

**SANTA BARBARA COUNTY
BOARD AGENDA LETTER**



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

Agenda Number:
Prepared on: 2/23/05
Department Name: Treasurer-Tax Collector
Department No.: 065
Agenda Date: 3/8/05
Placement: Departmental
Estimate Time: 60 Minutes
Continued Item: NO
If Yes, date from:

TO: Board of Supervisors
FROM: Bernice James
Treasurer-Tax Collector
STAFF CONTACT: Stacey Matson, Treasury Finance Chief
568-2158
SUBJECT: 2005 Certificates of Participation

Recommendation(s):

That the Board of Supervisors:

- A. Authorize the County Treasurer-Tax Collector to execute the Contract of Purchase for the issuance of non-taxable 2005 Certificates of Participation in accordance with State and Federal law, in an amount not to exceed \$25,000,000, at a yield not to exceed 5%, and for a term not to exceed 20 years;
- B. Authorize the financing of the following capital improvements:
 1. Clerk – Recorder – Assessor: Storage Building
 2. Sheriff: Isla Vista Foot Patrol Building
 3. Sheriff: Technical Services Building
 4. Sheriff: Fire Station 51/Sheriff's Station Building (joint project with Fire)
 5. Fire: Fire Station 51/Sheriff's Station Building (joint project with Sheriff)
 6. Alcohol, Drug, & Mental Health Services: Children's Services Building
- C. Reconsider and authorize the financing of the following additional capital improvement projects:
 1. Clerk – Recorder – Assessor: Hall of Records Restoration
 2. Fire: Los Alamos Land Purchase
 3. Alcohol, Drug, & Mental Health Services: Building Acquisition
- D. Approve and authorize the Chair to execute a contract appointing Orrick, Herrington & Sutcliffe as Bond Counsel; accept a proposal for Trustee, Registrar, and Paying Agent Services from US Bank Corporate Trust Services;

- E. Direct the County Treasurer-Tax Collector, County Auditor-Controller, County Counsel, and General Services to proceed with all necessary actions required to issue the 2005 Certificates of Participation;
- F. Authorize the Treasurer-Tax Collector, in consultation with the Debt Advisory Committee, to abandon the issuance if market conditions are deemed to have become financially unfavorable;
- G. Adopt the attached resolution: Authorizing the Execution and Delivery of a Lease, a Sublease, an Assignment Agreement, a Trust Agreement, a Contract of Purchase, and Approving Execution of Certificates of Participation to Finance Certain Capital Improvements; Approving an Official Statement for Said Certificates of Participation; Authorizing the Execution and Delivery of a Continuing Disclosure Agreement; and Authorizing Certain Other Actions in Connection with the Lease Financing.

Alignment with Board Strategic Plan:

The recommendation(s) are primarily aligned with Goal No. 1. An Efficient Government Able to Respond Effectively to the Needs of the Community.

Executive Summary and Discussion:

On February 22, 2005 the Board of Supervisors (BOS) considered certain projects for inclusion in a 2005 Certificates of Participation (COP) financing that were forwarded for their review and approval by the Debt Advisory Committee.

The projects that were approved for COP financing by the BOS on February 22, 2005 are as follows:

Department	Projects	Project Cost	Par Amount	Debt Service Funding Source
Clerk – Recorder – Assessor	1) Storage Building	\$800,000	\$880,000	CRA Automation/Modernization Funds
Sheriff	1) Isla Vista Foot Patrol Building	\$1,694,678	\$1,880,000	UCSB (Contribution towards Project 1 only) General Fund General Revenues
	2) Technical Services Building	\$6,837,000	\$7,580,000	
	3) Lompoc Sub Station Building (joint project with Fire)	\$1,915,398	\$2,120,000	
Fire	1) Fire Station 51/Sheriff's Lompoc Station Building (joint project with Sheriff)	\$3,300,000	\$3,660,000	General Fund General Revenues
Alcohol, Drug, & Mental Health Services	1) Children's Services Building	\$1,500,000	\$1,665,000	MediCal, EPSDT, Prop. 63, TSAC, Veteran's Administration lease payments.
	Totals	\$16,047,076	\$17,785,000	

The BOS requested that additional information be presented at this hearing on three other proposed projects:

1. Clerk – Recorder – Assessor: Hall of Records restoration
2. Fire: Los Alamos Land Purchase
3. Alcohol, Drug, & Mental Health Services: Building Acquisition

The information requested included the scope of the Hall of Records restoration and the use of Recorder Modernization funds, the costs to acquire the Los Alamos parcels, and the space needs of the Alcohol, Drug, & Mental Health Services Department.

