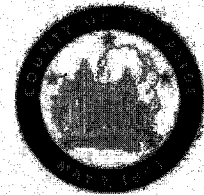


**SUBMITTAL TO THE BOARD OF SUPERVISORS  
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**



ITEM  
3.24  
(ID # 8333)

**MEETING DATE:**

Tuesday, December 4, 2018

**FROM :** ECONOMIC DEVELOPMENT AGENCY (EDA) AND PURCHASING AND FLEET SERVICES :

**SUBJECT:** ECONOMIC DEVELOPMENT AGENCY (EDA) AND PURCHASING AND FLEET SERVICES: Orange Street Fleet Services Automotive Shop Remodel Project - Approval of In-Principle and Project Budget and Budget Adjustment, District 2. [\$1,200,000 - Fleet Services Department Unrestricted Net Assets - 100%] [4/5ths vote]

**RECOMMENDED MOTION:** That the Board of Supervisors:

1. Approve the Orange Street Fleet Services Automotive Shop Remodel (Orange Street Fleet Auto Shop) Project for inclusion on the Capital Improvement Program (CIP) project list;
2. Approve in-principle the Orange Street Fleet Auto Shop Project, located in Riverside, California; to upgrade the existing automotive shop for relocation of the Fleet Services Mission Blvd. vehicle services operations to the Orange Street garage facility;
3. Approve a project budget in the amount of \$1,200,000 for the Project;
4. Authorize the use of Fleet Services Department Unrestricted Net Assets, including reimbursement to the Economic Development Agency (EDA) for incurred project related expenses;

Continued on page 2

**ACTION:** Policy, CIP

Robert Field, Assistant County Executive Officer/ECD

11/14/2018

Teresa Summers, Director of Purchasing

11/14/2018

**MINUTES OF THE BOARD OF SUPERVISORS**

On motion of Supervisor Jeffries, seconded by Supervisor Ashley and duly carried by unanimous vote, IT WAS ORDERED that the above matter is approved as recommended.

**Ayes:** Jeffries, Tavaglione, Washington, Perez and Ashley  
**Nays:** None  
**Absent:** None  
**Date:** December 4, 2018  
**xc:** EDA, Purchasing, Auditor

Kecia Harper-Ihem  
Clerk of the Board  
By:   
Deputy

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

**RECOMMENDED MOTION:** That the Board of Supervisors:

5. Delegate the project management authority for the Project to the Assistant County Executive Officer/ECD in accordance with applicable Board policies, including the authority to utilize consultants on the approved pre-qualified list for services in connection with the Project, and are within the approved project budget;
6. Authorize the Purchasing Department to execute consultant services agreements for consultants that have been pre-qualified for services up to \$100,000, per fiscal year, in accordance with applicable Board policies for this project;
7. Approve the revised Fleet Services 5-Year Capital Asset Needs/Reserve Plan (Attachment A) to support the associated costs for the Orange Street occupancy and the sale of the Mission Blvd. site;
8. Approve the waiver of Board Policy B-28 for the use of unrestricted net assets for the revised 5-year Capital Asset Needs/Reserve Plan for FY 2018/19 - FY 2022/23; and.
9. Approve and direct the Auditor-Controller to make the budget adjustments shown on Schedule A (Attachment B).

<b>FINANCIAL DATA</b>	<b>Current Fiscal Year:</b>	<b>Next Fiscal Year:</b>	<b>Total Cost:</b>	<b>Ongoing Cost:</b>
<b>COST</b>	\$ 700,000	\$ 500,000	\$ 1,200,000	\$ 0
<b>NET COUNTY COST</b>	\$ 0	\$ 0	\$ 0	\$ 0
<b>SOURCE OF FUNDS:</b> Fleet Services Department Unrestricted Net Assets - 100%			<b>Budget Adjustment: Yes</b>	
			<b>For Fiscal Year: 2018/19–2022/23</b>	

**C.E.O. RECOMMENDATION:** Approve

**BACKGROUND:**

**Summary**

Purchasing and Fleet Services has identified an opportunity to reduce operational expenses by approximately \$1M annually for the next 18 years by relocating the operations at Mission Blvd. Fleet Services located at 5293 Mission Blvd. in Riverside to the Orange Street location at 4293 Orange Street in Riverside.

In FY 2017/18 new GASB regulations resulted in the shifting of building depreciation expenses from the General Fund to Fleet Services causing a net increase to operational expenses. This added expense and the ongoing debt obligation of the Mission Blvd. site prompted the department to look for opportunities to reduce operational costs without negatively impacting customer

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

service. The recommended remedy is to return the Fleet Mission Blvd. garage operations to the Orange Street facility and sell the Mission Blvd. facility.

