



## COUNTY OF HUMBOLDT

AGENDA ITEM NO.

C4

For the meeting of: November 14, 2017

Date: October 24, 2017

To: Board of Supervisors

From: Amy S. Nilsen, County Administrative Officer *AN*

Subject: Financing for Senate Bill (SB) 863 Humboldt County Corrections Reentry Resource Center

### RECOMMENDATION(S):

That the Board of Supervisors approve \$2.3 million in financing from the 2016 Finance Plan for Senate Bill (SB) 863 Humboldt County Corrections Reentry Resource Center (CRRC).

SOURCE OF FUNDING: General Fund

### DISCUSSION:

SB 863 appropriated \$500 million for the design and construction of adult criminal justice facilities to be awarded on a competitive statewide basis. The Board of State and Community Corrections (BSCC) is the agency that oversees the process and subsequently released a Request for Proposal (RFP) that identified Humboldt County among the 30 small counties that were eligible to apply for an allocated \$100 million. Each grant was capped at \$20 million and requires the county to provide a match of up to 10 percent of the award in cash and/or via in-kind contributions.

On Aug. 25, 2015, your Board adopted Resolution No. 15-89 authorizing the Humboldt County Sheriff to execute documents necessary to submit a grant application and proposal as allowed in SB 863, on behalf of the county, to the BSCC for the purpose of building and operating an adult criminal justice facility.

Prepared by Chris Shaver

CAO Approval *[Signature]*

#### REVIEW:

Auditor *WBM*

County Counsel *BA*

Human Resources

Other

#### TYPE OF ITEM:

- ☒ Consent  
☐ Departmental  
☐ Public Hearing  
☐ Other

#### PREVIOUS ACTION/REFERRAL:

Board Order No. *C-13, C-21, C-27, C-13*

Meeting of: *8/25/15, 5/24/16, 9/20/16, 4/12/17*

#### BOARD OF SUPERVISORS, COUNTY OF HUMBOLDT

Upon motion of Supervisor *Fennell* Seconded by Supervisor *Wilson*

Ayes *Sundberg, Fennell, Bass, Bohn, Wilson*  
Nays  
Abstain  
Absent

and carried by those members present, the Board hereby approves the recommended action contained in this Board report.

Dated: *11/14/17*

By:

*[Signature]*  
Kathy Hayes, Clerk of the Board

Resolution No. 15-89 indicated the county's intent to pursue the issuance of Certificates of Participation (COP) to fund \$1 million of this project. The COP debt instrument was not pursued as existing financing capacity remains available within the 2016 Finance Plan.

On May 24, 2016, your Board authorized the Director of Public Works to advertise and distribute a Request for Qualifications for professional services pertaining to the design of the new CRRC. On Sept. 20, 2016, your Board authorized the Director of Public Works to enter into negotiations with Nichols, Melburg & Rossetto Architects (NMR) for professional design services for the CRRC project.

The conceptual drawings prepared by NMR in 2015 were developed to maximize program and buildable space currently available on the chosen parcel, which encompassed 23,712 square feet of building space at an estimated cost of \$21,547,000. However, since 2015 to present, construction costs have risen by as much as 25 percent on an annual basis. The cost to build out the CRRC at current construction cost estimates would amount to \$26,419,944, which would require an additional contribution of \$4,872,944 to the project. Therefore, staff determined that costs needed to be reduced in order to make the CRRC a viable project.

	Project	Construction Cost	Escalation to Bid Date	State Reimbursement	Cash Contribution	In-Kind Contribution	Total Project Cost	Additional County Contribution
2015	Initial SB 863 Application – 11,856 sf per floor	\$17,133,000		\$20,000,000	\$860,000	\$687,000	\$21,547,000	
2017	Initial SB 863 Application - 11,856 sf per floor	\$22,005,944		\$20,000,000	\$5,732,944	\$687,000	\$26,419,944	4,872,944
A	Revised Floor Plan 9,500 sf per floor	\$18,163,177	12 months	\$20,000,000	\$1,846,072	\$687,000	\$22,533,072	\$1,012,284
B	Revised Floor Plan 9,045 sf per floor	\$17,047,000	12 months	\$20,000,000	\$1,134,000	\$687,000	\$21,821,000	\$274,000
C	Revised Floor Plan 8,760 sf per floor	\$17,133,000	12 months	\$20,000,000	\$860,000	\$687,000	\$21,547,000	\$0

As part of the effort to reduce costs, in mid-2017 NMR provided the county with three conceptual design plan options with reduced square footage. The CRRC project team selected option A, which is approximately 4,000 square feet smaller than the original design. Option A reduces the overall square footage of the building space while still allowing the county to provide adequate program space as proposed in the original SB 863 application. Option A, however, increases the project cost by an estimated \$1,012,284. Options B and C were not selected, as the reduced square footage provided limited program space and an overall reduction in services.

