

**TO: Chairman and Members**

**DATE: July 26, 2012**

**SUBJECT: AB 900 Phase II Jail Construction Financing Program  
Update**

**AGENDA ITEM: F**

**ACTION: X  
INFORMATION:**

**RESOURCE PERSON: Leslie Heller**

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**Summary:**

This action agenda item provides the current status of counties awarded under this program, as well as a request for Board of State and Community Corrections' (BSCC) action to consider conditional awards to Kern, San Benito, Santa Barbara and Monterey counties based on budget trailer bill language that shifted funding authority from AB 900 Phase I to Phase II.

**Background:**

AB 900 (Chapter 7, Statutes of 2007) provided for \$1.22 billion in lease-revenue bond financing for the construction of county jail facilities, with the funding authority divided into two phases. Phase I funding was awarded to counties by the Corrections Standards Authority (CSA) Board beginning in May 2008. Phase II funding was awarded to counties beginning in March 2012, with amended funding authority addressed here under Additional Phase II Awards.

Status of Current Phase II Awarded Counties

On October 7, 2011 CSA released the AB 900 Phase II Request for Applications – Construction or Expansion of County Jails, as approved by the CSA Board. The Request for Applications identified a series of specific project milestone requirements (e.g., county to provide assurance that the county has control of a project site within 90 days of award). Funded counties are required to meet these milestones, showing the progress of their construction project in the planning stages and leading up to actual construction. These required project milestones, along with a project schedule submitted with each application, allow for a project's progress to be tracked by BSCC staff, and subsequent reporting of the projects' status to the BSCC Board. In the case of a county's project not meeting the schedule or required milestones, it allows the Board to review that county's award status and take action as may be deemed appropriate.

Attachment A reflects the list of 11 counties currently holding Phase II awards as of CSA's last meeting on May 10, 2012.

The project milestone requirements that have passed in time since the CSA Board's awards to counties on March 8, 2012 pertain to Los Angeles, Riverside, Orange, Stanislaus, Tulare, Kings, Shasta, Sutter and Madera counties. (Santa Barbara and Imperial counties are on a delayed timeline status due to receipt of partial awards only, and have not yet reached milestone deadline.)

The specific project milestone requirements applicable to date and each county's status are as follows:

- Within 90 days from notice of award: Counties must provide formal assurance that they have project site control through either ownership or comparable long-term possession.
  - The aforementioned counties (Los Angeles through Madera), with the exception of Tulare, met this requirement. See Attachment B for Tulare County's request for an extension of time (41 days) to meet this requirement.
- Within 90 days from notice of award: Counties must show evidence they have begun the California Environmental Quality Act process.
  - All of the aforementioned counties (Los Angeles through Madera) have met this requirement.
- Within 120 days from notice of award: Counties must submit a real estate due diligence package for the State's review.
  - The aforementioned counties (Los Angeles through Madera), with the exception of Tulare, met this requirement. See Attachment B for Tulare County's request for an extension of time (26 days) to meet this requirement.

#### Additional Phase II Awards

AB 94 (Chapter 23, Statutes of 2011) amended certain portions of Phase II and allowed for counties to relinquish their Phase I awards, as may be appropriate, and receive a preference for being funded in Phase II where there is a lower level of matching funds required.

Kern and San Benito counties relinquished their Phase I awards (\$100,000,000 and \$15,053,000 respectively) and requested the AB 94 funding preference. In March 2012 the CSA Board accepted the relinquished awards from these two counties and acknowledged its 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 legislatively shifted to Phase II funding authority.

Santa Barbara County relinquished a Phase I award in the amount of \$56,295,000 which was accepted by the CSA Board in March 2012. This county sought a separate preference track in the Request for Applications process for Phase II funding, and requested an \$80 million Phase II award. From the funding authority remaining for medium size counties in Phase II at that time, the CSA Board awarded Santa Barbara County \$60 million in March 2012, and further indicated the Board's present intent to award an additional \$20 million to Santa Barbara once the legislative process shifted their relinquished Phase I award amount to Phase II funding authority. This final action would provide Santa Barbara County with the full \$80 million requested in Phase II.

The remainder of Santa Barbara County's Phase I award that was relinquished – \$36,295,000, was the subject of additional action by the Board in March 2012. It expressed its present intent to award the next county on the list requesting funding in the medium size county set-aside – Monterey, once the legislative process shifted the Phase I award amount to Phase II funding authority. Note that this amount is only a portion of the \$80 million requested by Monterey County. The Board may consider allowing Monterey County to downsize its scope of work as detailed in its Phase II application, to be commensurate with the amount of available funding, pending the AB 900 Phase II Executive Steering Committee determining project worthiness with the amended scope. (This scope change process was allowed when Imperial County was provided a partial Phase II award amount on March 8, 2012.)

