Capital Budget

Overview

The capital expense budget is Lane County’s financial plan for capital acquisition and capital improvements and construction. The capital budget for FY 15-16 totals $18.75 million.

Capital Outlay funds are allocated for the planned purchase and/or replacement of equipment, machinery, land, buildings, furniture or other items which generally have a useful life of more than one year and a value of at least $5,000. Capital Project funds are allocated for the enhancement, improvement, or renovations to the County’s roads and bridges, waste management facilities, parks and open spaces, health facilities, and other County owned facilities.

The capital budget is distinct from the operating budget in several ways.

1) These expenditures reflect non-recurring improvements rather than ongoing expenses. When possible, capital projects are funded from one-time, non-recurring funding sources such as debt proceeds or grants which are not appropriate funding for recurring operating expenses.
2) Capital projects tend to be expensive, span more than one fiscal year, and require more stringent control and accountability.
3) Several of the sources of revenues to pay for capital expenses are constitutionally or statutorily restricted for use only on capital improvements.

Road Fund projects and purchases have long dominated the County’s capital budget, and despite recent budget reductions, still make up 26% of the total capital budget for FY 15-16.

Capital Projects by Fund

Lane Events Ctr - Capital 0.16%
Solid Waste Disposal 18.95%
Motor & Equip Pool 13.16%
So Fleet and Equipment 2.38%
Intergovernmental Services 0.22%
PC Replacement 3.81%
General 0.64%
Parks and Open Spaces 2.90%
Road Grants 0.55%
General Road 29.38%
Juv Just Cntr Construction 1.92%
Health & Human Services 0.38%
SR SubFund General Exp 1.34%
SR SubFund County Admin 1.09%
SR SubFund Public Works 0.25%
SR SubFund Public Safety 3.67%
Public Land Corner Preservation 0.19%
Capital Improvement 19.01%
Capital Outlay

Dwarfed by the projects budget, Capital Outlay makes up 34% of the Capital Budget at $6.4 million. The Motor & Equipment Pool occupies just over three-quarters of the Capital Outlay Budget (76.5%).

Heavy equipment and vehicles make up 50% of the proposed capital outlay purchases in FY 15-16.

Capital outlay acquisitions are budgeted in various operating funds then transferred to replacement funds. All equipment is on a replacement schedule.
Capital Budget

Total Capital Outlay is decreasing from a FY 14-15 high of $7.72 million down to 6.41 million. The increase over the past five years is in large part attributed to an increase in fleet costs and the increase in medical and dental equipment associated with the Community Health Clinics.

Capital Projects

Capital Projects make up the majority (66%) of the Capital Budget at $12.35 million with the largest single share dedicated to transportation projects. Expansions at the County’s Solid Waste Disposal Site planned for FY 15-16 amounts to 38.9% of the total capital project budget. Lane County’s major facilities projects and acquisitions have been limited for years to routine repairs or emergency projects.
The largest Capital Project expense category in FY 15-16 will be General Construction ($4.2 million) followed by Paving ($2.8 million).

**Capital Projects by Expense Category**

As a whole, the Capital Project budget is also seeing a decline down almost $900 thousand from current year to $12.35 million. This trend is expected to continue unless a replacement revenue source is identified.

**Transportation & Infrastructure Projects**

Lane County’s most recent five-year Capital Improvement Program (CIP) includes projects specific to the County’s transportation network. Approved by the Roads Advisory Committee on February 26, 2014,
the FY15-19 CIP was adopted by the Lane County Board on April 29, 2014. At a total of $18.0 million, funding has significantly diminished from a peak of $107 million in the FY05-09 plan.

The focus of the current CIP is on Preservation/Rehabilitation projects, occupying all but $250,000 of the $18 million budget. This allocation is unchanged from the FY14-18 CIP. On April 29, 2014, the Board of County Commissioners approved a plan to transition from annual review and approval of the 5-year Capital Improvement Program from annually to biennially.

The CIP allocates a significant percentage of the Road Fund towards Preservation and Rehabilitation, Bridge Rehabilitation and Preservation, and Covered Bridge Preservation. The CIP allocates $3.0 million per year to Overlays and Pavement Rehabilitation, which is a decrease of $1.5 million compared to the $4.5 million per year that was allocated prior to FY13-14. Annual $275,000 fund allocations are made for Bridge Rehabilitation and Preservation, as well as identical annual allocations towards Covered Bridge Preservation. As shown above, the combined preservation and rehabilitation category expenses constitute about 98.6 percent of the total Road Fund expenses.

