



COUNTY OF HUMBOLDT

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Attachments: 1. Staff Report, 2. Exhibit AHC SB863 Cost options - FULL BASEMENT 6-07-2018, 3. Exhibit B HC SB863 Cost options - PARTIAL BASEMENT, 4. Exhibit C HC Parking Structure Budget 6-15-2018

Date	Ver.	Action By	Action	Result
8/21/2018	1	Board of Supervisors	approved as amended	Pass

To: Board of Supervisors

From: County Administrative Office

SUBJECT:

County Corrections Reentry Resource Center Project

RECOMMENDATION(S):

That the Board of Supervisors provide staff direction on the scope and cost of the Humboldt County Corrections Reentry Resource Center project.

SOURCE OF FUNDING:

General Fund.

DISCUSSION:

California Senate Bill (SB) 863 appropriated \$500 million for the design and construction of adult criminal justice facilities, with funding awarded to local California agencies on a competitive basis statewide. The state set aside \$100 million of the SB 863 funding specifically for rural and small counties, and placed a cap of \$20 million on each award. The Board of State and Community Corrections (BSCC) is the state agency overseeing the award process, and in order to seek applications for funding it released a Request for Proposal (RFP) on June 10, 2015. Agencies that were awarded funding were required to provide a match of up to 10 percent of the award in cash and/or via in-kind contributions.

On August 25, 2015, your Board adopted Resolution No. 15-89 authorizing the Humboldt County Sheriff to execute documents necessary to submit, on behalf of the county, a grant application and proposal to the BSCC for the purpose of building and operating the Humboldt County Corrections Re-Entry Resources Center (CRRC) as allowed by SB 863. Resolution No. 15-89 indicated the county's intent to pursue the issuance of Certificates of Participation (COP) to fund \$1 million of the CRRC project. The COP debt instrument, however, was not pursued, as existing financing capacity remains available within the county's 2016 Finance Plan. The County of Humboldt was one of five final participants in the rural county category, and on January 12, 2016, your Board received notice and a presentation from the BSCC regarding the conditional award of \$20 million in SB 863 funding.

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 September 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.

Current Design:

The conceptual drawings prepared by NMR in 2015 were developed to maximize program space encompassing 23,712 square feet of building space at an estimated cost of \$21,547,000. Construction costs however continue to increase by as much as 25 percent on an annual basis due to increased costs for material such as steel and cement.

On November 14, 2017, your Board authorized a change to the project design that reduced the building space to 19,000 square feet, which includes two floors of program space with 16 designated underground parking spaces for county use only. Your Board also authorized an additional \$1.3 million from the 2016 Finance Plan for the project, bringing the total project cost to \$22.8 million. However, due to increased construction costs, the current project is now estimated to cost \$26.3 million, which would require an additional contribution of \$3.5 million if construction began by May 2019. If project construction did not occur until February 2020, staff estimates that an additional county contribution of \$4,234,949 would be needed for a total project cost of \$27,034,949.

Since November 2017, staff has continued to work with the BSCC towards project establishment, which is authorization from the state to move the project towards final design and construction. However, as each month passes, project costs continue to rise and are once again expected to exceed the available budget. Staff anticipates that the BSCC will formally provide project establishment within three to six months, if the project continues to move forward as currently designed.

Options:

Options to minimize project costs include removing 16 spaces in the underground parking feature from the current project design, which would allow the cost to remain at \$22,533,072 if the construction were to start by May 2019. The City of Eureka, however, provided feedback during the California Environmental Quality Act (CEQA) review period in regards to adequate parking. Inasmuch, a parking study performed in 2015 found that adequate on-street parking existed within a four-block radius to support the proposed use. The parking study nevertheless was based on the assumption that sub-grade parking would be provided as part of the CRRC project. Accordingly, the elimination of the 16 spaces of sub-grade parking may constitute a substantial change in the project for purposes of CEQA, and thereby require further environmental review and analysis that could result in significant project delays and cost increases. If elimination of the 16 spaces of sub-grade parking is deemed to constitute a substantial change in the project, the public would also be provided with an opportunity to comment on and oppose the county's environmental findings pertaining thereto which has the potential of leading to costly CEQA litigation based on potentially significant impacts perceived to be associated with the project.

The Judicial Council of California and the Administrative Office of the Courts have also expressed concern regarding the elimination first-come-first-serve parking spaces (approximately 39 spaces) that are currently available at the project site, which they believe constitutes a violation of the "Shared Parking" provisions of the Joint Occupancy Agreement (JOA) between the county and the State of California. Removal of the sub-grade parking feature from the CRRC project would result in the elimination of all parking spaces currently available at the project site. Thus, approval of a redesigned project that does not include sub-grade parking may increase the likelihood of the Judicial Council of California and the Administrative Office of the Courts pursuing recourse for breach of contract via the "Default Notice and Cure" provisions of the JOA.

The following represents several options that have been designed to address the additional costs associated with the CRRC project and the concerns expressed by the City of Eureka, the Judicial Council of California and the Administrative Office of the Courts in regards to parking.

