



A Tradition of Stewardship  
A Commitment to Service

Agenda Date: 8/9/2016

Agenda Placement: 6P

## NAPA COUNTY BOARD OF SUPERVISORS Board Agenda Letter

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**TO:** Board of Supervisors

**FROM:** Steven Lederer - Director of Public Works  
Public Works

**REPORT BY:** Juan Arias, Engineering Manager Public Works - 259-8374

**SUBJECT:** South Campus Improvements Project, PW 15-200 - Project close-out funding authorization

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### **RECOMMENDATION**

Director of Public Works requests authorization to utilize up to \$830,000 in excess funds which were allocated for the purchase of the South Campus Facility, in order to complete the Health and Human Services Agency (South Campus) construction project.

### **EXECUTIVE SUMMARY**

The South Campus Improvements Project will be completed this summer and the Health and Human Services Agency will be relocated from its current location at the Old Sonoma Road Campus to the South Campus on Napa Valley Corporate Drive. The Agency move has been announced to the community. Use of remaining funds allocated for the purchase of the South Campus Facility is necessary to cover additional project costs for construction, specifically related to Heating, Ventilation, and Air Conditioning (HVAC) units which failed prior to the end of their expected life, and to cover a recent accounting procedure change which moved certain (Property Management and Communications) charges from the General Fund into the project fund.

### **FISCAL IMPACT**

Is there a Fiscal Impact?	Yes
Is it currently budgeted?	Yes
Where is it budgeted?	Capital Improvement Program, Fund 3000, Subdivision 30005-04, Program 11014.
Is it Mandatory or Discretionary?	Discretionary

Discretionary Justification:	This item is discretionary in that there is no mandate to complete the Health and Human Services Campus. However, a significant investment has been put into the construction of the new Health and Human Services projects and using funds remaining from the purchase of the site to complete the construction as planned and address immediate maintenance needs will enhance the quality of the space and services provided to the public.
Is the general fund affected?	No
Future fiscal impact:	None. Funds currently held in the Capital Improvement Project fund for this project will be fully expended.
Consequences if not approved:	If this item is not approved, the final construction and maintenance projects will be deferred. While the move would still occur, the need would remain and likely be more costly in the future.
Additional Information:	

### **ENVIRONMENTAL IMPACT**

ENVIRONMENTAL DETERMINATION: The proposed action is not a project as defined by 14 California Code of Regulations 15378 (State CEQA Guidelines) and therefore CEQA is not applicable.

### **BACKGROUND AND DISCUSSION**

In Fiscal Year 2013-2014, the Board of Supervisors authorized the purchase of the former Mylan Campus on Napa Valley Corporate Drive for a new Health and Human Services Campus. At the time, \$26,440,950 was estimated for the purchase, fees and due diligence of the project. This amount was transferred to the Capital Improvement Fund and authorized for expenditure. As a result of successful negotiations with the seller, \$830,058.13 was not needed for the sale and remained in the Capital Improvement Fund following completion of the purchase.

In Fiscal Year 2014-2015, the Board of Supervisors approved a project budget of \$17,040,950 for the necessary improvements to relocate the Health and Human Services to the new site. The construction is largely complete and the move is scheduled to begin this Friday (August 12, 2016). It is anticipated that the project budget will be fully expended upon the project construction and move completion. It is also anticipated that approximately \$300,000 in additional funds will be required to fully cover all project costs including items that were unanticipated when the project was developed to make the campus fully operational for the move. The significant item that will cause us to exceed the project budget is related to Heating, Ventilation and Air Conditioning (HVAC) equipment repairs and replacement items that were identified as construction was being completed and building systems were being brought back on-line to prepare the buildings for occupancy. The due-diligence effort the County undertook prior to purchasing the property indicated that these units would need to be replaced soon, though we didn't anticipate that it would occur so quickly.

Additionally, in Fiscal Year 2016-2017, the Board of Supervisors approved the creation of an internal service fund for Property Management and Communications. Previously, these services were included in the General Fund and the cost of staff time dedicated to capital projects were assumed by the General Fund. With the change in the fund structure, per good accounting procedure, costs of services for capital projects are now charged to each project and not to the operating departments that receive services from these funds. To date, approximately \$288,000 in services from Communications and Property Management have been provided to the project. These costs were not included in the project budget since when the project budget was created Property Management and

Communications staff time dedicated to capital projects were usually assumed by the General Fund. Thus these are not new or unexpected costs, but are being paid out of the project budget instead of out of the General Fund as was the process in place when the project budget was created.

The Director of Public Works is requesting authorization to use up to \$830,000 in unused funds allocated for the purchase of the Napa Valley Corporate Drive towards construction and maintenance and Property Management and Communications internal service charges to complete the project and move staff into the renovated facility. Any unused funds will be returned to their source at project close-out.

**SUPPORTING DOCUMENTS**

None

CEO Recommendation: Approve

Reviewed By: Molly Rattigan