Due to budget limitations in the Road Fund, there is currently no money available to fund projects under the Right-of-Way, General Construction, Structures, Fish Passage Projects, Bike and Pedestrian Improvements, or the Payments and Matches to Other Agencies categories.

**Non-routine Projects**

Many projects planned in the Capital Budget are routine in nature, for example; road and bridge preservation, maintenance and construction of the landfill, repairs to facilities, roof replacements, purchase and replacement of data processing equipment and fleet vehicles, etc. Large scale major projects and purchases that may have an impact on operations are called out in this section.
Selection of non-routine projects is the result of coordination between the Facilities Planning & Construction Office and the County’s Facilities Committee, which includes two Commissioners, the County Administrator, the Management Services Director, and three Department Directors, at least one of whom must be elected. The Committee meets monthly or as needed. For large scale projects, the Capital Projects Manager presents project plans to the Committee and, once a proposed project scope receives the Committee’s endorsement, it is advanced to the Board of County Commissioners for award of contract.

To assist with future non-routine project selection, the County’s current strategic plan includes a comprehensive condition assessment of all County facilities upon which a facilities master plan will be developed. The effort will assist in the identification of facility improvement priorities and help to more formally guide project development.

**ASSESSMENT & TAXATION CONSOLIDATION**

**General Description**
The work associated with this project is the latest in a number of projects intended to consolidate tenants at the Public Service Building (PSB) while improving building systems, finishes, and the overall experience for employees and the public. This multi-year effort to more efficiently arrange tenants and extend the service life of the PSB is part of a larger space allocation plan which includes the following projects:

- **June 2012:** Land Management Division relocates from PSB Lower Level South to Customer Service Center at PW Campus
- **February 2013:** Developmental Disabilities relocates from PSB Plaza Level Southeast to space vacated by Land Management Division at PSB Lower Level South
- **February 2014:** Human Services Division relocates from PSB Lower Level Southwest to Charnelton Building 5th Floor East
- **March 2014:** Human Resources relocates from PSB Street Level Southwest to space vacated by Developmental Disabilities at PSB Plaza Level Southeast.
- **March 2015:** Data Center at PSB Street Level North is comprehensively refurbished, achieving necessary reliability and extending service life
March 2016: A&T Offices consolidate at PSB Lower Level North by expanding into vacated IS space and moving Appraisal staff and Administration from PSB Street Level North

TBD: IS Offices consolidate at PSB Street Level North by expanding into vacated A&T space and moving IS Client Support Services from PSB Street Level Southeast

TBD: Tenant (TBD) assumes occupancy of vacated space at PSB Lower Level Southwest and PSB Street Level South

TBD: Tenant (TBD) assumes occupancy of vacated space at PSB Plaza Level North once City of Eugene moves to new City Hall space

Budget and Funding:
The project’s contract amount of $932,000 will be paid for by the Capital Fund. A number of additional expenses associated with the project (furnishings, business specific systems, etc.) will be paid for by the Assessment & Taxation Department, specifically from prior year General Fund allocations and have been planned over a number of years.

Objectives and Anticipated Benefits:
In addition to the co-location of similar services facilitated by these projects, several other long-standing facilities maintenance issues have and will continue to be addressed. Work associated with the modernization of heating and cooling equipment, temperature controls, and lighting controls will reduce annual operating costs. Also, the replacement of carpet and other finishes that have long passed their useful life with modern, lower maintenance materials will reduce custodial costs. In addition, the reconfiguration of work groups and the establishment of controlled access in critical areas will allow for the securing of protected information and valuable county assets employees regularly work with. Finally, physically co-locating work groups within the same department will increase collaboration and efficiency and provide for better service to customers at improved points of public assistance.

Impact to Future Budgets:
The replacement of obsolete equipment in the current Assessment and Taxation space will dramatically reduce Facilities Maintenance costs associated with service and repair services to the area. Additionally, incorporating this space into the PSB’s building automation system, which relies on much more sophisticated sensors and controls to ensure the minimal energy is used to achieve the optimal indoor environment, will have a dramatic impact on utility costs attributable to the space. Finally, consolidating and co-locating work units that are currently on two different floors and three different locations will reduce travel time for staff and increase collaboration, resulting in operational savings for the department.

