



3B: Fiscal Health & Stability – Capital Informational Report

Office of Strategy, Budget, & Performance

Fiscal Health and Stability - Capital

Key Areas:

1. Capital project funding related policies
2. Deferred maintenance / County's 5-Year Capital Improvement Program (CIP)
3. Bond funding scenario impacts:
 - Property owners
 - County debt service
 - Compliance with state statute
4. Project management capacity
5. Strategies to address the deferred capital projects within the County's CIP



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Project Management Capacity and Bond Cap

- IMPORTANT:** (Countywide) project management review BEFORE any large bond / project volume increase (and includes):
 - Project managing departments
 - Provide primary project management services
 - Supporting departments/divisions
 - Provide assistance to project managing departments
 - Project owner departments
 - Play active role(s) in approving project plans, requesting changes, raising issues and risks, approving milestones, releasing payments, and accepting (or declining) the final deliverables of the project
 - Analysis of proposed bonding and project volume increases allows for:
 - Staff, consultants, and other stakeholders to provide an assessment of the volume and type of projects within the current 5-Year Capital Improvement Plan and additional staff/consultants needed in support
 - Significant increase in the volume of projects would likely lead to delays and increased costs if not properly balanced with adequate staffing levels
- AE manages about 70% of all capital projects
 - September 2022 report regarding key retirements, hiring challenges, ARPA project management
 - Since previous report, AE staff has indicated they have implemented a number of steps to address these challenges
- DAS, SBP and Office of the Comptroller will continue to work together to monitor project completion on an on-going basis

County Funding and Policies

Primary County Funding Sources / Policies

- General Obligation Bonds
 - Policy: 3% increase in bonding amount over preceding year's adopted bonding amount
- Cash (2 main sources)
 - Sales Tax
 - Property Tax
 - Policy: Annually fund 20% of projects with County cash resources

Airport Projects (Excluded from report)

- Use other sources to fund capital projects
 - Passenger Facility Fees
 - Airport Reserves
 - General Airport Revenue Bonds (GARBS)

Bond Eligible Projects

- Determined by Comptroller Office pursuant to:
 - Internal Revenue Service rules and regulations
 - State Statutes
 - Capitalization Rules
 - Bond Counsel assistance (as needed)

	Bond Eligible	Non-Bond Eligible (Cash)
2015	69%	31%
2016	70%	30%
2017	75%	25%
2018	67%	33%
2019	65%	35%
2020	71%	29%
2021	63%	37%
2022	67%	33%
2023	74%	26%
AVG	70%	30%

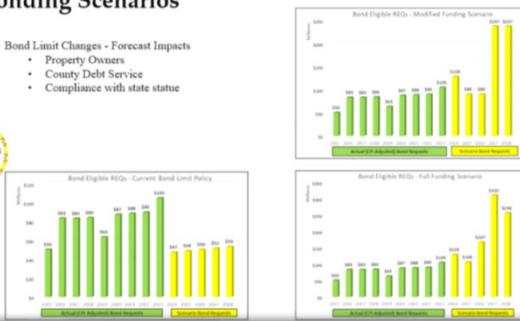
Steps to Address Capital Deferred Projects

- Current improvements being used:
 - Capital Improvement Committee (CIC) and Project Scoring Methodology
 - Utilizes a capital project scoring criteria and prioritization matrix based upon shared County goals
 - County Facilities Planning Steering Committee (CFP)
 - Provides recommendations to the Administration, County Board and Mental Health Board where applicable for County real estate activities and related capital projects; CFP also monitors, encourages and supports overall reduction of County infrastructure footprint
 - AE Capital Project Chartering
 - Helps produce more accurate cost estimates and reduce overall project risks
 - Design First Approach (Capital Projects)
 - Ensure that annual construction phase appropriation requests are based on a (90%) completed design in order to help increase overall cost estimating and project budget accuracy
 - Capital Quarterly Meeting – Stakeholder Communication
 - Quarterly capital project meetings have recently been established between the various County departmental stakeholders in order to increase communication and breakdown silos

Bonding Scenarios

Bond Limit Changes - Forecast Impacts

- Property Owners
- County Debt Service
- Compliance with state statute



Questions?

