



BOARD OF SUPERVISORS
AGENDA LETTER

Agenda Number:

Clerk of the Board of Supervisors
105 E. Anapamu Street, Suite 407
Santa Barbara, CA 93101
(805) 568-2240

Department Name: General Services
Department No.: 063
For Agenda Of: 9/15/2009
Placement: Departmental
Estimated Tme: 30 minutes
Continued Item: No
If Yes, date from: N/A
Vote Required: **Majority**

TO: Board of Supervisors

FROM: General Services Bob Nisbet, Director (560-1011)
Contact Info: Paddy Langlands, Assistant Director (568-3096)

SUBJECT: **Clerk Recorder Assessor Election Division Consolidation Project #8685 Approval of Plans & Specifications, CEQA Exemption, Authorization to Bid, and Financing**

County Counsel Concurrence

As to form: Yes

Other Concurrence: Debt Advisory Committee

As to financing: Yes

Recommended Actions:

That Board of Supervisors:

- A. Approve the plans and specifications for the maintenance & alterations to the County building J02030 commonly known as the "Calle Real Veteran's Clinic" for County Elections, Project 8685;
- B. Approve the Categorical Exemption pursuant to the County's California Environmental Quality Act (CEQA) guidelines for the maintenance & alterations to the Calle Real Veteran's Clinic for County Elections, Project 8685;
- C. Authorize the Director of General Services to advertise for construction bids for the maintenance & alterations to the Calle Real Veteran's Clinic for County Elections, Project 8685;
- D. Approve a private placement financing for Phase II using the California Community Joint Powers Authority (CaLease) in an amount not to exceed \$1.6 million, for a term no greater than 10 years, with an annual maximum interest rate of 5.28%;

Auditor-Controller Concurrence

As to form: No

- E. Adopt a Resolution authorizing the County of Santa Barbara to enter into a Lease and Leaseback Agreement in a form substantially similar to that provided herewith, with the County as Lessee, and CaLease Public Funding Corporation as Lessor, with respect to the Lease and Leaseback of a Building to be Renovated and Used by the Clerk – Recorder – Assessor; and an Escrow Agreement among CaLease Public Funding Corporation, the County of Santa Barbara, and the Escrow Agent named therein; and a Tax Compliance Agreement among CaLease Public Funding Corporation, the County of Santa Barbara, and the Escrow Agent named therein;
- F. Direct the County Treasurer - Tax Collector, County Auditor - Controller, County Counsel, and General Services to proceed with all actions necessary to execute the Lease and Leaseback Agreement, and other related documents;
- G. Authorize the Treasurer - Tax Collector, to abandon the execution of the Lease and Leaseback Agreement if market conditions are deemed to have become financially unfavorable.

Summary Text:

There are two phases to this project, I and II; the initial portion of the first phase, Phase IA, is significantly complete. Approval of Phases IB and II will allow General Services to publicly bid the project, and will enable the Clerk Recorder Assessor (CRA) to consolidate operations previously located in three locations at the Naomi Schwartz building, in a Downtown Santa Barbara lease, and in the basement of the Santa Barbara County Courthouse. Financing options were considered by the Debt Advisory Committee (DAC). They unanimously recommended that the Board of Supervisors consider financing Phase II of the project and that General Services return to them with a recommendation for a tenant for the vacated space in the Naomi Schwartz building, who would assume the remaining Certificates of Participation payments on the space.

Background:

The Veterans Administration Building located at 4440 Calle Real, Santa Barbara, is a 24,000 square foot county owned facility built in 1967 on the Calle Real Campus. Since it was vacated by the prior tenant in 2005 (US Federal Veteran's Administration) with the exception of approximately 6,000SF on the upper level still serving as an outpatient clinic, it has remained vacant and several options have been studied including possible use as an interim Emergency Operations Center (EOC). Due to the requirement that the EOC be housed within an essential services rated facility, the modifications required to bring the building to those standards precluded further consideration. It was subsequently decided that the space would adequately serve the needs of the Clerk Recorder Assessor's Elections division and allow consolidation of staff and operations presently housed within three different facilities including leased space.

Phase IA of this project accomplished repairs to the existing space within the Veteran's Clinic to allow it to serve as a ballot storage room including removal of built in casework, addition of an FM-200 fire suppression system, and general maintenance. Phase IB will perform similar maintenance to 5,800SF of

the lower level of the building including carpet replacement, demolition of select non-load bearing partitions, paint, and distribution of data and telephone to serve as the county’s Vote by Mail Processing facility. The total project cost of Phase I is estimated at \$500,000. Phase II will repair the remainder of available square footage on the 1st floor of the Vets Building not repaired during Phases 1A or 1B (approximately 6,000sf), and approximately 6,000sf of the 2nd floor and will also prepare the building for the installation of an emergency generator automatic transfer switch, installation of a card reader access system, a security camera system and relocation of the existing server. The total cost of Phase II is \$1,787,980.

A CEQA categorical exemption is being requested for this project as it consists of maintenance, repair, and alteration of an existing public structure with no expansion in accordance with 15301 (a),(d).

Performance Measure:

In the past the Elections Division has operated out of three separate facilities resulting in increased cost and creating inefficiencies. Consolidating County Elections will improve the elections process and reduce rising lease expenses.