**SHERIFF’S OFFICE TRAINING FACILITY COVER:**
Capital Budget

Structural Model of Steel Frame for Facility Cover

General Description
The Lane County Sheriff’s Office, Eugene Police Department and Springfield Police Department operate The Dave Burks Memorial shooting ranges at the County’s Short Mountain Landfill, 84777 Dillard Access Rd, Eugene, OR 97405. The facilities include two target bays, a rifle range and an approximately 55’x75’ concrete slab bearing wood framed walls, which have been configured to simulate interior environments similar to those confronted in law enforcement situations. The “simunition house” allows law enforcement officers with an opportunity to train utilizing safe force on force practices. Officers are trained in how to safely deal with use of force situations within a building or house. The purpose of this proposed contract is to provide a cover over this particular facility to protect it from the damaging effects of the weather and allow for greater control of the training environment. The cover will also allow a more realistic training environment that will include furnishings and other training aids.

Budget and Funding:
The project’s contract cost of $146,344 will be paid for through a combination of Sheriff’s Office training funds ($47,500) and the Capital Fund (~$100,000).

Objectives and Anticipated Benefits:
The objective of the project is to provide cover to the existing facility so that it may be improved, provide for a wider and more diverse range of trainings, and be able to be scheduled year round. These expanded capabilities will benefit a number of local law enforcement agencies that rely on this facility for critical training.

Impact to Future Budgets:
Eliminating weather related impact to the facility will allow for an expanded offering of trainings, reducing the cost associated with obtaining these trainings through outside providers. Additionally, the ability to schedule the facility regardless of the weather will allow for greater flexibility in scheduling and more opportunities for training time, minimizing impacts to the schedules and budgets of the law enforcement agencies that utilize the facility.

DELTA OAKS COMMUNITY HEALTH CLINIC

General Description
The expansion of the Oregon Health Plan (OHP) continues to result in an increased long-term need for OHP member assignment to primary care physicians (PCPs) and patient-centered primary care homes (PCPCH). As of mid-March, Trillium has 95,955 Oregon Health Plan members in Lane County and 13,483 of these members are still in need of a PCP.
Capital Budget

Objectives and Anticipated Benefits:
An additional Community Health Center Clinic will be able to take assignment of at least 6,000 of these members. Trillium and Lane County have determined that the expansion of the CHCLC is one way to meet the need for additional primary care in Lane County and have partnered to get the clinic up and running. Trillium has allocated up to $1 million in funding for development of the north Eugene CHCLC. Lane County has selected a site located at 1022 Green Acres Road for the additional clinic. The site is 10,000 square feet and once completed will provide 15 exam rooms serviced by three teams of providers. The goal is to have the clinic up and running by October 31, 2015.

Budget and Funding:
The project is a tenant improvement to space leased by the County at a privately-owned facility. Given this, and the fast-track nature of the project, the County worked with the facility owner’s preferred contractor to develop a guaranteed maximum price for a largely conceptual project plan. The guaranteed maximum price (GMP) for the tenant improvement portion of the work is $1,843,102. There will be additional costs associated with clinic furnishing, supply, and start-up. The project is being funded through a partnership between Trillium and Lane County Health and Human Services with Trillium contributing $1 Million or less than 50% of the total construction/startup cost. The remaining funding is coming from existing reserves within the Community Health Center programs.

Impact to Future:
While the initial construction and start-up is funded by Trillium, the ongoing operation of the clinic will be funded through fee-for-service billings. Funds generated by the Community Health Centers are used for clinic expansion to increase access to medical care. Health & Human Services will be adding FTE to provide services at the new clinic site and projections indicate that the new clinic will generate enough revenue to fully cover its cost, thereby eliminating impact on other options.

JJC Penthouse Roofing System Replacement

General Description
The Lane County Juvenile Justice Center (JJC) is located at 2727 Martin Luther King Jr. Boulevard in Eugene, Oregon. This complex was constructed in 2000, and essentially consists of one main building with its long axis along the east-west direction. The south half of the building generally houses administrative offices and two courtrooms, while the north half of the building is comprised of three modules of housing facilities.

Near the center of the building, a structure extends above the main roof that creates a multi-story space for the building’s two courtrooms and main entry foyer below. The structure also includes a mechanical room, and is identified on the original construction drawings as the “penthouse”. The penthouse includes clerestories at both the north and south facades that provide outdoor light to the building interior.
Capital Budget

At the penthouse, the original construction documents indicate the roof system design to consist of the following (from bottom to top): structural steel roof frame with three-hour spray-on fireproofing, metal deck with two-hour spray-on fireproofing, 5/8 inch thick gypsum sheathing, R-19 rigid insulation board, bituminous sheet membrane, and curved standing seam sheet metal panel roof. The low slope barrel roof was designed with a radius of 107 feet, 8 inches, and drains to gutters at the eaves. The barrel roof extends beyond the exterior wall plane, creating a fascia and soffit.

