

JEFFERSON COUNTY
2009 CITIZEN CAPITAL BUDGET REVIEW PANEL
RECOMMENDATIONS

On February 17, 2009 the Jefferson County Board of County Commissioners – Faye Griffin, Kathy Hartman and Kevin McCasky – convened a Citizens Capital Budget Review Panel. The *ad hoc* committee was formed to provide an independent review and recommendations to address the County's capital needs and how to address more than projected \$277 million in construction, equipment and maintenance costs through 2013.

The Panel's charge was limited to the capital infrastructure needs of the County. A 2007 Citizens Panel made recommendations related to County operational costs and the necessity to bring annual expenditures in line with annual revenues in the face of a \$12 million revenue shortfall. The 2007 Panel deferred making recommendations concerning the County's capital needs. Financial circumstances have changed since 2007. The County has addressed the operational budget issues and stabilized its unreserved fund balance.

In establishing the 2009 Panel, the Commissioners again sought public input as they continue their budget discussions to complete the 2010 County budget and beyond. The examination of capital needs is especially timely in light of the fact that at the end of the last fiscal year, the County retired its obligation on the Certificates of Participation (COPs) utilized to finance the County Administration Building. These COPs were retired early and relieved the County of an approximate \$7 million annual appropriation from the capital expenditure fund.

The 2009 Citizens Budget Review Panel consists of citizens from each of the three commissioner districts. The experience and knowledge of the fifteen Panel Members represent a diverse group of citizens with backgrounds in the private sector, business, government, finance and many other areas of expertise. A roster of the Panel members is included at the end of this report. (Supplement A)

The Panel met on several occasions in open meetings with the Commissioners, Jefferson County Elected Officials and senior staff. During the meetings, the Panel members were presented with extensive information

concerning the County's capital plant and anticipated needs. The panel requested extensive information and all questions were answered promptly. No request for information was denied and the candor and openness of the process is to be applauded.

The Panel engaged in extensive discussions with relation to capital financing mechanisms. The Panel received information from an objective public finance expert, Mr. J.J. Ament, and several Members took it upon themselves to investigate available capital finance alternatives. The Panel considered pay-as-you-go options, tax exempt bonds, certificates of participation and Build America Bonds available in light of the American Recovery and Reinvestment Act of 2009.

The Panel considered facility related projects, internal capital infrastructure needs and non-general fund capital projects. The County's capital issues are significant, and the Panel initially considered suggestions for more than \$60 million for expansion of the Jefferson County Jail and associated facilities; \$10 million for parking lot expansions countywide; \$15.1 million for Road and Bridge Department's fleet replacement over the next four years; establishment of integrated County "Service Centers" and \$6 million to replace the heating and air conditioning system in the 549,000 square foot County Administration Building.

The Panel was sensitive to the current local, national and global economic environment. While the economic downturn might provide some opportunities - such as historically low interest rates and reduced construction costs - the Panel was sensitive to the fiscally conservative nature and tradition of Jefferson County citizens and the uncertainty of sustained economic recovery.

One topic that was discussed extensively was the establishment of a "Major Building Capital Reserve Account" in the County's General Fund Budget. Currently, the County General Fund maintains Emergency Reserve and Working Capital Reserve Funds. While the Panel Members expressed differing opinions with respect to several recommendations, the Panel was unanimous in its recommendation that a Major Building Capital Reserve Account be established to anticipate major capital replacement and maintenance issues that will arise in the future.

The Panel received information regarding potential expansion of courtroom facilities, initially estimated at \$9 million. The Panel notes that this issue is not one of the County's making in that the state dictates judicial staffing and other requirements and then mandates that the County provide the necessary facilities. The Honorable Brooke Jackson, Chief Judge of the First Judicial District, addressed the anticipated capital and expansion needs of the Courthouse and how operational adjustments can - and have - obviated a substantial portion of those needs. The Panel commends Judge Jackson and the creative means the Judicial District has used to minimize costs and facility needs. In light of the comments of Judge Jackson, the Panel will include a reduced recommendation, \$4 million for expansion of courtroom facilities.

