



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: 7/10/07
Placement: Administrative
Estimated Tme: 30 minutes on 7/17/07
Continued Item: No
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors
FROM: Department Director(s) Bob Nisbet (560-1011)
Contact Info: Paddy Langlands, Assistant Director (568-3096)
SUBJECT: **Santa Barbara Public Defender Remodel, Project #8661/F02002**
1st Supervisorial District

Betteravia Administration Building Expansion, Project #8676
5th Supervisorial District

County Counsel Concurrence

As to form: yes

Auditor-Controller Concurrence

As to form: yes

Other Concurrence:

Debt Advisory Committee, Risk Management
As to form: yes

Recommended Actions:

That the Board of Supervisors set a hearing for Tuesday, July 17, 2007, (30 minutes) to receive a staff presentation regarding the following recommendations:

1. Receive a staff presentation regarding the Debt Advisory Committee (DAC) recommendation to finance, using Certificates of Participation (COP) or other, most favorable financing in the amount of \$10.6 million for;
 - a. Public Defender Remodel project, \$4.5 million, and
 - b. Expand space for Administration Services at Betteravia, \$6.1 million.
2. Approve the attached Budget Revision Request to transfer funds from the Public Defenders Remodel Project #8661 to the Betteravia Administration Expansion project #8676 to cover design expenses anticipated during FY2007-08.
3. Adopt the attached resolution enabling the County to reimburse Capital Projects planning and design expenses incurred prior to issuance of the COP or other financing mechanism from proceeds of such debt issuance. The amount to be reimbursed is estimated at \$400,000 to the Public Defender Remodel Project #8661.

4. Approve and execute the attached Professional Services Agreement (PSA) to provide complete design, construction documents and construction administration for the Santa Barbara Public Defender Remodel in the amount of \$ 375,700 with CBA Architects, 1018 South Santa Anita Ave., Suite 1, Arcadia, CA 91006 (not a local vendor).
5. Direct the County Treasurer-Tax Collector, Auditor-Controller, County Counsel, Office of Risk Management, and General Services to proceed with all necessary actions required to issue the COP or other financing in the most cost effective manner and with consultation from the County's chosen Underwriter and Bond Counsel.

Summary Text:

A remodel of the Santa Barbara Public Defender's office is proposed in the West Wing of the Historic County Courthouse to provide for installation of an elevator and to reconfigure office space to enhance work efficiency and improve safety in the workspace. \$1.5 million is currently budgeted for this project and another \$4.5 million is required. Also, an expansion of space is needed at the Betteravia Government Center in Santa Maria to provide a new hearing room, public lobby and additional office space for several departments. This project is unfunded and is estimated to cost \$6.1 million. The DAC has recommended the required funds be financed through issuance of a COP, or other alternate financing that is most favorable to the County, in the amount of \$10.6 million and that the repayment of the COP's come from the general fund general revenues

Background:

Recommendation #1 - On April 27, 2007 the DAC received a presentation from General Services and understood the subject projects were essential, that no alternatives to expanding debt existed to cover project shortfalls, gave their concurrence to, and voted and recommended the County fund the two projects through issuance of a COP or other debt mechanism that is most cost beneficial to the County, in the amount of \$10,600,000. The Public Defender's remodel has been estimated at \$6 million and is currently funded in the amount of \$1.5 million. The additional space for Betteravia administration is estimated at \$6.1 million and currently is unfunded. The DAC also directed staff to continue to work with representatives of Bank of America to discuss the current market conditions and terms for issuing either a COP or for issuing under terms of the County's Capital Lease Financing, Master Services Agreement, the procedural steps required, and the preferred timing of an issuance.