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Bonding

- Since 2015, the median number of bond eligible requested projects that get adopted is approximately 52%

County Bond Funding (Excluding Airport)

BUDGET YR	BOND REQ	BOND LIMIT	BOND ADOPTED	VAR: Bond Limit to Bond REQ		VAR: Bond Adopted to Bond REQ	
				VAR Limit to REQ	% REQ \$s FUNDED	VAR Adopted to REQ	% REQ \$s FUNDED
2015 ³	\$42,712,000	\$38,590,554	\$51,734,665	(\$4,121,446)	90.4%	\$9,022,665	121.1%
2016 ⁴	\$71,328,011	\$42,580,193	\$39,234,810	(\$28,747,818)	59.7%	(\$32,093,201)	55.0%
2017	\$71,997,939	\$40,411,854	\$41,147,918	(\$31,586,085)	56.1%	(\$30,850,021)	57.2%
2018 ⁵	\$73,718,901	\$39,669,356	\$39,642,309	(\$34,049,545)	53.8%	(\$34,076,592)	53.8%
2019	\$56,238,941	\$43,625,968	\$43,619,074	(\$12,612,973)	77.6%	(\$12,619,867)	77.6%
2020	\$78,147,924	\$44,927,646	\$44,927,646	(\$33,220,278)	57.5%	(\$33,220,278)	57.5%
2021	\$82,304,205	\$46,275,475	\$46,275,475	(\$36,028,730)	56.2%	(\$36,028,730)	56.2%
2022 ^{6,7}	\$134,656,702	\$44,505,364	\$89,505,364	(\$90,151,338)	33.1%	(\$45,151,338)	66.5%
2023 ⁸	\$104,820,197	\$45,840,525	\$108,718,761	(\$58,979,672)	43.7%	\$3,898,564	103.7%
<i>MEDIAN</i>	<i>\$73,718,901</i>	<i>\$43,625,968</i>	<i>\$44,927,646</i>	<i>(\$30,092,933)</i>	<i>59.2%</i>	<i>(\$28,791,255)</i>	<i>60.9%</i>



Cash

- Since 2015, the median number of non-bond eligible requested projects that get adopted is approximately 22%

County Cash Funding (Excluding Airport and Private Contributions)

