budget resources projected in FY 11-12, a "second round" of other cost-saving strategies was initiated in regards to the capital improvement program:

The transfer of savings from deferred or completed capital projects focused the attention on capital projects underway to bring them to completion within budget. Since the beginning of this fiscal year, two major projects are now nearing completion. The Ben Clark Training Center expansion appears to be coming in at budget while the Smith Correctional Facility Expansion may be over by \$1.3 million. This amount will be funded by CIP. A budget adjustment will follow in the 3rd quarter budget report. Closing F11s from EDA are expected within weeks.

Another major project, the public safety radio upgrade, has experienced delays for the most part due to difficulties securing the use of sites on federal land. The PSEC team has implemented contingency plans by securing alternative sites and redesigning the system. Information Technology is finalizing a comprehensive Board update of the ramifications of these delays and the redesign efforts. Unfortunately, this project appears to have the potential need for additional one-time general funds. A full report should be ready within 30 days.

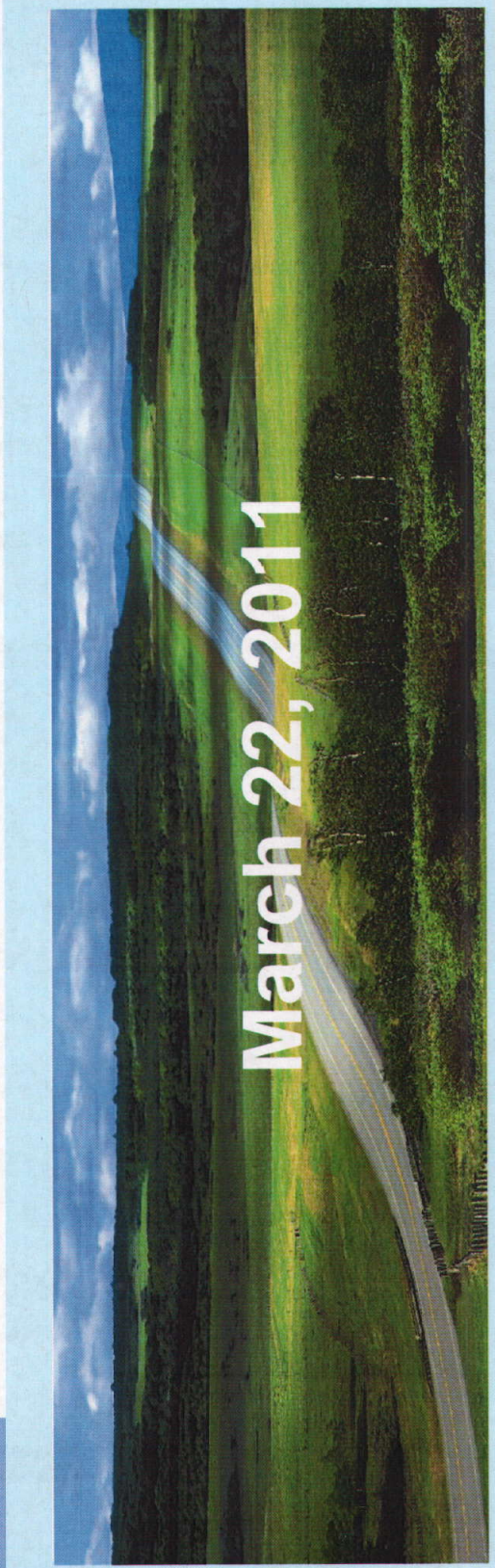
General funds deposited into the capital improvement program have accumulated interest that can be returned to the general fund. Over the last six years, the capital improvement program budget has accumulated \$5.1 million in interest earnings which can be transferred to the general fund REU. Staff recommends that future accumulated interest should be transferred to the general fund on a quarterly basis.

Finally, the Riverside County Regional Detention Center (Hub Jail) remains the highest capital priority established by the Board in February 2007. In order to accomplish this, the general fund borrowing capacity must be reserved to fund the construction of the hub jail ahead of other general fund capital projects. It is likely that many worthy projects will be delayed until new revenue sources are available or the department is able to fund the project from non-general funds.