The CRRC project team is requesting the initial \$1 million and recommends \$1.3 million additional to move ahead with option A and to cover any unforeseen costs such as price increases in building commodities like concrete and steel. The combined \$2.3 million is sufficient to meet the county's cash

match obligation pursuant to SB 863. In addition, the BSCC is requesting County of Humboldt Board of Supervisors authorization to allocate the \$2.3 million prior to proceeding to the next phase of the project: project establishment.

#### FINANCIAL IMPACT:

The current estimate of the total project cost is \$22.8 million. State funds will cover \$20 million while the remaining project cost of \$2.8 million will be the county's cash match. Cash match in the amount of \$500,000 has been previously identified through a contribution from the Humboldt County Community Corrections Partnership. The remaining \$2.3 million will be issued as interim financing through the Investment Pool as approved in the Investment Policy revision dated April 12, 2016 and drawn against the 2016 Finance Plan, which has sufficient capacity to fund the request.

The estimated annual payment amortized over a 30-year period from the General Fund for the \$2.3 million is \$99,276, which includes principal and interest. However, long-term financing will be secured through a public issuance of tax-exempt obligations once the projects within the 2016 Finance Plan have been completed.

This project supports the Board of Supervisors' Strategic Framework Core Roles of enforcing laws and regulations to protect county residents and providing for and maintaining county infrastructure.

#### OTHER AGENCY INVOLVEMENT:

Board of State and Community Corrections

#### ALTERNATIVES TO STAFF RECOMMENDATIONS:

The Board could choose not to approve the request approve utilizing the 2016 Finance Plan to finance the Humboldt Community Corrections Re-Entry Resource Center. This is not recommended because it would delay the proposed project timetable and could result in increased project costs.

#### ATTACHMENTS:

Resolution No. 15-89

**BOARD OF SUPERVISORS, COUNTY OF HUMBOLDT, STATE OF CALIFORNIA**

Certified copy of portion of proceedings, Meeting of August 25, 2015

RESOLUTION NO. 15-89

**RESOLUTION AUTHORIZING THE HUMBOLDT COUNTY SHERIFF'S OFFICE TO  
SUBMIT AN APPLICATION AND PROPOSAL FOR SB 863 CONSTRUCTION OF ADULT  
LOCAL CRIMINAL JUSTICE FACILITIES**

**WHEREAS**, the Humboldt County Board of Supervisors is the approving body to receive the Board of State and Community Corrections (BSCC) funding administered by the State of California; and

**WHEREAS**, the County of Humboldt has a critical need to expand its jail and other criminal justice facilities and is ready to seek competitive bidding; and

**WHEREAS**, there is a significant cost to the County of Humboldt to provide a detention facility for those detained by City and County law enforcement entities; and

**WHEREAS**, Senate Bill 863 appropriates \$500,000,000 in state lease-revenue bond financing authority for acquisition, design and construction, including expansion or renovation, of adult local criminal justice facilities in California; and

**WHEREAS**, the BSCC, pursuant to the provisions of SB 863, issued a Request for Proposals related to the Construction of Adult Local Criminal Justice Facilities on June 10, 2015; and

**WHEREAS**, the County of Humboldt will be submitting their Response to the BSCC's Request for Proposals for Construction of Adult Local Criminal Justice Facilities by August 28, 2015; and

**WHEREAS**, the BSCC's Request for Proposals requires confirmation via a Resolution of the Humboldt County Board of Supervisors of the County's commitment to and provision for taking certain actions and preparations as part of the County's Proposal; and

**WHEREAS**, the County of Humboldt is willing and able to take the following actions and preparations as part of its Proposal in response to the BSCC's Request for Proposals for Construction of Adult Local Criminal Justice Facilities; and

**WHEREAS**, receipt of the funding will enhance the ability of Humboldt County to protect the lives and property of the citizens of the County of Humboldt.