- **Option 1:** Move forward with the current project design, which includes 16 spaces of underground parking, and authorize an allocation of an additional \$3.5 million from the 2016 Finance Plan to cover cost increases associated with the project until May 2019. Repayment of such an allocation from the 2016 Finance Plan over a 30-year term, at 3 percent interest, would require \$177,073 annually from the General Fund. This option may require the county to increase the capacity of the existing 2016 Finance Plan in order to ensure capital is available to support currently funded public projects. The total cost of the project as currently designed is estimated at \$26.3 million, if construction were to begin by May 2019 (Attachment 1).
- **Option 2:** Approve a redesigned project that does not include an underground parking feature. This option would allow the project to continue at no additional cost, if construction were to begin by May 2019. If construction did not begin until February 2020, however, staff estimates that an allocation of an additional \$524,129 would be required to cover the costs associated with the redesigned project. Repayment of such an allocation over a 30-year term, at 3 percent interest, would require \$26,517 annually from the General Fund. The 2016 Finance Plan currently has capacity to support the increase

associated with this option. The total cost of the redesigned project is estimated at \$22.8 million, if construction were to begin by May 2019 (Attachment 2).

- **Sub-Option A:** Acquire an available parcel within walking distance of the Courthouse that can be converted into an additional parking lot for approximately \$2.5 million, including demolition, grading and paving. Repayment of such an allocation over a 30-year term, at 3 percent interest, would require \$126,500 annually from the General Fund. Currently the 2016 Finance Plan has the capacity to support a project of this scope and size. The total additional cost associated with this sub-option is estimated at \$2.5 million.
- **Sub-Option B:** Build a two-story parking structure at the existing parking lot located at 5th Street and I Street. It should be noted that this sub-option would not impact the CRRC project site, which is located adjacent to the jail; rather, it would include building an additional structure at the lot located adjacent to the Public Health Laboratory. Estimated costs to add the parking structure, which would include 160 additional parking stalls, is \$8.8 million. This sub-option involves increasing the existing 2016 Finance Plan capacity and a commitment to allocate increased funding for the purpose of debt repayment, which adds an ongoing annual estimated cost of \$445,200 for the parking structure to the General Fund (Attachment 3). The total additional cost associated with this sub-option is estimated at \$8.8 million.
- **Sub-Option C:** Build a two-story 20,000 square foot per floor office building with a two-story parking structure at the existing parking lot located at 5th Street and I Street. It should be noted that this sub-option would not affect the CRRC project site, which is located adjacent to the jail; rather, it would include building an additional structure at the lot located adjacent to the Public Health Laboratory. Estimated costs to add the parking structure, which would include a total of 160 additional parking stalls, is \$8.8 million, as noted in above, and the 20,000 square feet per floor of office space is estimated to cost \$14 million. This sub-option involves increasing the existing 2016 Finance Plan capacity and a commitment to allocate increased funding for the purpose of debt repayment, which adds an ongoing annual estimated cost of \$1.1 million for parking and the building to the General Fund (Attachment 3). The total additional cost associated with this sub-option is estimated at \$22.8 million.

Option 1 maintains the current design without triggering any additional environmental review and analysis pursuant to the requirements of CEQA, but requires an additional financial commitment. Option 2 allows the design team to make any necessary changes to the CCRC prior to project establishment; but there is the possibility the county would be required to amend the original CEQA document, or prepare and approve a new CEQA document, if such alterations are deemed to constitute a substantial change for purposes of CEQA, which could result in significant project delays and cost increases. Therefore, it is requested that your Board direct staff to pursue at least one of the two aforementioned options. If option 2 is selected, staff requests that the Board provide further direction on pursuing either sub-option A, B or C, which provide alternatives to meet county needs in terms of space and available parking.

FINANCIAL IMPACT:

The financial impact to the General Fund is dependent on the selected option(s) and course of action your Board orders. State funds will cover \$20 million while the remaining project costs will consist of the county's cash match of \$2.8 million that has been previously identified through an allocation from the 2016 Finance Plan and a contribution from the Humboldt County Community Corrections Partnership. Depending on the option(s) selected, an allocation can 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.

The estimated annual payment amortized over a 30-year period is dependent upon the option(s) selected. The General Fund annual commitment based on the above options, which includes principal and interest, ranges from \$26,500 to \$1.1 million. Long-term financing may be secured through a public issuance of tax-exempt obligations once the projects within the 2016 Finance Plan have been completed.

Another possible financial concern is that, if the elimination of sub-grade parking is deemed to constitute a substantial change in the project, and thereby requires further environmental review and analysis, an additional financial commitment may be necessary due to project delays and/or CEQA litigation associated therewith.

The direction requested by staff 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:

None.

ALTERNATIVES TO STAFF RECOMMENDATIONS:

Board discretion.

ATTACHMENTS:

1. Schematic Design with Parking
2. Schematic Design with Minimal Parking
3. Parking Structure/Office Building

PREVIOUS ACTION/REFERRAL:

Board Order No.: C-13, E-4, C-21, C-27, C-4, C-13

Meeting of: 8/25/2015; 1/12/2016, 5/24/2016; 9/20/2016; 11/14/2017; 4/12/2016