Upon the Board of Supervisors (BOS) approval of the issuance of the 2005 COPs, Bank of America will act as the underwriter and Orrick, Herrington and Sutcliffe as special legal counsel. US Bank will be the Trustee. Following the BOS direction to execute the attached documents, they will be presented to the Santa Barbara Finance Corporation on March 10, 2005 for execution as well.

Mandates and Service Levels:

None.

Fiscal and Facilities Impacts:

Projects under consideration for financing in the 2005 COPs are detailed above. The projects approved for inclusion in the issuance on February 22, 2005 by the BOS, would result in project proceeds of \$16,047,076, plus estimated related interest costs of \$8,152,019. The par amount of \$17,785,000 includes costs that would be incurred to issue the COP and the required reserve amount. The reserve fund requirement is estimated at \$1,358,013. Preliminary information compiled by the Underwriter and Bond Counsel estimate the 2005 COPs to have an average annual debt service of \$1,296,851. The funding sources for repayment are comprised of Recorder automation and modernization recording fees, the general fund, MediCal, EPSDT, Proposition 63, TSAC, and Veteran’s Administration lease payments. \$22,432,963 is the estimated impact on the general fund for principal and interest payments over the term of the issuance.

Attachment A details the financing information if the three additional projects under consideration are approved. If these three projects are included in the issuance, the reserve fund requirement is estimated to be \$1,735,594. The average annual debt service would increase to \$1,626,444. The estimated impact to the general fund for principal and interest payments would increase to \$23,541,463 over the term of the issuance.

In the event that the formation of Mission County is approved by the voters, post-petition date indebtedness would be the obligation of the remaining Santa Barbara County. See Attachment B for the general fund impact to Santa Barbara County.

The Clerk – Recorder – Assessor projects both have a ten year debt service repayment period. The other projects have a twenty year debt service repayment period.

The Clerk – Recorder – Assessor’s Storage Building will provide a secure and climate controlled storage facility for the preservation and storage of official records.

The Clerk – Recorder – Assessor’s Hall of Records Restoration will result in enhanced customer service by redesigning the first floor to provide all services, eliminating the need for customers to go to the second floor. The project will bring the office area into ADA compliance. This is a scope change to an existing project funded by the 2004 COP.

The Sheriff’s Isla Vista Foot Patrol Building is the proposed construction of a 5,500 square foot facility on land owned by the University of California. Space will be provided for staff and the community, as well as an innovative Sally port for secure storage of vehicles and covered access to holding facilities. This service is currently located in leased space. The lease expires on October 31, 2005 and cannot be renewed. Efforts to locate alternative lease space have not been successful.

The Sheriff’s Technical Services Building is the proposed construction of a three story, 30,000 square foot building on the main campus of the Sheriff. This project would address space adequacy issues, health and safety concerns, and consolidates Department operations into one facility, freeing up County structures for use by other departments. The first floor would house the Property & Evidence and Special Services units, which are currently housed in old modular structures on the campus. The second and third floors would house elements of Patrol Operations, forensics, and inmate services.

The joint Sheriff and Fire Lompoc Substation Building/Fire Station 51 project would replace the Fire station and the Sheriff’s station on Burton Mesa Boulevard in the Lompoc Valley with the construction of a 15,000 square foot building. The Fire Department would occupy approximately 9,500 square feet and the Sheriff’s Department would occupy approximately 5,500 square feet. For the Fire Department, the proposed building would encompass three apparatus bays, living quarters to accommodate eight on-duty firefighters, office space, a conference/training room, and a work-out room. This fire station supports structural and wild land firefighting operations, paramedic transport services, and reserve firefighter operations. Patrol operations of the Sheriff’s Department for the Lompoc Valley are located in this substation. Some areas of the facility would be shared spaces of the two departments.

The Fire Department’s Los Alamos Land Purchase consists of the purchase of two adjoining parcels adjacent to the existing fire station/heavy equipment complex. The parcels for sale are a total of 150 feet by 200 feet. These parcels will secure the space required for the Equipment Complex/Warehouse Construction project. The parcels are very desirable to the Department because they are contiguous to the existing heavy equipment and fire station facilities. The location is very suitable due to the quick and easy access to many of the main traffic corridors within the County.

The Alcohol, Drug, & Mental Health Services Children’s Services Building would be comprised of a 13,000 square foot building to be constructed on the Calle Real campus at the former location of the Rehabilitation Institute. This project moves the children’s programs to the Calle Real campus and out of leased space. The 2001 COP issuance included \$2,345,000 for this project. This financing will provide the additional funding necessary due to the higher than anticipated cost of construction.

The proposed Franklin Building Replacement project would allow the Alcohol, Drug, & Mental Health Services Department to acquire an office building in Santa Barbara. This acquisition will allow the AD&MHS Department to consolidate adult mental health services. The Public Health Department will gain the vacated space in the Franklin Building which is necessary to meet the growth in demand for their services.