The additional space for administration services at Betteravia includes a new Board of Supervisors hearing room similar in size and quality of construction to the one in Santa Barbara, additional public lobby, additional space for Clerk-Recorder-Assessor, Auditor-Controller (CRA), Treasurer Tax Collector (TTC), County Executive Office, County Counsel, and offices for the 1st, 2nd and 3rd District Supervisors. There are long standing inadequacies with the existing Administration Building that currently houses most of these departments. These include an inadequate public lobby which was too small even before the extension of the public counter area for the CRA and TTC and there have been space shortages for the Board of Supervisor's since the time they moved into the building. When the 2001 Adopted Space Standards are applied to this building, it would require doubling the current square footage of the building for the current occupancy. A new structure of about 9,500 square feet is

proposed at or near the existing Administration Building to house the new hearing room and the County Supervisors. The proposal would vacate about 5,000 square feet of space in the existing Administration building as a result, and remodel it to provide the added space needed for the other departments. It is estimated the construction cost will be about \$5.1 million, and the design, management and all other costs will be about \$1 million. Approximately \$400,000 will be spent by Capital Projects prior to issuance of the COP or other financing. This will be spent on part of the design costs, and part of staff costs to prepare contracts and manage the design effort. It is intended these initial design costs be reimbursed upon issuance of the financing. This project will provide expanded and better service to the public, and better working conditions for staff.

The Public Defender project is described in more detail below in Recommendation #4.

The County uses lease or COP financing proceeds to fund general purpose public improvements or capital equipment leases only when there is an identified repayment source.

Recommendation #2 - Budget Revision Request: A Budget Revision will be required to transfer General Funds from the Public Defenders Remodel Project #8661 to the Betteravia Building D Addition Fund 0030, Department 063, Program 1930, Line Item 8700, Project 8676. With this budget revision General Services will process a Professional Services Agreement for Architectural Services for this project. Once the Debt is issued the transferred funds will be reimbursed back to the Public Defenders Remodel project and the General Fund.

Recommendation #3 - The DAC has recommended, a Reimbursement Resolution that upon the Board's approval will allow for General Services to proceed with architectural services for each of the projects with General Fund monies and be reimbursed by the proceeds of the issuance. Since debt is not typically issued until construction begins, the Board is asked to adopt a resolution to establish the mechanism by which "up-front" expenditures such as design costs could be reimbursed from the COP, or other financing mechanism once issued. Allowing the project to prepare bidding documents will help prevent projects overruns, re-designs, and re-bidding, and will help eliminate the short timeline set for spending actual debt. The amount to be reimbursed is estimated at \$400,000 to the Public Defender's project.

Recommendation #4 – Public Defenders Remodel: A remodel of the Santa Barbara Public Defender's office is proposed on the 1st through 4th floors of the West Wing of the Historic County Courthouse. With the General Services and Housing and Community Development Departments having vacated the 1st and 2nd floors of the building within the last year, the remodel will provide for an additional 2,742 square feet of additional office space for the Public Defender as well as remodeling the existing 13,000 square feet of existing Public Defender office space. The project will provide for installation of an elevator, reconfigures the office space on all four floors to enhance work efficiency, increase ease of access for the public and improve safety in the workspace. An extensive evaluation of options to meet the Public Defender needs for the least cost was conducted, and is attached for reference.

A Request for Qualifications to provide professional design services for this building was advertised, with two firms responding. The Architect Selection Committee (consisting of representatives from The

Public Defender’s Office and General Services, Support Services Division) interviewed these two firms and determined that M² Architects, a local firm, was the most qualified for this project and was asked to submit a proposal for the Design work. The proposal was received and was over the estimated budget for the design work, and represented a fee 14.5% of the estimated construction cost. The County attempted to negotiate with the Architect but no agreement was reached. The second firm, CBA, has agreed to provide services within the project budget. The architectural fee now represents 9% of the estimated construction cost plus reimbursable expenses and is deemed appropriate for a remodel project of this size in the Historic Courthouse. Project completion and full occupancy is scheduled for April 2010.

Recommendation #5 – On April 27, 2007, the DAC considered and recommended financing the two subject projects using the most cost favorable mechanism. If an issuance of COP’s is determined to be most cost effective, the Treasurer – Tax Collector will direct the issuance to the Santa Barbara finance Corporation for their consideration and approval.