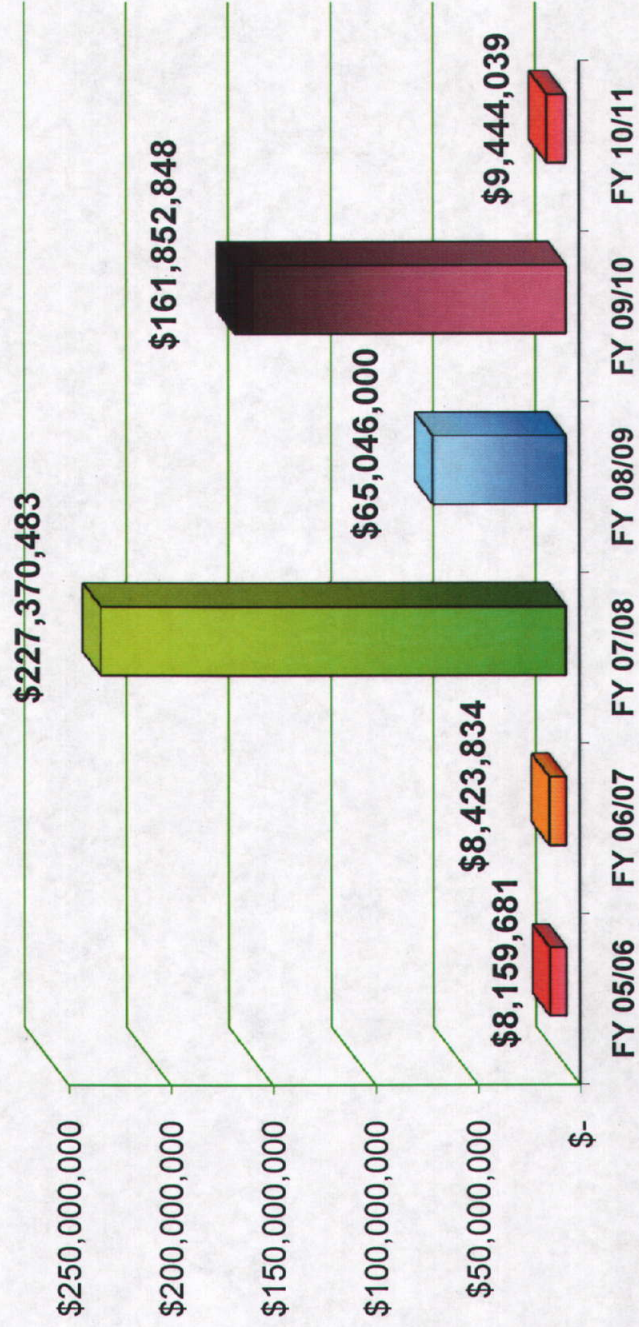
Attachment A

Increase appropriations: 30700-1104200000-551100	Contributions to county funds	\$5,100,000
Expected offset: 30700-1104200000-309100	Reserve for construction	\$5,100,000
Increase estimated revenue: 10000-1101000000-790600	Contributions from county funds	\$5,100,000
Increase designations: 10000-1000100000-320110	DFB – economic uncertainty	\$5,100,000