Since moving to Mission Blvd., Fleet Services has maintained a presence at the Orange Street site with the operation of the fueling station and the car wash facility paying for facility costs at both this site and the Mission Blvd. site. Returning all Fleet operations to the site will decrease annual operating costs for Fleet Services and provide a nearby location for vehicle services and motor pool rental to county departments in the downtown area.

The Orange Street site provides adequate office space for all Fleet staff and a sufficient number of vehicle bays to service vehicles. As the site has been utilized for storage and other activities over the last twelve years, repairs to the vehicle bays, installation of swamp coolers, and the purchase of other mechanical and office fixtures and equipment is needed for occupancy. It is estimated that a project budget of \$1.2M is needed for the Fleet Services move from Mission Blvd. to the Orange Street facility along with the facility improvements.

The Mission Blvd. facility will be sold for the minimum appraised value of \$10.2M and the proceeds will be directed for the repayment of the bond financing that was secured for the facility. The cost of repayment of the bond and associated real estate transactions for the sale of the property is estimated at \$750,000 (outstanding \$600,000 bond balance and transactional costs of \$150,000); however the overall net savings will be \$23.8M over 38 years (the remaining debt and depreciation costs associated with Mission Blvd.). Fleet Services has sufficient unrestricted net assets for the relocation/facility improvement costs as a result of reallocating previously Board approved capital asset purchases in the 5-year capital asset plan. The department is requesting approval of the revised 5-year plan for this project (Attachment A). The Executive Office (EO) will present a separate agenda item for the release of the property from the bond financing. Facilities Management will also submit a separate agenda item for the sale of the Mission Blvd. site for approval.

Purchasing and Fleet Services has consulted with the Auditor Controller Office (ACO) staff to ensure that reallocation of net assets is allowable for this purpose of achieving the operational savings. ACO staff discussed this project proposal with the State Auditors and have concurrence that the use of the Fleet Services Internal Service Fund (ISF) net assets for Orange Street improvements and for the payment of residual bond obligations is allowable for the purpose of reducing operational expenses.

Purchasing and Fleet Services has performed a thorough analysis of this proposal and consulted with EDA, the EO, ACO and State personnel on the various components of the proposed project. Before the Board today is the request for approval to move forward with the refurbishing of the Orange Street Facility and the reallocation of Fleet Services unrestricted net assets to support project costs.

EDA recommends that the Board approve the Orange Street Fleet Auto Shop project and the use of Fleet Services Department Funds for the project. EDA will pursue the most cost effective

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

project delivery method and award in accordance with applicable Board policies.

The specific details regarding the building upgrades and associated improvements have yet to be determined and will not be known until the completion of the design phase of the project. Any attempt at assessing the potential impacts at this time would be speculative and, therefore, the proposed action is not considered a project under the California Environmental Quality Act (CEQA). The Project will undergo environmental review once a schematic design is completed and will allow for a meaningful evaluation of potential impacts. The compliance document under CEQA will be presented to the Board under separate cover for approval in combination with the approval of schematic design and programming.

**Impact on Residents and Businesses**

Reoccupying the Orange Street facility will provide a downtown service area to support the county campus of departments in the immediate area. Departments will no longer have to travel to the Rubidoux site to drop off vehicles for service. The convenience of the Orange Street location will also reduce the demand on the use of motor pool vehicles while department vehicles are being serviced. Efficiency in department staff time and reduction in operational costs will occur with the Orange Street garage facility.

Continued

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

**Additional Fiscal Information**

Following is a summary of the estimated costs analysis of the savings realized by selling the Mission Street site and moving operations to the Orange Street site. .

<b>Cost Analysis</b>			
<b>Relocate Fleet Garages</b>			
<b>from Rubidoux (Mission Blvd.)</b>			
<b>to Downton Riverside (Orange St.)</b>			
<b>Expense Description</b>	<b>Annual Expense Mission Blvd.</b>	<b>Number of Years</b>	<b>Total Expense Mission Blvd.</b>
Debt Service	\$ 781,755	18	\$ 14,071,590
Building Depreciation	\$ 305,400	38	\$ 11,605,200
<b>Total Savings</b>	<b>\$ 1,087,155</b>		<b>\$ 25,676,790</b>
<b>One-time Costs</b>			
Sale of Mission Blvd. Property (Appraised Value)			\$ 10,200,000
Debt Service - Remaining Principal			\$ (10,075,120)
Debt Service - Bond Obligation (Escrow Investment)			\$ (600,000)
Estimated Site Sale and Bond Transactional Costs			\$ (150,000)
Orange Street Upgrades			\$ (1,200,000)
<b>Total One-Time Costs</b>			<b>\$ (1,825,120)</b>
		<b>Total Savings</b>	<b>\$ 25,676,790</b>
		<b>Total One-Time Costs</b>	<b>\$ (1,825,120)</b>
		<b>Net Savings Over 38 years</b>	<b>\$ 23,851,670</b>

Note: Custodial, Maintenance, and Utilities are cost neutral between the two sites.

