

**SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

194



FROM: Executive Office

SUBMITTAL DATE:
November 19, 2004

SUBJECT: Joint Powers Authority for a Southwest Community Animal Shelter

RECOMMENDED MOTION: That the Board (1) Approve the attached Joint Powers Authority Agreement; (2) Authorize the issuance of bonds by the Joint Powers Authority for the animal shelter; and (3) Appoint a specific member of the Board of Supervisors as a member to the Joint Powers Authority.

BACKGROUND: On July 27, 2004, Item 3.1, the Board approved, in concept, the formation of a Joint Powers Authority (JPA) for the purpose of constructing an animal shelter in the southwestern portion of the county. The Animal Friends of the Valleys (AFV) currently provides animal sheltering services to the County, and the cities of Canyon Lake, Lake Elsinore, Murrieta, and Temecula through individual contracts. Because of the growth in the southwestern portion of the county, AFV's current facilities have become overcrowded and inadequate to support their contracts. Discussions between the County and the cities have resulted in a Southwest Communities Joint Powers Authority Agreement, which is summarized below.

(CONTINUED)

FORM APPROVED
COUNTY COUNSEL

Departmental Concurrence

NOV 22 2004

BY *Lucy Gumb*

Dean Deines
Dean Deines
Deputy County Executive Officer

FINANCIAL DATA

Current F.Y. Total Cost:	\$ N/A	In Current Year Budget:
Current F.Y. Net County Cost:	\$ N/A	Budget Adjustment:
Annual Net County Cost:	\$ N/A	For Fiscal Year:

SOURCE OF FUNDS: General Fund Cost of approximately \$455,000 annually will be incurred starting in FY 2006-07.

Positions To Be Deleted Per A-30	<input type="checkbox"/>
Requires 4/5 Vote	<input type="checkbox"/>

C.E.O. RECOMMENDATION: **APPROVE**

County Executive Office Signature

Lucy Gumb

<input type="checkbox"/> Policy	<input type="checkbox"/> Policy
<input checked="" type="checkbox"/> Consent	<input checked="" type="checkbox"/> Consent
<input type="checkbox"/> Consent	<input type="checkbox"/> Consent

Dept's Recomm.:
Per Exec. Ofc.:

NOV 22 2004 10:01 AM
RECEIVED RIVERSIDE COUNTY

Prev. Agenda Ref: 3.1 of 7/27/04 | District: 1 & 3 | Agenda Number:

ATTACHMENTS FILED
WITH THE CLERK OF THE BOARD

3.1

Purpose of the JPA

The primary purpose of the Joint Powers Authority is to construct a 30,000 square foot animal shelter serving the southwestern communities of the county. Construction cost is estimated at \$9 million by Animal Friends of the Valleys (AFV). The JPA, once formed, will need to review AFV's plans and cost estimates. In addition, the JPA will contract for the operation of the shelter.

Termination of the JPA

The JPA Agreement (the "Agreement") allows any member agency to terminate their participation in the JPA with sixty (60) days notice, if the JPA has incurred no obligations. If the JPA has incurred any obligation, including indebtedness and/or property, then a member agency must give twelve (12) months notice. If a member agency elects to terminate their participation in the JPA after the JPA has incurred an obligation then, pursuant to the Agreement, the member agency must pay (1) their portion of the outstanding bonds for any indebtedness incurred (based on their then current percentage of animals sheltered); (2) any unpaid portion of their administrative costs of the JPA and; (3) any unpaid portion of their share of the operating costs of the shelter.

Board Membership

The JPA members will include the cities of Canyon Lake, Lake Elsinore, Murrieta and Temecula, and the County of Riverside. The JPA Board of Directors (the "Board") will include one elected official (City Council/Board of Supervisors) from each member agency.

In the event of an incorporation within the JPA boundaries, the newly formed city may join the JPA as a member agency, subject to all the provisions in the Agreement, and approved by the new city and each member agency.

Fiscal Obligations

Repayment of Debt

Repayment of the debt will be allocated to each member agency based on the number of animals sheltered by each agency. The percentage of animals sheltered by each agency will be calculated on an annual basis each January, based on usage information for the preceding calendar year. The percentage will be used to allocate annual debt repayment for each member agency's upcoming fiscal year operating budget (percentage provided in January for July budget adaptation). Under this method the County's current percentage is 31.78%.

Assuming a \$9 million construction cost financed for 30 years at a 6% interest rate, the County's obligation for debt repayment will be \$264,000 per fiscal year (31.78% of the \$831,000 total annual debt service).

Administrative Costs

Expenses of the JPA, which will include bond-related expenses, Board member stipends and expenses, administrative fees, legal fees, etc., will be allocated equally to each member agency.

Operation of Animal Shelter

Operating costs will also be allocated to each member agency based on the number of animals sheltered by each agency. The percentage for each agency would be calculated on an annual basis in January, based on usage information for the preceding calendar year. The percentage will be used to allocate operating costs for each member agency's upcoming fiscal year operating budget. Based on estimated costs to house animals by AFV, the County's obligation for operations will be approximately \$191,000 per fiscal year (31.78% of the \$600,000 total annual operating cost).

Animal Friends of the Valleys has expressed an interest in operating the Shelter on a long-term basis. Therefore, if approved by the JPA, AFV would operate the Shelter through a contract with the JPA. The contract would only include shelter operations; field services would continue to be the responsibility of the individual member agencies.

General Fund Impact

Given the assumptions made previously, the annual cost to the General Fund, once the animal shelter is built and operational, would be \$264,000 for debt repayment and \$191,000 for operations, for a total cost of \$455,000 per fiscal year. This is a \$368,000 increase over the current contract with AFV of \$87,000. Because the JPA is not yet formed, or debt issued, the costs would most likely not be incurred until FY 2006-07.

Annexations/Incorporations

Annexation of any area by any member agency will result in that member assuming fiscal responsibility for the area annexed. The additional annexation will result in a re-calculation of the percentages used for cost allocation. In the event of an incorporation within the boundaries of the JPA, the County reserves the right to contract with the newly formed city for animal services, if the city does not join the JPA.

Officers of the JPA

Since the County has staff dedicated to providing day-to-day administration of its public benefit corporations and JPAs, County staff will serve as staff to the JPA, though the Agreement allows for any member agency's staff to serve as staff to the JPA. The County Treasurer and Controller will act as the JPA's treasurer and controller respectively.

Executive Management Committee

In addition to JPA administration, an Executive Management Committee, comprised of city and county staff, will be formed to provide oversight. This oversight will include, but not limited to, debt issuance, contract negotiations and financial reporting.

It is anticipated that the JPA Agreement will be approved by all potential member agencies by mid-December and the first JPA Board of Directors meeting called in January.