After discussion, County staff drafted a pared down worksheet incorporating the Panel's thoughts concerning a 2010-2013 Capital Improvement Plan, a copy is attached as Supplement B. This working draft was examined by the Panel and several further refinements were discussed before the Panel voted on its final recommendations. The draft 2010-2013 Capital Improvement Plan identified specific capital projects and suggested funding mechanisms. The suggested funding sources are: (1) through the County's current Building Maintenance Reserve; (2) financed projects,* and (3) pay-as-you-go.

The first major deletion from the 2010-2013 Capital Improvement Plan was the \$14 million Voter Equipment Replacement project for the Clerk and Recorder. The Panel does not include this amount in its final recommendations because of the uncertainty of state and federal legislation which may or may not dictate voting equipment requirements.

The second deletion from the 2010-2013 Capital Improvement Plan was the \$10 million parking lot expansion. The County Commissioners should further explore partners, such as the Regional Transportation District, parking lot location, construction costs and other factors before establishing a line item for parking lot construction.

One major project considered by the Panel is the expansion of the Jefferson County Jail and associated facilities. This topic was the major subject of

* The Panel was not unanimous with respect to utilizing certificates of participation to finance capital projects.

discussion. The Panel recognizes and applauds that the primary goal of the County Commissioners to provide a safe community and the Panel believes that the expansion of the jail is essential to that goal. The largest single capital expenditure considered by the Panel is for this expansion project and the Panel attempted to consider the expenditure from every angle.

Sheriff Ted Mink, his Chief Deputies and the architect presented information concerning the future needs of the jail, the construction costs and the revenue opportunities expansion might present. The panel noted that initial design estimates totaled almost \$46 million and that the decreases in construction materials and costs have reduced that initial estimate to approximately \$41 million. The revenue opportunities through expansion are primarily based upon the good relationship the Sheriff's office maintains with Federal Marshals and the opportunity to provide bed space for federal prisoners at a federally determined *per diem* rate.

The panel would like to commend the County commissioners for facilitating a very factual, open and informative capital budget review process.

RECOMMENDATIONS

1. The Panel strongly believes that the County can meet its anticipated capital construction needs within existing revenue and existing sources of revenue and without the need for any tax increase. The Panel recommends that the County Commissioners do not consider the option of seeking additional tax revenues from Jefferson County citizens for any capital construction project.
2. The Panel recommends that, in light of the retirement of the COP obligation for the County Administrative Building, the county establish and fund a "Major Building Capital Reserve Account" in the County's General Fund to be utilized for major capital and replacement projects and which should be annually appropriated in an amount to be determined at the discretion of the County Commissioners.
3. The Panel recommends that the County Commissioners should budget to include the following capital projects in the 2010 Budget.

Courtroom Remodeling
Data Center Relocation

Consolidate Government facilities in strategic locations throughout the County
Detention Facility Expansion/Correction Facility

AND that these facilities should be financed under the following conditions;

- A. The total annual appropriation should be no more than \$5M.
 - B. The total payment term should not exceed 20 years; and
4. The County consider Certificates of Participation along with Build America Bonds or other financing mechanism the Commissioners determine to be in the best interests of the citizens of Jefferson County for the purpose of financing the projects identified in Recommendation 2.
 5. The remaining capital projects identified on Supplement B should be funded either through the County's Building Maintenance Reserve or on a pay-as-you-go basis as the County Commissioners determine to be in the best interest of the Citizens of Jefferson County.
 6. Accordingly, the Panel recommends the County consider its capital projects using criteria generally considering the following:
 - A. Elected officials of the County should specifically continue their productive proactive stance toward State and Federal agencies in pausing or moderating mandated programs and institutions that require County expenditures and place otherwise unplanned pressure on the County tax base.
 - B. County officials should be free to exercise judgment that some projects should proceed irrespective of the lack of a sufficient pay back if deemed essential to public safety or other extraordinary economic considerations.