COPs are an alternative financing mechanism widely used by governments to finance capital projects instead of issuance of bonds, which requires a two-thirds vote. COPs allow governments to finance projects through leveraging of future general fund and other revenues. It is a practical, expedient mechanism allowing governments to complete projects needed for operations in a timely manner. The County has sufficient stream of revenues to meet the obligations of payments on this recommended COP issuance. Issuance of bond debt, which would be financed with an additional tax, is not necessary to complete these two projects. The two projects can be financed through the use of existing revenue streams, through issuance of COPs.

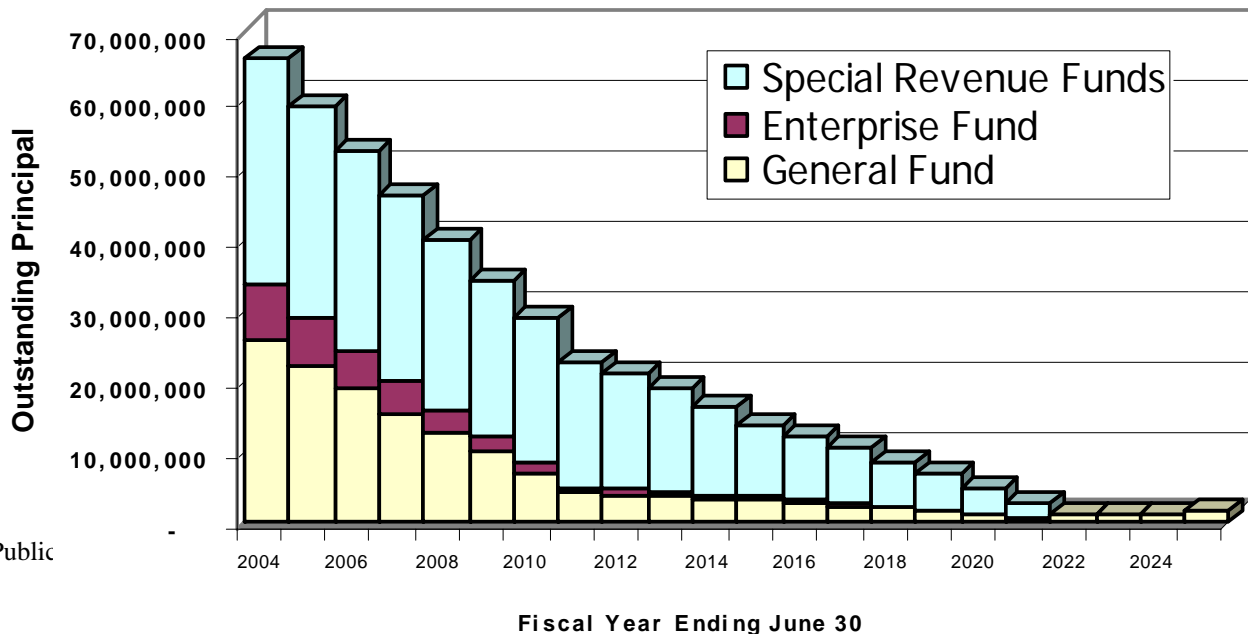
During the past 10 years there have been 13 construction projects that were financed using COP’s, (listed below). In the case of the Betteravia Administration building and Naomi Schwartz Building projects listed, the results show that prior general government use projects that used COP’s have been repaid by general revenues of the general fund. The table shows that most of the projects have been completed long before the required payment completion date.

Project Name	COP Amount (millions)	Funding Source	Yearly Payment (thousands)	Required Pay-Off Date	Project Status
Betteravia Admin	\$2.27	General Fund	\$901	Past	Completed
CRA Naomi Schwartz Bldg (Elections)	\$1.02	General Fund	\$60	12/1/2021	Completed
Clerk-Recorder Hall of Records	\$2.28	Records Automation Fund	\$172	12/1/2021	Completed
Casa Nueva	\$5.55	SS Lease APCD/SBCAG	\$453	12/1/2021	Completed
ADMHS Children’s Services	\$2.25	ADMHS Lease	\$171	12/1/2021	Completed