**NOW, THEREFORE, BE IT RESOLVED AND ORDERED** by the Board of Supervisors of the County of Humboldt, State of California that in consideration for significant financial assistance for the Humboldt Community Corrections Reentry Resource Center, the County will or does hereby take the following actions and make the following assurances:

- A. The County of Humboldt is seeking funding for its proposed project within the Adult Local Criminal Justice Facilities Construction Financing Program (the "SB 863 Financing Program"). As such, the Board of Supervisors of Humboldt County does hereby represent, warrant and covenant as follows:

**BOARD OF SUPERVISORS, COUNTY OF HUMBOLDT, STATE OF CALIFORNIA**

Certified copy of portion of proceedings, Meeting of August 25, 2015

**RESOLUTION NO. 15-89**

1. Lawfully Available Funds. The county cash contribution funds, as described in the documentation accompanying the County's SB 863 Financing Program Proposal Form, have been derived exclusively from lawfully available funds of the County.

County Cash Contribution Funds Are Legal and Authorized. The payment of the county cash contribution funds for the proposed adult local criminal justice facility project (the "Project") (i) is within the power, legal right, and authority of the County; (ii) is legal and will not conflict with or constitute on the part of the County a material violation of, a material breach of, a material default under, or result in the creation or imposition of any lien, charge, restriction, or encumbrance upon any property of the County under the provisions of any charter instrument, bylaw, indenture, mortgage, deed of trust, pledge, note, lease, loan, installment sale agreement, contract, or other material agreement or instrument to which the County is a party or by which the County or its properties or funds are otherwise subject or bound, decree, or demand of any court or governmental agency or body having jurisdiction over the County or any of its activities, properties or funds; (iii) and have been duly authorized by all necessary and appropriate action on the part of the governing body of the County. The County ensures the funds are compatible with lease revenue bond financing. The County intends to pursue the issuance of Certificates of Participation to fund this project and currently has \$1 million available in the Criminal Justice fund that could be applied to the project if COPs are not issued. In addition, the County has identified \$500,000 cash contribution from the Humboldt County Community Corrections Partnership (HCCCP).

2. No Prior Pledge. The county cash contribution funds and the Project are not and will not be mortgaged, pledged, or hypothecated by the County in any manner or for any purpose and have not been and will not be the subject of a grant of a security interest by the County. In addition, the county cash contribution funds and the Project are not and will not be mortgaged, pledged, or hypothecated for the benefit of the County or its creditors in any manner or for any purpose and have not been and will not be the subject of a grant of a security interest in favor of the County or its creditors. The County shall not in any manner impair, impede or challenge the security, rights and benefits of the owners of any lease-revenue bonds sold by the State Public Works Board for the Project (the "Bonds") or the trustee for the Bonds.
3. Authorization to Proceed with the Project. The Project proposed in the County's SB 863 Financing Program proposal is authorized to proceed in its entirety when and if state financing is awarded for the Project within the SB 863 Financing Program.

- B. The County provides assurance that the submittal of documentation evidencing that compliance with CEQA has been fully completed for the proposed project and further is certifying that all related statutes of limitation have expired without challenge.

**BOARD OF SUPERVISORS, COUNTY OF HUMBOLDT, STATE OF CALIFORNIA**

Certified copy of portion of proceedings, Meeting of August 25, 2015

**RESOLUTION NO. 15-89**

- C. The Board of Supervisors of Humboldt County does hereby approve the forms of the project documents deemed necessary, as identified by the State Public Works Board to the BSCC to effectuate the financing authorized by the SB 863 legislation including, but not limited to, Project Delivery and Construction Agreement, the Board of State and Community Corrections Agreement, the Ground Lease, the Right of Entry for Construction and Operation, and the Facility Sublease. Each of the Chair of the Board of Supervisors, County Executive Officer and the Chief Financial Officer of the County, or their designees (collectively, the "Authorized Officers"), acting alone, is hereby authorized for and in the name of the County to execute, and the Clerk to the Board of Supervisors is authorized to attest, the Project Delivery and Construction Agreement, the Board of State and Community Corrections Agreement, the Ground Lease, the Right of Entry for Construction and Operation, and the Facility Sublease, in substantially the form hereby approved, with such additions thereto and changes therein as required by the BSCC or the State Public Works Board to effectuate the SB 863 Financing Program and as condition to the issuance of the Bonds. Approval of such changes shall be conclusively evidenced by the execution and delivery thereof by any one of the Authorized Officers each of whom, acting alone, is authorized to approve such changes.