SUPPLEMENT A

Panel Members

Pam Feely

Joe Dix

Bruce Strand

Michael Feeley

Jacqueline Scott

Karen Verdier

John Witwer

Al Parker

Bill Schroeder

Jason Murphy

C.J. Conant

Greg Stevinson

Ray Elliot

Bob Fryberger

Peter Jacobson

Jefferson County, Colorado
2010-2013 Capital Improvement Plan
 Citizen Review Panel Information

Supplement B

FUNDING TYPE	DEPARTMENT	PROJECT DESCRIPTION	2010	2011	2012	2013	TOTAL COST
Building Maintenance Reserve	Sheriff's Office	Upgrade cell plumbing to electronic controlled fixtures	\$ 98,822	\$ 97,822	\$ 97,822	\$ -	\$ 294,466
Building Maintenance Reserve	Sheriff's Office	Replace the floors in Detention Center	\$ 69,000	\$ 69,000	\$ -	\$ -	\$ 138,000
Building Maintenance Reserve	Sheriff's Office	Replace HMI workstations in Detentions	\$ 134,106	\$ 119,322	\$ -	\$ -	\$ 253,428
Building Maintenance Reserve	Sheriff's Office	Repaint inmate cells	\$ 185,295	\$ 175,820	\$ 85,125	\$ -	\$ 446,240
Building Maintenance Reserve	Sheriff's Office	Standby generator switchgear upgrade	\$ 727,500	\$ -	\$ -	\$ -	\$ 727,500
Building Maintenance Reserve	Facilities Management	Campus Glass Replacement Project	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 200,000
Building Maintenance Reserve	Facilities Management	Install AV Equipment/Signage in C & A conf room	\$ 40,000	\$ -	\$ -	\$ -	\$ 40,000
Building Maintenance Reserve	Facilities Management	Replace furniture in C & A Conference rooms	\$ 78,650	\$ -	\$ -	\$ -	\$ 78,650
Building Maintenance Reserve	Facilities Management	Campus hardscape replacement	\$ 1,019,875	\$ 200,000	\$ 212,500	\$ 522,393	\$ 1,954,768
Building Maintenance Reserve	Facilities Management	Multiple sites - roof repair & replacement	\$ 235,000	\$ -	\$ -	\$ 1,153,000	\$ 1,388,000
Building Maintenance Reserve	Facilities Management	Replace C & A Air Handler Units	\$ 2,539,867	\$ -	\$ -	\$ -	\$ 2,539,867
Building Maintenance Reserve	Facilities Management	Replace kitchen equipment - C & A Bldg	\$ 59,226	\$ 55,117	\$ -	\$ -	\$ 170,216
Building Maintenance Reserve	Facilities Management	C & A Bldg - replace chillers	\$ -	\$ -	\$ -	\$ 6,360,000	\$ 6,360,000
Building Maintenance Reserve Total			\$ 5,237,341	\$ 767,081	\$ 501,320	\$ 8,085,393	\$ 14,591,135
Financing	Countywide	Courtroom Remodel	\$ 4,000,000	\$ -	\$ -	\$ -	\$ 4,000,000
Financing	Countywide	Data Center Relocation/ Backup Network	\$ 1,800,000	\$ -	\$ -	\$ -	\$ 1,800,000
Financing	Countywide	Health/C&R Relocation - Facility	\$ 6,400,000	\$ -	\$ -	\$ -	\$ 6,400,000
Financing	Countywide	Multiple tenant Facility	\$ 8,000,000	\$ -	\$ -	\$ -	\$ 8,000,000
