

Priority: Accountability
Program Offer Type: Innovative/New Program
Related Programs: 72049, 72051
Lead Agency: County Management
Program Contact: Doug Butler
Program Characteristics: One-Time-Only Request

Executive Summary

This One Time Only Program Offer would repay a \$1.5 million loan that was made to the County's General Fund from the Asset Preservation Fund in fiscal year 2002/2003. The purpose of the Offer is to reinstate the reserves that are needed to address the needs of our Tier I buildings (ones in which all major maintenance is current) in the future.

Program Description

In order to increase the FY 03 General Fund Reserves, the Board approved a budget transfer that borrowed \$1.5 million from the Asset Preservation (A/P) Fund (Fund 2509.) This loan brought the General Fund Reserves back to the FY01 level and provided a necessary cushion against continuing budget cuts.

The original intention was for the loan to be repaid from proceeds of four surplus properties as directed in Resolution 02-032. However, in 2004 the Board passed Resolution 04-168 redirecting Facilities to proceed with an aggressive Consolidation and Disposition Strategy that included the properties listed in Resolution 02-032 and dedicated all surplus property funding to go toward meeting the substantial goals within the Disposition Plan. To date surplus proceeds have reduced the number of County sites by 17, lowered operating costs by \$1.85m, reduced the deferred maintenance backlog by \$14m and reduced the portfolio square footage by 280,000 sq ft. In addition, the success of the Consolidation efforts also allowed the County to dedicate the Martha Washington Building to providing housing for the homeless and those with very limited incomes which reduced anticipated proceeds by \$4.6 million.

The Board's decision to redirect funding in 2004 has created immense operating benefits that would not have been experienced had the original loan been repaid as laid out in FY03 budget. On the other hand, if the Asset Preservation Fund is not paid back, the County's Tier I buildings which are maintained with A/P funds will begin to suffer.

Program Justification

The repayment of the A/P funding is essential to the long-term strategy of prolonging the life and value of our Tier I buildings which currently have no deferred maintenance or major functional issues. If the A/P Reserves are not reimbursed, there are two possible outcomes:

1) We will be unable to meet future requirements for reinvestment in our Tier I* buildings. This would have the effect of lowering property values, reducing reliability and functionality and could contribute to lower efficiency and higher operating costs. Unless other actions are taken this would eventually lead to the deterioration of our facilities to tier II status.

* A Tier I building is one which is designated for long-term retention and which meets current County standards.

2) The other potential affect of not repaying the loan would be the need to escalate the A/P assessment rates significantly. (The estimated increase would be approx. \$1.29 per sq ft as a one time charge in FY'08 or \$1.89 per sq ft as a one time charge in FY'14 when the funds are needed.)

Performance Measures

Measure Type	Primary Measure	Previous Year Actual (FY05-06)	Current Year Purchased (FY06-07)	Current Year Estimate (FY06-07)	Next Year Offer (FY07-08)
Output		0	0	0	0
Outcome	No unprojected increase in A/P assessment rate	0	0	0	0

Performance Measure - Description

This is a one time only program offer that is financial in nature and has no performance measures tied to it.

Legal/Contractual Obligation

None

Revenue/Expense Detail

	Proposed General Fund	Proposed Other Funds	Proposed General Fund	Proposed Other Funds
	2007	2007	2008	2008
Program Expenses				
Capital Outlay	\$0	\$0	\$0	\$1,500,000
Cash Transfer	\$0	\$0	\$1,500,000	\$0
Subtotal: Direct Exps:	\$0	\$0	\$1,500,000	\$1,500,000
Administration	\$0	\$0	\$0	\$0
Program Support	\$0	\$0	\$0	\$0
Subtotal: Other Exps:	\$0	\$0	\$0	\$0
Total GF/non-GF:	\$0	\$0	\$1,500,000	\$1,500,000
Program Total:	\$0		\$3,000,000	
Program FTE	0.00	0.00	0.00	0.00
Program Revenues				
Other / Miscellaneous	\$0	\$0	\$0	\$1,500,000
Program Revenue for Admin	\$0	\$0	\$0	\$0
Total Revenue:	\$0	\$0	\$0	\$1,500,000

Explanation of Revenues

General Fund cost is \$1.5 Million (General Fund Cash Transfer to the Asset Preservation Fund).

Significant Program Changes**Last year this program was:**

This is a one time 2008 program offer.