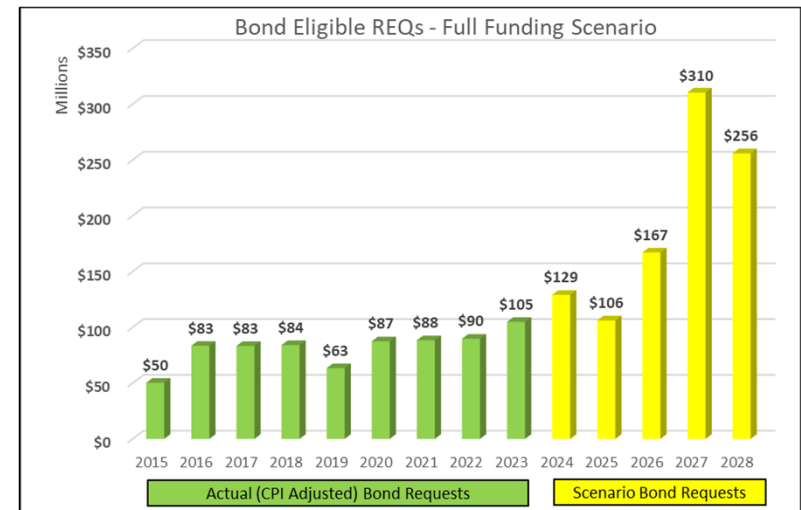
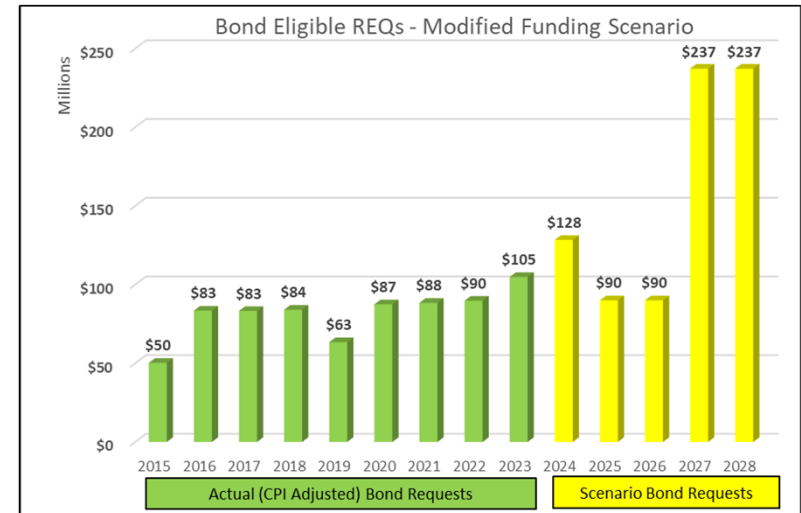
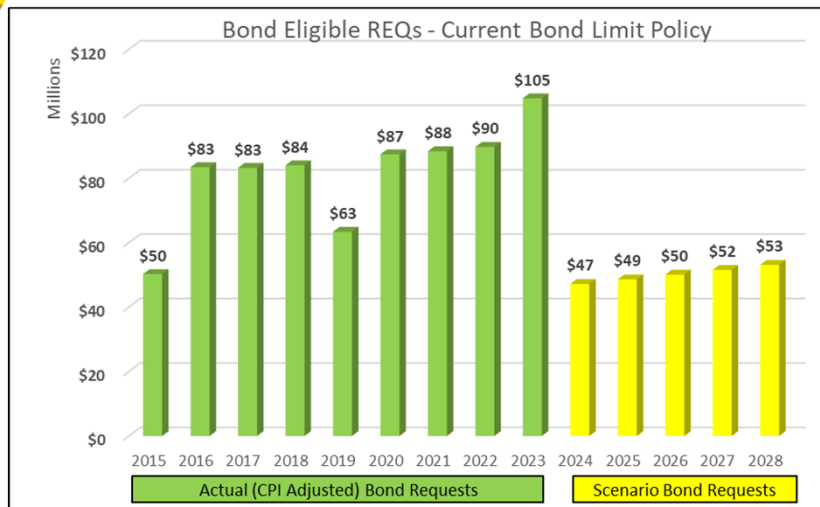
BUDGET YR	CASH REQ	CASH GOAL	CASH ADOPTED	VAR: Cash Goal to Cash REQ		VAR: Cash Adopted to Cash REQ	
				VAR Goal to REQ	% REQ \$s FUNDED	VAR Adopted to REQ	% REQ \$s FUNDED
2015	\$19,342,632	\$12,933,666	\$9,846,769	(\$6,408,966)	66.9%	(\$9,495,863)	50.9%
2016	\$23,095,097	\$9,808,703	\$8,293,468	(\$13,286,395)	42.5%	(\$14,801,629)	35.9%
2017	\$23,400,414	\$10,286,980	\$10,286,987	(\$13,113,435)	44.0%	(\$13,113,427)	44.0%
2018	\$36,785,176	\$9,910,577	\$5,409,618	(\$26,874,599)	26.9%	(\$31,375,558)	14.7%
2019	\$30,085,532	\$10,904,769	\$11,476,492	(\$19,180,764)	36.2%	(\$18,609,040)	38.1%
2020	\$31,783,042	\$11,231,912	\$11,600,094	(\$20,551,131)	35.3%	(\$20,182,948)	36.5%
2021 ¹¹	\$48,452,372	\$11,568,869	\$7,256,584	(\$36,883,503)	23.9%	(\$41,195,788)	15.0%
2022	\$44,540,834	\$11,126,341	\$7,914,736	(\$33,414,493)	25.0%	(\$36,626,098)	17.8%
2023 ¹²	\$36,782,814	\$11,454,800	\$8,103,873	(\$25,328,014)	31.1%	(\$28,678,941)	22.0%
<i>MEDIAN</i>	<i>\$31,783,042</i>	<i>\$11,126,341</i>	<i>\$8,293,468</i>	<i>(\$20,656,701)</i>	<i>35.0%</i>	<i>(\$23,489,574)</i>	<i>26.1%</i>



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Steps to Address Capital Deferred Projects

1. Additional Steps

- Reduce Infrastructure Footprint / Service Delivery Models
 - Align capital infrastructure with County's strategic planning principals and core services
 - ✓ Continue and expand current infrastructure downsizing
 - ✓ Update and re-size infrastructure to meet changed and more efficient service delivery models
- Consolidate Service and Staffing Locations
 - Relocate staff and services into core county buildings that have
 - ✓ Expiring Leases
 - ✓ Facilities with major deferred maintenance needs or does not provide effective service delivery
 - ✓ Flexible staffing models (remote and/or hybrid)
- Additional Non-County Funding Sources
 - Fed-State \$\$ used to help partially fund County infrastructure
 - Fed-State \$\$ and other non-County funding should continue to be part of an overall strategy, but **should NOT be viewed** as a major, stand-alone funding source to address the outstanding capital infrastructure issue.

2. Future Steps

- Continue exploring additional solutions and combine and coordinate with the existing efforts already underway





Questions?