Financing	Sheriff's Office	Detention Facility Expansion/ Correction Facility	\$ 41,000,000	\$ -	\$ -	\$ -	\$ 41,000,000
Financing Total			\$ 61,200,000	\$ -	\$ -	\$ -	\$ 61,200,000
Pay-As-You-Go	Clerk & Recorder	Pitney-Bowes Relia Vote Equipment	\$ 215,000	\$ 215,000	\$ 215,000	\$ -	\$ 645,000
Pay-As-You-Go	Clerk & Recorder	SOE Software - online reporting or results	\$ 35,000	\$ -	\$ -	\$ -	\$ 35,000
Pay-As-You-Go	Clerk & Recorder	Replace Anthem recording system	\$ -	\$ 500,000	\$ -	\$ -	\$ 500,000
Pay-As-You-Go	Sheriff's Office	Upgrade Dispatch Radio consoles	\$ 1,002,343	\$ -	\$ -	\$ -	\$ 1,002,343
Pay-As-You-Go	Sheriff's Office	6 year vehicle replacement schedule	\$ 1,502,300	\$ 1,561,000	\$ 1,718,600	\$ 1,629,400	\$ 6,411,300
Pay-As-You-Go	Sheriff's Office	5 year computer replacement schedule	\$ 440,400	\$ 440,400	\$ 440,400	\$ 440,400	\$ 1,761,600
Pay-As-You-Go	Sheriff's Office	Replace hardware/software - Criministics	\$ 25,000	\$ 10,000	\$ -	\$ -	\$ 35,000
Pay-As-You-Go	Sheriff's Office	Treasurers module of new Assessor System	\$ 1,500,000	\$ -	\$ -	\$ -	\$ 1,500,000
Pay-As-You-Go	Treasurer's Office	Beer Sisters Reservoir Improvements	\$ -	\$ 100,000	\$ 750,000	\$ -	\$ 850,000
Pay-As-You-Go	Highway & Trans	Drake Outfall culvert/channel construction	\$ 150,000	\$ 700,000	\$ 500,000	\$ -	\$ 1,350,000
Pay-As-You-Go	Highway & Trans	Replace box culvert at Dutch Creek/Estes St	\$ 50,000	\$ 350,000	\$ -	\$ -	\$ 400,000
Pay-As-You-Go	Highway & Trans	Lilley Gulch at Wadsworth drainage improve	\$ 200,000	\$ -	\$ -	\$ 50,000	\$ 250,000
Pay-As-You-Go	Highway & Trans	Replace culvert - N.B. Coon Creek at Miller St	\$ -	\$ -	\$ -	\$ 100,000	\$ 100,000
Pay-As-You-Go	Highway & Trans	South Weir Gulch drainage improvements	\$ -	\$ -	\$ -	\$ -	\$ -
Pay-As-You-Go	Highway & Trans	Fairmont Outfall	\$ 75,000	\$ 675,000	\$ -	\$ -	\$ 750,000
Pay-As-You-Go	Information Technology	CMS Upgrade for District Attorney	\$ 1,500,000	\$ -	\$ -	\$ -	\$ 1,500,000
Pay-As-You-Go	Information Technology	Fiber Cable Redundancy - Laramie and Foothills Bldgs	\$ 33,000	\$ -	\$ -	\$ -	\$ 33,000
Pay-As-You-Go	Information Technology	Network switch replacement	\$ 165,000	\$ 165,000	\$ -	\$ -	\$ 330,000
Pay-As-You-Go	Information Technology	Web Portal Implementation	\$ 337,600	\$ -	\$ -	\$ -	\$ 337,600
Pay-As-You-Go	Information Technology	Technology Replacement Fund	\$ 600,000	\$ 600,000	\$ 600,000	\$ 600,000	\$ 2,400,000
Pay-As-You-Go	Information Technology	Technology Replacement Fund	\$ 7,830,643	\$ 5,316,400	\$ 4,224,000	\$ 2,819,800	\$ 20,190,843
Grand Total			\$ 74,267,984	\$ 6,083,481	\$ 4,725,320	\$ 10,905,193	\$ 95,981,978