

TO: Chairman and Members

DATE: March 8, 2012

SUBJECT: AB 900 Phase II Jail Construction Conditional Awards **AGENDA ITEM: E**
Executive Steering Committee Recommendations

ACTION: X
INFORMATION:

RESOURCE PERSON: Leslie Heller

Summary: This action agenda item requests the Corrections Standards Authority (CSA) Board consider the AB 900 Phase II Executive Steering Committee (ESC) recommendations of “project worthiness” as it relates to counties’ jail construction funding application submittals, rescind Phase I awards from counties that have relinquished, and consider awards to counties within the available Phase II funding authority of \$602,881,000.

Background: Following the release of the AB 900 Phase II Request for Applications – Construction or Expansion of County Jails, 25 counties that had formally expressed an interest in participating in the application process, were subsequently invited to submit an application to request State lease-revenue bond financing for their proposed county jail construction project. Twenty of the counties responded to the invitation to apply, and submitted applications by the January 11, 2012 due date.

The 20 applications were provided to the eight member ESC, previously appointed by this Board to develop components of the Request for Applications (RFA), and evaluate the applications submitted in response to the RFA. Following the application due date, the ESC met for application evaluation training with CSA’s research and evaluation staff, and to discuss the remaining steps in the evaluation process. The eight member ESC evaluated the 20 applications, each on their own merit, and then discussed their evaluations. Six of the applications elicited areas of question or concern from the ESC. Those six counties met with the ESC in interview sessions to address concerns or questions that had been raised. The ESC determined 19 of the 20 projects/applications worthy of funding, and is making that recommendation to the Board today as the Board considers jail construction financing conditional¹ awards.

The funding preferences established in law for AB 900 Phase II (AB 111, Chapter 16, Statutes of 2011; and AB 94, Chapter 23, Statutes of 2011), in summary state that the California Department of Corrections and Rehabilitation and CSA shall give funding preference to: 1) counties that committed the largest percentage of inmates to State custody in 2010; and also to 2) counties that relinquish their Phase I awards, provided those counties agree to continue to assist the State in siting State reentry facilities (a condition of AB 900 Phase I awards). Adhering to the two distinctly separate legislated preferences, the 20 applications were separated into two groups, one for each preference – admissions preference and relinquishing preference (see Attachment A). Group 1 (admissions preference counties) is arranged in order of the counties’ number of admissions to State

¹ Construction awards under this program are considered “conditional” due to the requirements that have to be met at various stages with the specific financing mechanisms utilized to fund these projects.

custody; Group 2 (relinquishing preference counties) equally represents the counties that have relinquished their Phase I awards and are seeking the legislated preference associated with such.

Three currently awarded Phase I counties chose to relinquish their Phase I award in order to apply for a Phase II award. Their Phase I awards were formally relinquished through action by their county Board of Supervisors. Those counties are Santa Barbara, Kern and San Benito, and are represented within Group 1 and Group 2. Under the conditions of the RFA, CSA Board action is required to rescind the counties' Phase I awards, thus making the counties eligible to receive their Phase II award requests.

The Phase II RFA established a process for the conditional awarding of funds by the CSA Board to counties, based on the legislated preferences. The RFA also established the amount of funding that would be available within each county size set-aside, making up the \$602,811,000 total authorized for Phase II. Following the ESC's determination of projects worthy of funding, the following are funding award recommendations for counties in Phase II (see Attachment A for award amounts):

- Group 1 counties – Admissions Preference:
 - Large counties – Los Angeles, Riverside and Orange.
 - Medium counties – Stanislaus, Tulare and Santa Barbara. (Note the available funding authority in this category is depleted when Santa Barbara is reached on the list, allowing for only a partial award amount remaining for this county -- \$80,000,000 requested, with \$60,000,000 available in remaining funds. Further note that Santa Barbara has relinquished a Phase I award, and is seeking admissions preference in Phase II. The County is ineligible for the relinquishing preference under the terms of the RFA, as the Phase II award request exceeds the County's Phase I award amount. The Board will need to rescind Santa Barbara's Phase I award before the County is eligible for a Phase II award in the amount requested. The Board will also need to determine which county size category will receive the Phase I award amount relinquished by Santa Barbara, once the legislative process effectuates the movement of dollar authority from Phase I to Phase II.)
 - Small counties – Kings, Shasta, Sutter, Madera and Imperial. (Note the available funding in this category is depleted when Imperial County is reached on this list, allowing for only a partial award amount remaining for this county -- \$33,000,000 requested, with \$23,626,000 available in remaining funds.)
- Group 2 counties – Relinquishing Preference:
 - Kern and San Benito counties. (Following the process established in the RFA, the CSA Board is being asked to rescind the counties' Phase I awards. These counties will not receive a Phase II conditional award until the legislative process is complete, shifting Phase I award amounts to Phase II funding authority. Phase II awards will be considered for these counties at a future CSA Board meeting.)

Within the parameters established for the relinquishing preference, the current Phase I award amount for Kern and San Benito (Group 2) will follow the counties, providing that same amount as a Phase II award once the legislative process has shifted the funding authority to Phase II. Santa Barbara (Group 1), on the other hand, has competed in Phase II under the admissions preference and is eligible to receive a Phase II award at this time, once the Board rescinds its Phase I award.

Recommendation/Action Needed:

Staff recommends the CSA Board consider the following:

1. Accept the Executive Steering Committee's recommendation that the 19 applications, as listed in Attachment A, are deemed worthy of funding.
2. Accept the Executive Steering Committee's recommendation that Sonoma County's application is not deemed worthy of funding.
3. Rescind the Phase I relinquished awards from Kern (\$100,000,000), San Benito (\$15,053,000) and Santa Barbara (\$56,295,000).
4. Acknowledge the present intent to consider Phase II conditional awards to Kern (\$100,000,000) and San Benito (\$15,053,000) at a future date, once the Phase I award amounts have shifted to Phase II funding authority.
5. Provide conditional awards for the full amounts requested to: large counties – Los Angeles, Riverside and Orange; medium counties – Stanislaus and Tulare; and, small counties – Kings, Shasta, Sutter and Madera.
6. Provide a conditional award to Santa Barbara in the amount of \$60,000,000, which represents a partial amount of the \$80,000,000 requested due to the remaining funds within the medium county set-aside. Determine the future set-aside disposition of Santa Barbara's Phase I award once the legislative process has shifted the Phase I award amount to Phase II funding authority. Further, if Santa Barbara is to remain with the partial award, determine protocol for counties receiving partial awards, in particular, whether maintaining original project scope with the acceptance of partial funding awards is required.
7. Provide a conditional award to Imperial in the amount of \$23,626,000, which represents a partial amount of the \$33,000,000 requested due to the remaining funds within the small county set-aside. Further, determine award protocol for counties receiving partial awards, in particular, whether maintaining original project scope with the acceptance of partial funding awards is required.