On June 27, 2012, SB 1022 was signed into law. Among other provisions, this legislation has shifted the relinquished Phase I award amounts (\$171,348,000 total) from the above mentioned counties to Phase II funding authority. This legislative action allows the BSCC Board to consider awarding this funding authority to counties.

All expressions of the CSA Board's present intent for future action by the BSCC for Phase II awards were made with the acknowledgement that there was no formal commitment for the BSCC Board to uphold, and that the BSCC Board would review the current status and determine appropriate action at this point in time.

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**Recommendation/Action Needed:**

Staff recommends the BSCC take the following actions:

- Consider the request from Tulare County for an extension of 41 days to comply with the site assurance requirement, and an extension of 26 days to meet the real estate due diligence requirement.
- Consider Phase II awards to: Kern (\$100,000,000) and San Benito (\$15,053,000); Santa Barbara for the additional \$20,000,000; and Monterey a partial award of \$36,295,000.
- Commensurate with a partial award to Monterey County, consider allowing the County to reduce its project scope, to be accepted as worthy by the AB 900 Phase II Executive Steering Committee.

**CORRECTIONS STANDARDS AUTHORITY  
AB 900 PHASE II – JAIL CONSTRUCTION FUNDING AWARDS  
UPDATED MAY 10, 2012**

<b>GROUP 1 COUNTIES: ADMISSIONS PREFERENCE*</b>				
	<b>*ADMISSIONS RANK WITHIN COUNTY SIZE</b>	<b>COUNTY</b>	<b>AMOUNT REQUESTED</b>	<b>CONDITIONAL AWARD</b>
<b>LARGE COUNTIES</b>	1	Los Angeles	\$100,000,000	\$100,000,000
	2	Riverside	\$100,000,000	\$100,000,000
	3	Orange	\$100,000,000	\$100,000,000
	4	Sacramento	\$100,000,000	
		<b>Subtotal – Large Counties:</b>	<b>\$400,000,000</b>	
<b>MEDIUM COUNTIES</b>	1	Stanislaus	\$80,000,000	\$80,000,000
	2	Tulare	\$60,000,000	\$60,000,000
	3	Santa Barbara	\$80,000,000	\$60,000,000
	4	Monterey	\$80,000,000	
	5	Yolo	\$42,225,000	
	6	Sonoma	\$43,000,000	
	7	Placer	\$28,502,274	
		<b>Subtotal – Medium Counties:</b>	<b>\$413,727,274</b>	
<b>SMALL COUNTIES</b>	1	Kings	\$33,000,000	\$33,000,000
	2	Shasta	\$33,000,000	\$33,000,000
	3	Sutter	\$9,741,000	\$9,741,000
	4	Madera	\$3,000,000	\$3,000,000
	5	Imperial	\$33,000,000	\$24,140,000
	6	Siskiyou	\$26,985,416	
	7	Tuolumne	\$33,000,000	
		<b>Subtotal – Small Counties:</b>	<b>\$171,726,416</b>	<b>Group 1 Awards Total: \$602,881,000</b>
<b>GROUP 2 COUNTIES: RELINQUISHING PREFERENCE**</b>				
<b>Large County</b>		Kern	\$100,000,000	
<b>Small County</b>		San Benito	\$15,053,000	
		<b>Subtotal – Relinquishing Co.:</b>	<b>\$115,053,000</b>	
<b>TOTAL REQUESTED</b>	<b>20 applications</b>		<b>\$1,100,506,690</b>	
<p>*Admissions Preference counties are ranked within each county size category based on admissions to state custody in 2010, and are funded within the currently available Phase II funding authority. Note that Santa Barbara County relinquished a \$56,295,000 Phase I award. The CSA Board has expressed its intent to consider an additional \$20 million award to Santa Barbara County and \$36,295,000 to Monterey County, at such time as the relinquished funds are shifted to Phase II funding authority.</p> <p>**Relinquishing Preference counties will be considered for conditional awards at a later date when the counties' Phase I award amounts have shifted to Phase II funding authority.</p>				

**COUNTY OF TULARE**  
**COUNTY ADMINISTRATIVE OFFICE**



**JEAN M. ROUSSEAU**  
 County Administrative Officer

**KRISTIN BENNETT**  
 Assistant County Administrative Officer

= July 17, 2012

Micheal Collins, Field Representative  
 Board of State and Community Corrections  
 600 Bercut Drive  
 Sacramento, CA 95811

Re: Request for time Extension for submission of Site Assurance and Real Estate Due Diligence: AB 900 Grant ID #10-12

Dear Mr. Collins:

Tulare County received a conditional award for AB 900 Phase II Jail Construction Financing in an amount up to \$60,000,000 made by the Corrections Standard Authority (CSA) Board at its meeting on March 8, 2012. Day 1 of the Project Timetable was established as March 16, 2012 based on the receipt of the Conditional Award letter.

