



Board Report

File #: RES 20-147, **Version:** 1

Adopt a resolution to:

- a. Authorize the execution and delivery of a Facility Sublease for and ratification of all previous actions with respect to the Monterey County Juvenile Project (New Juvenile Hall Project 8811) in a form substantially similar to the attached with such additions thereto and changes therein as are required by the Department of Corrections and Rehabilitation of the State of California (“Department”) or the State Public Works Board of the State of California (“Board”) as conditions to the issuance of the Bonds, and certain actions in connection therewith; and
- b. Authorize the Chair of the Board of Supervisors, County Administrative Officer and/or the Assistant County Administrative Officer(s) to act as Authorized Signatory(s) to execute the Facility Sublease in a form substantially similar to the attached and with such additions thereto and changes therein as are required by the Department or the Board as conditions to the issuance of the Bonds and execute necessary documents, certificates, and related actions.
- c. Authorize the Director of the Resource Management Agency (RMA) or the RMA Director’s designee to issue a Certificate of Substantial Completion for the Phase I portion of the Facility currently occupied by Probation, in accordance with the contract Plans and Specifications, and other certificates of completion as applicable for the remainder of the construction work.

RECOMMENDATION:

Adopt a resolution to:

- a. Authorize the execution and delivery of a Facility Sublease for and ratification of all previous actions with respect to the Monterey County Juvenile Project (New Juvenile Hall Project 8811) in a form substantially similar to the attached with such additions thereto and changes therein as are required by the Department of Corrections and Rehabilitation of the State of California (“Department”) or the State Public Works Board of the State of California (“Board”) as conditions to the issuance of the Bonds, and certain actions in connection therewith; and
- b. Authorize the Chair of the Board of Supervisors, County Administrative Officer and/or the Assistant County Administrative Officer(s) to act as Authorized Signatory(s) to execute the Facility Sublease in a form substantially similar to the attached and with such additions thereto and changes therein as are required by the Department or the Board as conditions to the issuance of the Bonds and execute necessary documents, certificates, and related actions.
- c. Authorize the Director of the Resource Management Agency (RMA) or the RMA Director’s designee to issue a Certificate of Substantial Completion for the Phase I portion of the Facility currently occupied by Probation, in accordance with the contract Plans and Specifications, and other certificates of completion as applicable for the remainder of the construction work.

SUMMARY

Staff is requesting the Board of Supervisors adopt a resolution (**Attachment A**) to approve a Facility Sublease (Sublease) between the California Department of Corrections and Rehabilitation (“CDCR” or “Department”) and the County of Monterey, authorizing Monterey County Probation Department to utilize the New Juvenile Hall complex (Facility), constructed under the SB-81 financing program. The resolution would also allow the County to issue a Certificate of Substantial Completion for the Phase I portion of the Facility currently

occupied by Probation, in accordance with the contract Plans and Specifications, and other certificates of completion as applicable for the remainder of the construction work.

DISCUSSION:

The Sublease agreement is required by the State as part of the SB-81 financing program. The action included with this report will authorize the Chair of the Board of Supervisors and/or the County Administrative Officer or Assistant County Administrative Officer(s) to act as Authorized Signatories to execute the Sublease in a form substantially similar to the attached Sublease (**Attachment B**) and with such additions thereto and changes therein as are required by the Department or the State Public Works Board of the State of California (Board) as conditions to the issuance of the Bonds. The State Department of Finance (DOF) intends to sell bonds for the Facility in October 2020, and the Sublease must be in place prior to that sale.

The Facility is constructed on property that was leased by the County to CDCR through Ground Lease and Easement Agreements (executed January 29, 2016). CDCR leased the property to the State Public Works Board (SPWB) under a Site Lease. Once construction is complete, SPWB will lease the Facility back to CDCR under a Facility Lease. Lease payments made to SPWB under the Facility Lease will be used to repay the bonds. CDCR will enter into a Sublease with the County granting use of the facility to the Probation Department. The proposed Sublease is the subject of this report.

The term of this Sublease continues through the bond repayment period of fifteen (15) years. During the term, the Sublease requires the County to maintain general liability and auto insurance in an amount not less than one million dollars (\$1,000,000) per occurrence. The County is responsible for all Facility maintenance and repair and must maintain the Facility in good condition. Any improvements or additions to the Facility that trigger Board of State and Community Corrections (BSCC) review must also be approved by CDCR and SPWB. The County must also submit an annual report to CDCR that summarizes the upcoming fiscal year Facility budget and operations.

OTHER AGENCY INVOLVEMENT:

The Office of the County Counsel-Risk Manager has reviewed and approved the Sublease as to form. The Resource Management Agency (RMA) and the Probation Department continue to work jointly with BSCC and CDCR to meet all State requirements to maintain the conditional award for SB-81 financing. State Water Resources Control Board and California State Fire Marshall inspections will continue as needed throughout the construction phase. RMA and Probation are working directly with the State Department of Finance throughout the bond issuance process to provide necessary information and process documentation as needed.

FINANCING:

CDCR is responsible for all rental costs and State master insurance program costs as defined in the Facility Lease between SPWB and CDCR. Article 6(b) of the Sublease requires the County to pay any other taxes or assessments charged against the Facility.

Construction on Phase II of the Facility is ongoing. The current Board of Supervisors approved project budget is \$61,272,032 which consists of a State lease revenue bond of \$35,000,000, State required minimum match of \$3,500,000, and additional County funding of \$22,772,032 for a total County funding commitment of \$26,272,032. An additional \$1,614,318 in previously approved County funding remaining after the Project descope is being held in Fund 404 to cover unknown costs for the Project and the Jail Housing Addition Project 8819.

Total expenditures through July 2020 are \$50,232,637, including \$39,973,857 in construction costs and

\$10,258,780 in soft costs. To date, the County has claimed \$34,485,812 of the \$35,000,000 State SB81 Local Youthful Offender Rehabilitative Facilities Construction grant. A claim for the remaining \$514,188 will be processed for submittal to the State as eligible construction costs are incurred. Per the grant agreement, five percent (5%) (\$1,750,000) of SB 81 funding is held by the State until the Project is complete.

BOARD OF SUPERVISORS STRATEGIC INITIATIVES:

Provision of a New Juvenile Hall facility supports the Board of Supervisors Administration, Infrastructure, and Public Safety Strategic Initiatives by enhancing the safety of County staff, facility occupants, and the public. The action in this report is necessary for completion of the Project and use of the new facility by Probation.

Economic Development

X Administration

Health & Human Services

X Infrastructure

X Public Safety

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Reviewed by: Lindsay Lerable, Chief of Facilities
Shawne E. Ellerbee, RMA Assistant Director

Approved by: Carl P. Holm, AICP, RMA Director

The following attachments are on file with the Clerk of the Board:

Attachment A - Resolution

Attachment B - Form of Facility Sublease