FY 10-11 Capital Improvement Plan (CIP) Update

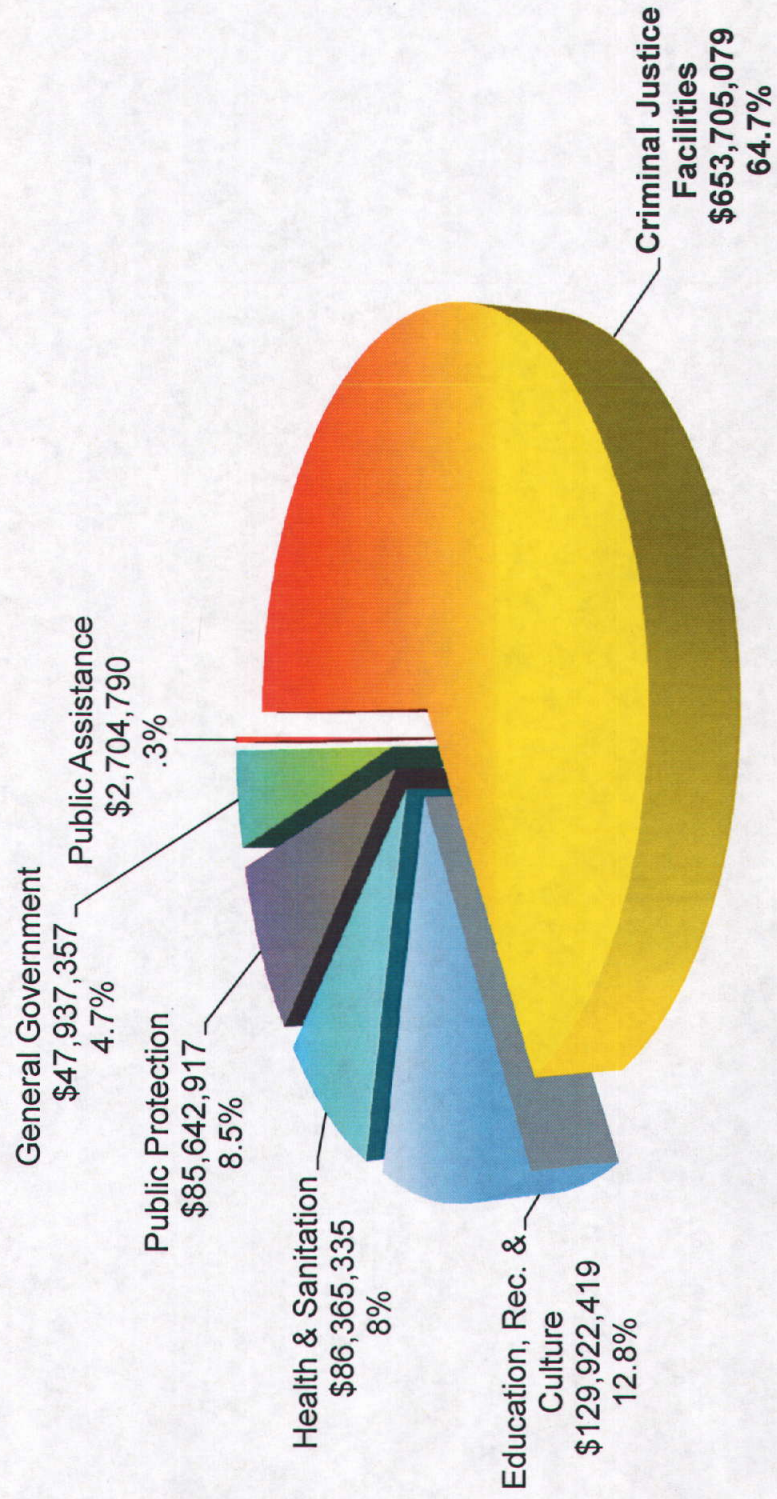


Completed Projects by Fiscal Year



*Source: Notice of Completion (NOC) for capital projects under the Board Policy B-22 Capital Improvement Program

Planned Investment in Capital Projects in Progress



Funding Sources of Major Capital Projects In Progress

General Funds*	Redevelopment	Palm Desert Finance Authority	Department Funds	Development Impact Fees
<ul style="list-style-type: none"> ▪ Hub Jail ▪ PSEC 700 MHz ▪ Smith Jail Expansion #3 ▪ Ben Clark Training Center ▪ RCRMC Comprehensive Hospital IT ▪ Public Defender Building Remodel 	<ul style="list-style-type: none"> ▪ Thermal Sheriff Station & Aviation Center ▪ Perris Valley Big League Dreams Sports Park ▪ Jurupa Valley Aquatic Center ▪ Romoland/ Homeland Community Center ▪ Mead Valley Library ▪ North Shore Fire Station 	<ul style="list-style-type: none"> ▪ Palm Desert Sheriff Station ▪ Desert Hot Springs Family Care Center ▪ Blythe Animal Shelter Replacement ▪ Mesa Verde Community Center ▪ Indio Volunteer Clinic 	<ul style="list-style-type: none"> ▪ RCRMC Comprehensive Hospital IT ▪ RCRMC Capital Expansion Projects ▪ Project CREST ▪ Blythe Fleet Fueling 	<ul style="list-style-type: none"> ▪ Eastvale Fire Station ▪ Glen Oaks Fire Station ▪ Sun City Fire Station ▪ Lake Riverside Fire Station ▪ Thermal Fire Station

*Includes General Fund contributions to the Capital Improvement Program (CIP) and Tobacco Securitization Program

General Fund Borrowing Capacity