**Site Assurance Time Extension Request:**

AB 900 Project Timetable requires that the Site Assurance be submitted to CSA within 90 days of award. For Tulare County, the Site Assurance completion date was set as June 14, 2012. A time extension of 41 days is requested which will result in the revised completion date of July 25, 2012.

**Real Estate Due Diligence Package Time Extension Request:**

AB 900 Project Timetable requires that the Real Estate Due Diligence Package be submitted to CSA within 120 days of award. For Tulare County, the Real Estate Due Diligence package completion date was set as July 14, 2012. A time extension of 26 days is requested which will result in the revised completion date of August 10, 2012.

**All other processes and deadlines have been reviewed and no other time line adjustments are needed or requested.**

**Summary**

As acknowledged by CSA, Tulare County did not own a suitable project site at the time of the AB 900 Grant application submission or by the Conditional Award on March 16, 2012. Tulare County has worked diligently to complete all steps and requirements to purchase property and complete the required due diligence items. Procedures for local governmental agencies to purchase property are complex and time consuming.

In December, 2011 the Tulare County Board of Supervisors approved the submission of the application for Jail Construction Funding under the State AB 900 Program. Due to the extremely limited grant time frames, a property search was simultaneously launched for a possible facility site for the jail facility. Tulare County completed extensive review of 24 potential sites.

A preferred site was selected and a **conditional offer to purchase** was sent to the landowners on February 6, 2012 prior to Conditional Grant Award decisions. Tulare County Board of Supervisors considered the property purchase in Closed Session on March 28, 2012 and provided negotiating directions to the Tulare County Property Specialist. **Escrow** was opened on April 16, 2012 with the request of the Preliminary Title Report. The completed **Preliminary Title Report** was received on May 4, 2012. The required **Records Search** and **Title Exceptions Map** were completed May 9, 2012. The **Unrecorded Rights Certification Letters** were completed June 5, 2012.

On April 4, 2012 an initial environmental site visit was conducted at the potential site. The Phase I Environmental Report was initiated on May 10, 2012 and completed June 6, 2012. The Phase II Environmental Report was initiated on June 13 and completed July 6, 2012. Based on the reports and analysis the **California Environmental Quality Act (CEQA)** Notice of Exclusion and Exemption was prepared. The documents were approved by the Tulare County Board of Supervisors on July 10, 2012.

The **Appraisal of the Proposed** site was initiated on May 15, 2012 and will be completed July 31, 2012.

The potential property required **General Plan Conformity Reviews** by both the City of Porterville and Tulare County. The request for consideration was sent to the City of Porterville on April 16, 2012. The City of Porterville Project Review Committee discussed the property and General Plan Conformance at their May 2, 2012 meeting. The matter was referred to the Porterville City Council and approved at their June 5, 2012 meeting. The Tulare County Planning Commission considered the matter on their June 27, 2012 meeting and referred it to the Tulare County Board of Supervisors for approval. The Tulare County Board of Supervisors confirmed General Plan Conformance on July 10, 2012.

As a local government agency, Tulare County follows Government Code Sections 25350 and 6063 for property purchases. The Board of Supervisors is required to approve the **Notice of Intent to Purchase Property** and publish the notice in the newspaper once a week for three consecutive weeks. The Notice of Intent to Purchase Property was heard by the Board of Supervisors on June 5, 2012 and set the required Public Comment for their July 10, 2012 meeting.

On July 10, 2012, the Tulare County Board of Supervisors took the following action: approved the CEQA documentation for the land purchase; confirmed the property conformed to the Tulare County General Plan; publicly consummated the property purchase; approved purchase agreements; and declared that the County has site assurance pursuant to AB 900.

**Escrow** for the proposed site property will close on July 20, 2012. On July 24, 2012, the Board of Supervisors will consider the formal **Site Assurance Resolution**.

Tulare County has been preparing the **Real Estate Due Diligence** package simultaneously to the property purchase. The only remaining item needed to complete the packet for submission is the property **Appraisal** of the proposed site. The appraisal will be completed on July 31, 2012. The Real Estate Due Diligence Packet will be submitted by August 10, 2012.

Sincerely,



Kristin Bennett  
Assistant County Administrative Officer  
Tulare County AB 900 Construction Administrator