Court Clerks	\$3.13	Courthouse Const. Fund Criminal Justice	\$229	12/1/2021	Completed
Juvenile Hall	\$3.93	Criminal Justice	\$330	12/1/2021	Completed
Juvenile Court	\$2.63	Courthouse Const. Fund Criminal Justice	\$207	12/1/2021	Completed
District Attorney	\$5.85	Criminal Justice	\$478	12/1/2021	Completed
CRA Archive Building	\$0.89	Clerk-Recorder Modernization Designation	\$107	3/1/2015	On-going
Lompoc Fire/Sheriff #51	\$5.85	General Fund	\$435	3/1/2025	On-going
Isla Vista Foot Patrol	\$1.90	General Fund	\$142	3/1/2025	On-going
Sheriff Technical Services	\$7.77	General Fund	\$571	3/1/2025	On-going
Garden Street Parking Lot	na	na	na	na	Terminated

The graph below shows the County’s diligence in repaying it’s debt, and the source of funds used to do so. Reflecting it’s ability and history of paying down it’s debt, the County received an AA- rating from Standard & Poor’s and an A1 from Moody’s for its 2006 long-term certificates of participation. Results of good management these projects and their financing have established a strong credit history for the County and demonstrate successful and efficient use of COP project financing.

Certificates of Participation
Outstanding Principal by Fund Type



Performance Measure:

The recommendations are primarily aligned with Goal No. 2 Ensure the Public Health and Safety and Provide Essential Infrastructure.

Fiscal and Facilities Impacts:

General fund sources are proposed to pay the debt service for this COP issuance. Once the facilities are complete, operations, maintenance, and utility (OM&U) costs will increase by an estimated \$45,000 per year at the Betteravia facility which is based on an increase of square footage, and will increase by \$35,000 at Santa Barbara Courthouse based on the new heating and ventilation systems installed. Although additional staff may be required to maintain the expansion to the Betteravia complex, the County is also currently in the process of transferring court facilities to the state. It is our prediction that over the long-term, new County buildings will balance out with reduction of court buildings and no change in maintenance worker staff level will need to occur.

COPs, as well as any other financing mechanism, are an obligation of the General Fund regardless of which funds are designated internally to pay the debt service. Therefore, if any funding source does not materialize in any given year of the debt term, the General Fund must make up the difference.

Fiscal Analysis:

Narrative for Public Defender Remodel:

\$1.5 million has been appropriated this fiscal year and is available in Fund 0030, Department 063, Program 1930, Line Item 8700, Project 8661 and is available for the design work. The remaining balance of \$4,500,000 would be covered by Debt and the Debt service will be paid back using General Funds. The project is shown on Page B-6 of the current Capital Improvement Program.

Narrative for the Betteravia Administration Space Expansion:

\$400,000 will be available for the design work with the recommended budget revision, taking \$400,000 from the Public Defender fund and transferring it into Fund 0030, Department 063, Program 1930, Line Item 8700, Project 8676. The remaining balance of \$5.7 million would be covered from the Debt, (the \$400,000 seed money will be paid back by borrowing that additionally with the Debt. The Debt service will be paid using General Fund sources).

At the time of DAC consideration, the estimated average annual debt service for a proposed COP issuance of \$10,600,000 with a 20 year term was \$890,000, with a maximum annual debt service for any year of \$920,000, per preliminary work by staff with Bank of America. Bank of America and CA Communities both responded with preliminary amounts for other appropriate financing mechanisms at slightly lower annual debt service payment amounts, accordingly resulting in less costly overall debt service payments from the County.

Special Instructions:

Please send two (2) duplicate original Contracts of the PSA and a copy of the Minute Orders, and a copy of the Resolution to Grady Williams, GS/Support Services Div., Courthouse East Wing.

Please send five (5) duplicate original signature Resolutions to Stacey Matson, Office of the Treasurer – Tax Collector.

Please send one copy of the Minute Orders to Scott McGregor, Public Defenders Office, Courthouse West Wing.

Attachments:

Professional Service Agreement for Public Defenders Remodel

Resolution to reimburse up-front expenditures

Broad-Picture Study of Options for the Public Defender

Budget Revision