Each of the Authorized Officers is authorized to execute these respective agreements at such time and in such manner as is necessary within the SB 863 Financing Program. Each of the Authorized Officers is further authorized to execute, acknowledge and deliver any and all documents required to consummate the transactions contemplated by the Project Delivery and Construction Agreement, the Board of State and Community Corrections Agreement, the Ground Lease, the Right of Entry for Construction and Operation, and the Facility Sublease.

- D. The contact people for the SB 863 Adult Local Criminal Facilities Construction Project shall be as follows:

County Construction Administrator - Tyler Holmes, Deputy Public Works Director-  
Facilities Management.

Project Financial Officer- Josielyn Gilbaugh, Deputy Public Works Director - General  
Services.

Project Contact - Ed Wilkinson, Captain, Humboldt County Sheriff's Office.

The Humboldt County Sheriff, or his designee, is hereby authorized to create and submit a proposal for SB 863 Adult Local Criminal Facilities Construction Project, on behalf of the COUNTY OF HUMBOLDT, a political subdivision of the State of California, and to do and perform everything necessary to carry out the purpose of this Resolution including any necessary non-monetary changes, modifications, or amendments.

**BOARD OF SUPERVISORS, COUNTY OF HUMBOLDT, STATE OF CALIFORNIA**

Certified copy of portion of proceedings, Meeting of August 25, 2015

**RESOLUTION NO. 15-89**

- E. The Humboldt County Board of Supervisors has reviewed the SB 863 Adult Local Criminal Facilities Construction Financing Program Proposal requirements issued through the BSCC and provides the following Assurances for the Proposal.
1. The County of Humboldt assures it will adhere to state requirements and terms of the agreements between the County, the Board of State and Community Corrections and the State Public Works Board in the expenditure of any state financing allocation and county contribution funds.
  2. The County of Humboldt assures it will safely staff and operate the facility that is being constructed (consistent with Title 15, California Code of Regulations) within ninety (90) days after project completion.
  3. The County of Humboldt certifies that it is not and will not be leasing housing capacity in this SB 863 financed adult local criminal justice facility to any other public or private entity for a period of 10 years beyond the completion date of the adult local criminal justice facility.
  4. The County of Humboldt assures it has project site control through either fee simple ownership of the site or comparable long-term possession of the site, and right of access to the project sufficient to assure undisturbed use and possession of the site, and will not dispose of, or modify the use of, or change the terms of the real property title, or other interest in the site of facility subject to construction, or lease the facility for operation to other entities, without permission and instructions from the Board of State and Community Corrections.
  5. The County of Humboldt attests to \$325,000 as the current fair market land value for the proposed new or expanded jail facility as reflected in the independent appraisal acquired by the County.

Dated: August 25, 2015



ESTELLE FENNELL, Chair  
Humboldt County Board of Supervisors

Adopted on motion by Supervisor Bass, seconded by Supervisor Sundberg, and the following vote:

AYES:	Supervisors	Sundberg, Lovelace, Fennell, Bohn, Bass
NAYS:	Supervisors	--
ABSENT:	Supervisors	--
ABSTAIN:	Supervisors	--

**BOARD OF SUPERVISORS, COUNTY OF HUMBOLDT, STATE OF CALIFORNIA**

Certified copy of portion of proceedings, Meeting of August 25, 2015

**RESOLUTION NO. 15-89**

STATE OF CALIFORNIA    )  
County of Humboldt     )

I, KATHY HAYES, Clerk of the Board of Supervisors, County of Humboldt, State of California, do hereby certify the foregoing to be an original made in the above-entitled matter by said Board of Supervisors at a meeting held in Eureka, California.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the Seal of said Board of Supervisors.



By ANA HARTWELL

Deputy Clerk of the Board of Supervisors of the  
County of Humboldt, State of California