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

**Additional Fiscal Information (Continued)**

The approximate allocation of the project budget is as follows:

<b>PROJECT BUDGET LINE ITEMS</b>	<b>CATEGORY</b>	<b>PROJECT BUDGET AMOUNT</b>
Architectural Design	1	97,500
Construction Management	2	25,000
Construction Contract	3	517,050
Offsite Construction	4	0
Project Management	5	50,000
Fixtures, Furnishings, Equipment	6	38,000
Other Soft Costs/Specialty Consultants	7	105,783
Project Contingency	8	166,667
Minor Construction/RCIT	9	200,000
<b>Project Budget</b>		<b>\$ 1,200,000</b>

All costs associated with this Board action will be 100% funded by Fleet Services Department Unrestricted Net Assets. Expenditures for FY 2018/19 are estimated at \$700,000 and expenditures for FY 2019/20 are estimated at \$500,000. A budget adjustment in the amount of \$320,518 is required for the use of unrestricted net assets for this project. The department is able to use currently approved appropriations for the balance of the project.

**Attachment:**

- Attachment A - Fleet Services Five-Year Capital Equipment Needs/Reserve Plan Capital Expenses
- Attachment B- Schedule A (Budget Adjustment)

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 Remodel - In Princ & Proj Budget\_120418.doc

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

**Attachment A**

**Fleet Services Five-Year Capital Equipment Needs/Reserve Plan Capital Expenses**

<b>Capital Asset</b>	<b>FY 18/19</b>	<b>FY 19/20</b>	<b>FY 20/21</b>	<b>FY 21/22</b>	<b>FY 22/23</b>	<b>Total 5 Years</b>
Vehicles for Motor Pool - Med-sized Sedans	1,425,000	700,000	721,000	742,630	764,909	4,353,539
Moreno Valley Garage Upgrade	235,398	706,195				941,593
Orange Street -- Building Upgrade Project	1,585,120	240,000				1,825,120
Shop Equipment		30,000	30,000	30,000	30,000	120,000
<b>Total</b>	<b>\$ 3,245,518</b>	<b>\$ 1,676,195</b>	<b>\$ 751,000</b>	<b>\$ 772,630</b>	<b>\$ 794,909</b>	<b>\$ 7,240,252</b>

Moreno Valley Garage Upgrade is estimated to occur over two fiscal years: 25% in 18/19 and 75% in 19/20

Orange Street Building Upgrade is estimated to occur over two fiscal years: 80% in 18/19 and 20% in 19/20

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

**Attachment B**

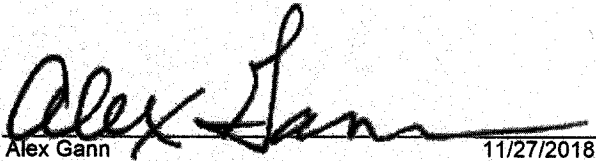
**Schedule A  
FY 18/19**

**Increase appropriations:**

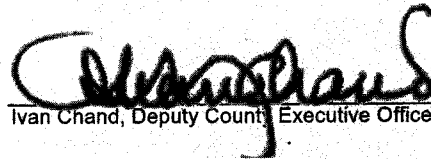
45300-7300500000-542060	Improvements-Building	\$320,518
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**Use of unrestricted net assets:**

45300-7300500000-380100	Unrestricted net assets	\$320,518
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Alex Gann

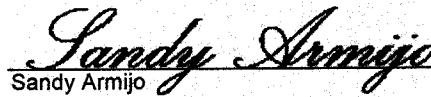
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Ivan Chand, Deputy County Executive Officer

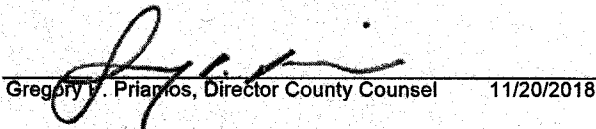
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Misley Wang, Supervising Accountant

11/20/2018

  
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Sandy Armijo

11/27/2018

  
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Gregory V. Priantos, Director County Counsel

11/20/2018