COPs 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.

Special Instructions:

Please return five full sets of signed resolutions to Stacey Matson in the Treasurer-Tax Collector's office. The Treasurer's office will forward these documents to Bond Counsel for inclusion with the Certificates of Participation sales proceedings.

Concurrence:

Debt Advisory Committee
County Counsel
Auditor-Controller
Risk management
Clerk-Recorder-Assessor
Fire
Sheriff
Alcohol, Drug, & Mental Health Services

Attachments:

Resolution
Lease
Sublease
Trust Agreement
Contract of Purchase
Assignment Agreement
Preliminary Official Statement
Disclosure Agreement
Contract with Orrick, Herrington and Sutcliffe as special legal counsel
Proposal for trustee, Registrar and Paying Agent Services from US Bank Corporate Trust Services
Attachment A
Attachment B

ATTACHMENT A

Department	Projects	Project Cost	Par Amount	Debt Service Funding Source
Clerk – Recorder – Assessor	1) Storage Building 2) Hall of Records Restoration	\$800,000 \$700,000	\$880,000 \$765,000	CRA Automation/Modernization Funds
Sheriff	1) Isla Vista Foot Patrol Building 2) Technical Services Building 3) Lompoc Sub Station Building (joint project with Fire)	\$1,694,678 \$6,837,000 \$1,915,398	\$1,875,000 \$7,570,000 \$2,120,000	UCSB (Contribution towards Project 1 only) General Fund General Revenues
Fire	1) Los Alamos Land Purchase 2) Fire Station 51/Sheriff's Lompoc Station Building (joint project with Sheriff)	\$700,000 \$3,300,000	\$775,000 \$3,655,000	General Fund General Revenues
Alcohol, Drug, & Mental Health Services	1) Children's Services Building 2) Franklin Building Replacement	\$1,500,000 \$2,800,000	\$1,665,000 \$3,100,000	MediCal, EPSDT, Prop. 63, TSAC, Veteran's Administration lease payments.
Totals		\$20,247,076	\$22,405,000	

ATTACHMENT B

Proposed Mission County Formation Impact Indebtedness Payments By Year

These amounts represent indebtedness related to facilities and equipment located in the North County.

Fiscal Yr Ending	Estimated Impact on General Fund Before Proposed Financing	Proposed Financing Fire Station 51/Sheriff's Station Building* Estimated Principal & Interest	Total Estimated Impact on General Fund
2008	(2,612,119)	(426,813)	(3,038,932)
2009	(2,471,182)	(430,213)	(2,901,394)
2010	(2,404,693)	(423,313)	(2,828,005)
2011	(1,426,995)	(426,413)	(1,853,407)
2012	(810,557)	(424,213)	(1,234,770)
2013	(811,144)	(426,556)	(1,237,700)
2014	(810,647)	(423,269)	(1,233,916)
2015	(810,790)	(427,869)	(1,238,658)
2016	(810,035)	(426,869)	(1,236,903)
2017	(810,613)	(425,469)	(1,236,082)
2018	(787,530)	(423,669)	(1,211,198)
2019	(687,336)	(421,469)	(1,108,805)
2020	(616,806)	(423,869)	(1,040,675)
2021	(442,121)	(425,256)	(867,377)
2022		(426,025)	(426,025)
2023		(420,725)	(420,725)
2024		(425,000)	(425,000)
2025		(427,938)	(427,938)
	\$ (16,312,567)	\$ (7,654,944)	\$ (23,967,511)

* The Los Alamos Land Purchase, if approved, is estimated to add \$1,028,388 to the Proposed Financing Estimated Principal and Interest. The average annual debt service for this project is estimated to be \$57,133.

Note: In FY 2025 reserve releases will fully cover the estimated general fund debt service payment.

BERNICE JAMES

Treasurer-Tax Collector
Public Administrator – Public Guardian

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Assistant Treasurer – Tax Collector
Public Administrator – Public Guardian

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Treasury Finance Chief

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**Finance and Administration**

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To: Susan Rose, Chair and the Santa Barbara County Board of Supervisors

From: Bernice James, Treasurer – Tax Collector – Public Administrator

CC: Michael F. Brown, County Executive Officer

Date: 3/4/2005

Re: March 8, 2005 Departmental Agenda Hearing Item 6

Based upon further analysis and additional information received, financing for the Fire Department's Los Alamos land purchase and the Alcohol, Drug, & Mental Health Services' building acquisition will not be included in the 2005 Certificates of Participation.

The Fire and Alcohol, Drug, & Mental Health Services departments are working with the County Administrator's Office and other appropriate departments to develop alternative sites and financing to address their needs.

Both departments will be available at the hearing on March 8 if you have any additional questions.