

Appendix 6: Funding Sources

Capital Improvement Funding Sources

Funding capital and major maintenance projects is a challenge faced by all governmental entities charges with developing and maintaining facilities and infrastructure. Due to the economic downturn and a related decline in governmental revenues, capital and major maintenance expenditures have been constrained for the past several years. Although funding has been constrained, an existing backlog of projects with previous allocations of funding has allowed capital and maintenance development to continue.

This plan is focused on the financing of capital projects which will be considered for development within the next five years. The funding sources identified are those which are known and have historically been used to develop capital projects. The following sub-sections identify funding the sources used in this plan.

Facility Project Funding Sources – General Services Agency

There are a variety of funding sources used to pay for the cost of developing County facilities. The Board of Supervisors budget policies emphasizes development of projects which are 100% revenue offset or have their own funding source. County functions which are enterprise funds, such as the County Airports and County Golf Courses are expected to utilize their own funding for capital and maintenance improvements. By Board policy, Library projects are to be funded with 50% of the cost coming from the community in which the library improvements are proposed.

Public Facility Fees (PFF) provides funding for five areas being General Government, Law Enforcement, Fire Protection, Libraries and Parks. Public Facility Revenues are dependent upon fees charged to new development projects and can only be used to fund new facilities needed to accommodate growth. They cannot be used for operations or maintenance expense. The decline in development activity due to the economic downturn has caused revenues from these fees to fall by 50% from their high levels in the middle of the last decade. Current annual PFF revenues total about \$1 million for all five functional areas. PFF not used during the year is applied to PFF reserves. There is approximately \$5 million in PFF reserve funds. The next 10 or more years of future revenue from Library Public Facility Fees has been committed to finance the Atascadero and Cambria library projects identified in the proposed Five Year CIP. The General Government PFF revenues are committed to pay for a portion of the debt financing for the New Government Center.

The balance of Capital Project reserve funds fluctuate with use and replenishment. The amount of funding set aside in capital reserve accounts has been reduced concurrent with other reductions made to balance the County budget. At the beginning of FY 2011-12 the Capital Project reserve fund balance was about \$13.3 million. All but \$3.6 million is designated for specific projects, including the Women’s Jail and Juvenile Hall Expansion projects shown on the proposed Five Year CIP. The General Government Building Reserve has about \$9.4 million in available funding. A portion of this reserve may be used to fund capital projects recommended in the FY 2012 – 13 budget.

The following table identifies funding sources matched to the functional areas for projects. The funding sources in the table are those that are most commonly applied to capital and major maintenance projects for the facilities developed within the functional area.

Functional Area	Funding Source
Airports	Federal Aviation Administration grants and entitlements Passenger Facility Fees Customer Facility Fees Airport Enterprise Revenues
General Government	Capital Project Reserves General Government Building Replacement Reserves General Government Public Facility Fees Depreciation charges General Fund Grant funds when available
Golf Courses	Debt obligations financed with Golf Course Enterprise Funds Golf Course Enterprise revenues Grant funds when available
Health and Social Services	Health operating budget DSS operating budget Capital Project Reserves General Government Building Replacement Reserves Depreciation charges General Fund Grants when available
Library	Library Public Facility Fees Library Reserves Library operating budget 50% funding from the community
Parks	Parks Public Facility Fees Quimby Fees Parks Reserves Parks operating budget Grant funding when available

<p>Public Safety</p>	<p>Law Enforcement Public Facility Fees Fire Protection Public Facility Fees Operating budgets – Sheriff, Fire, Probation District Attorney Capital Project Reserves Asset Forfeiture Funds General Fund Grants when available Funding authorized by SB 900 and SB 8 for local jail and juvenile hall projects (one time)</p>
<p>Public Works (for County facilities)</p>	<p>Capital Project Reserves General Government Building Replacement Reserves General Government Public Facility Fees Depreciation charges General Fund Grant funds when available</p>

Infrastructure Project Funding Sources - Public Works Funding

Public works infrastructure requires a multitude of funding sources to advance projects to final construction. The County seeks out several funding opportunities for project implementation. Nonetheless, there are certain core funding sources from which Public Works will advance projects. These are broken down into particular functional areas as follows.

Water Systems – Improvements are dependent on rates and charges to system customers in order to develop capital improvements to the system. On large systems such as the Nacimiento Pipeline or Lopez Water supply, the charges relate to the public agencies. On smaller water systems, improvement funds are developed through bimonthly water rate charges and occasional system grants or loans from State or Federal Sources.

Wastewater Systems – These improvements are also dependent on rates and charges to the customers with assistance via grant or loan programs from State and Federal Sources.

Flood Control – Under adopted Flood Control District Policy, capital improvements are to be paid for by the benefiting properties. Recent work in Cambria or along the Arroyo Grande Channel was initiated under an Assessment Districts. In both cases, these initial funding leveraged additional funds through Federal or State grant programs under FEMA and Prop 1E funds respectively. Other localized drainage projects have been done through discretionary funds provided by the General Fund or potentially from a built up reserve fund under the General Flood Control District which the Board has recently reviewed at the end of 2011.

Transportation – Transportation projects are funding primarily through three sources. The first is under Federal Transportation Grant Programs for bridge replacements or road safety improvements. The second is under programming of State transportation funds for regional projects through the San Luis Obispo Council of Governments. And third, under the County Road Improvement Fee programs, funding is established to mitigate increased traffic demand from development.