It was reported that after initial completion of the barrel roof construction, water leakage was observed at the clerestories of the courtrooms directly below. The original installer of the metal panel roof system was subsequently hired to install remedial sealant fillet beads along the standing seam battens of the metal roof panels.

Several years after the remedial sealant repairs were installed, water leakage into the courtrooms was again reported at the north facade clerestories during significant rain events. The water leakage reportedly occurred at the clerestory window head and damaged interior gypsum board finishes, dripping onto the courtroom floors below. Superficial investigations and impromptu mitigation measures managed to limit disruption to building operations, but did not resolve the issue. In September of 2014, the Capital Projects Manager engaged the services of a building façade consultant, WJE Engineers and Architects, to perform a comprehensive assessment of the penthouse roof system. The objective of the assessment was to determine the source of the water intrusion, the extent of the water intrusion, and to develop repair concepts that would effectively eliminate the water intrusion. WJE’s investigation work was supported by the services of a local contractor, McKenzie Commercial, under the county’s retainer agreement for construction services.

WJE’s water spray testing of the existing roof demonstrated that water entry through the roof panel joints resulted in water intrusion into the soffit, where it collected and subsequently leaked into the building interior at clerestory window heads. Selective removal of portions of the building’s façade revealed that the water intrusion is widespread, affecting a number of building elements. Most notably, removal of existing panels revealed various levels of corrosion at the panel clips and fasteners. Because of this corrosion, WJE strongly recommended replacement of the roof panel assembly as soon as practicable. Along with replacement of the paneling, it recommended that any deteriorated roofing components below the paneling be removed and replaced as well.

Upon receiving WJE’s report, the Capital Projects manager directed WJE to complete a project design for replacement of the exiting roof system that would effectively address the water intrusion issues. While several less expensive alternatives were explored through this process, it was determined that the new roofing system should maintain the metal roof aesthetic used at other roof sections visible from ground level, especially given the architectural prominence of the penthouse roof. WJE consulted with a number of manufacturers and local installers to effectively address issues with the current roof system’s design while maintaining a similar aesthetic as part of this projects scope. WJE produced construction documents that were advertised for bid on June 11, 2015. The County received one bid, from McKenzie Commercial, by the bid deadline of July 15, 2015.

Objectives and Anticipated Benefits:
This roofing replacement project is intended to eliminate the ongoing water intrusion at the affected area.

Budget and Funding:
The issues associated with the original JJC penthouse roof system installation are generally attributable to a combination of poor design and careless execution of the work. Unfortunately, after 15 years, the statutes of limitation now prevent any recourse the County would have against the designers and/or installers, and there are no applicable warranties still in effect. For these reasons, the scope of work associated with this contract is the responsibility of the County.
It was the original intent of the Capital Projects Manager to fund this project entirely with remaining JJC construction bond funds and interest earnings, currently totaling approximately $440,000 (Fund 454). However, the amount of work necessary to remove and replace damaged building materials and eliminate the source of water intrusion, while maintaining the building’s appearance, resulted in a bid amount ($519,853) that exceeds the available construction bond funds by nearly $80,000. This “excess” cost will have to be paid by another source, most likely the Capital Fund (Fund 435). To minimize the need for funding beyond the construction bond funds, the Capital Projects Manager has negotiated with the successful low bidder to perform the general conditions portion of the project ($96,578) on a time-and-material basis, with any savings accruing to the County.

Given the urgency with which the work must occur and the project team’s inability to reduce scope without compromising roof system integrity or aesthetics, the project will be funded in FY 15-16 with the remaining JJC construction bond funds first, and with Capital Fund money second. Any project savings will first accrue to the Capital Fund’s contribution, and only once the Capital Fund’s contribution is eliminated would savings accrue to the JJC construction bond funds.

**Impact to Future:**
The completion of this project will eliminate the cost of remediating the impact of ongoing water intrusion in the interior spaces below the failing roof system. This includes the labor costs of Facilities Maintenance staff as well as the costs associated with operational impacts to the Courtrooms and main foyer below the roof. With successful replacement of the roof the County will avoid any necessary impact on operations either physically or financially in the future.