Fiscal and Facilities Impacts:

Budgeted: Yes

Fiscal Analysis:

<u>Funding Sources</u>	<u>Current FY Cost:</u>	<u>Annualized On-going Cost:</u>	<u>Total One-Time Project Cost</u>
Phase I - FY 08-09 Elections Budget for May 2009 Statewide Special Election & Elections Designation	\$ 500,000.00		\$ 500,000.00
Phase II - CalLease	\$ 1,600,000.00		\$ 1,600,000.00
Phase IB - Santa Barbara Elections Designation	\$ 187,980.00		\$ 187,980.00
Total	\$ 2,287,980.00	\$ -	\$ 2,287,980.00

Narrative:

The total cost of the project is \$2,287,980 with construction of Phase I estimated at \$500,000 and Phase II estimated at \$1,787,980. The cost of Phase I is budgeted and available in Fund 0030 Department 063, Account 8700, Program 1930, Project 8685.

Financing for Phase II was considered by the DAC on July 30, 2009. The DAC unanimously recommended that the Board of Supervisors consider financing Phase II of the project, with the annual payment being no more than the current payment being made for Election’s space.

The California Communities Joint Powers Authority, CaLease Program, solicited bids (with no obligation on the part of the County) from six investors to determine the level of interest and the potential cost. Of the six bid requests, Capital One Bank was the only respondent.

Given market uncertainties over the last couple of years, many lenders no longer provide this type of financing. A \$1.6 million proceeds issuance, for a ten year term, with interest of 5.277% is proposed for the Board's approval. The interest rate is inclusive of all costs. The annual principal and interest payment will be just under \$208,000. The remainder of the funding necessary to completely fund the project (approximately \$188,000) would come from the CRA Elections Designation 9742.

The ten-year debt service payment amortization results in a final payment in November 2019, as compared to December 2021 for the portion of the 2001 Certificates of Participation for the space Elections will be vacating in the Naomi Schwartz building. It should be noted that if this transaction were financed in a larger COP issuance, the earlier COP coupon maturities would be charged interest at a lower interest rate than 5.277%; however, over time the later maturities would be similar in cost. The annual debt service for the Naomi Schwartz building space occupied by the Elections Division is just under \$101,000, plus \$64,000 annually in repayment to the Clerk-Recorder Modernization Designation for a total annual debt amount of roughly \$165,000. This payment is currently paid by the General Fund. Additionally, up until January 31, 2009, Elections was leasing space in Downtown Santa Barbara that had an annual cost of \$154,000 Triple Net, (nearly \$200,000 gross).

As a way to reduce the annual debt service payment, a second option was presented by Capital One Banks to only borrow \$1,000,000 at an interest rate of 5.48%. This option results in an annual payment of \$132,000, but would require the CRA to expend an additional \$600,000 from the Elections Designation.

The attached Resolution includes "Reimbursement of Prior Expenditures" which is required in the event there are payments made prior to issuance for Phase II that need to be reimbursed from the proceeds.

The Board approved similar private placement financings through the CaLease program in the past, including one with CaLease in August 2006 for the Alcohol, Drug, & Mental Health Services property at 212 West Carmen Lane.

The CRA anticipates vacating the Naomi Schwartz building beginning May 2010, however, they cannot complete the move until July 2010 after the June 2010 Primary. General Services is working diligently with the best candidates who might move into the space. It is expected that the department that relocates to the space will assume the proportional share of the debt service (54%) that Elections was paying, plus the Clerk-Recorder Modernization designation repayment.

Staffing Impacts:

While there is no change in staffing for legal positions this consolidation will create efficiencies and reduce risk since it will reduce the management challenges of operating out of 3 separate locations.

Special Instructions:

After Board action, please post a copy of the Notice of Exemption with the County Clerk of the Board; and execute one Original and four Duplicate Originals of the Resolution. The four duplicate originals are to be forwarded to the Office of the Treasurer – Tax Collector, Attention: Stacey Matson.:

1. Notice of Exemption, Original Resolution Contract Board's Official File.
2. Copy of Resolutions, six Duplicate Original Lease and Leaseback Resolutions, County Treasurer – Tax Collector.
3. Minute Order, Celeste Manolas, General Services Department - Support Services Div., Courthouse East Wing.

Attachments:

- 1) CEQA Exemption
- 2) Resolution Authorizing the County of Santa Barbara to Enter Into a Lease and Leaseback Agreement, as Lessee, with CaLease Public Funding Corporation, as Lessor, with Respect to the Lease and Leaseback of the County of Santa Barbara Elections Building Renovation; an Escrow Agreement among CaLease Public Funding Corporation, the Lessee and the Escrow Agent Named Therein; and a Tax Compliance Agreement among CaLease Public Funding Corporation, the County of Santa Barbara, and the Escrow Agent named therein
- 3) Lease and Leaseback Agreement
- 4) Tax Compliance Agreement
- 5) Assignment Agreement
- 6) Escrow Agreement
- 7) Certificate of Essential Use
- 8) Notice and Consent to Assignment

Authored by:

Celeste Manolas, Project Manager, (568-2622).