

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

250



FORM APPROVED COUNTY COUNSEL
BY: [Signature] 7/1/13
DATE: 7/1/13
Departmental Control: PATRICIA MUNROE

FROM: Economic Development Agency / Facilities Management

SUBMITTAL DATE:
July 3, 2013

SUBJECT: Ordinance No. 919, Authorizing a Public Leaseback to Finance the Costs of Construction of a County Law Office Building in Indio and Certification of Environmental Assessment No. 13-5-503 (EA)/Mitigated Negative Declaration

RECOMMENDED MOTION: That the Board of Supervisors introduce and adopt, on successive weeks, Ordinance No. 919, authorizing a public leaseback of County-owned property to finance the costs of construction of a County Law office building in Indio and certification of review and consideration the attached EA and Mitigated Negative Declaration.

BACKGROUND: Ordinance No. 919 provides for a public leaseback of 5.68 acres of County-owned land on the southwest corner of Highway 111 and Jackson Street in the City of Indio as the location most suitable for the construction of a County Law Building in Indio.

(Continued)

FISCAL PROCEDURES APPROVED
PAUL ANGULO, CPA, AUDITOR-CONTROLLER
BY: [Signature] 7/3/13
DATE: 7/3/13
SAMUEL WONG

REVIEWED BY CIP
[Signature]
Christopher Hans

[Signature]
Robert Field
Assistant County Executive Officer/EDA

FINANCIAL DATA	Current F.Y. Total Cost:	\$ 5,000	In Current Year Budget:	Yes
	Current F.Y. Net County Cost:	\$ 0	Budget Adjustment:	No
	Annual Net County Cost:	\$ 0	For Fiscal Year:	2013/14

COMPANION ITEM ON BOARD AGENDA: No

SOURCE OF FUNDS: East County Detention Center Project Budget – 100%	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 BY: [Signature]
Jennifer Sargent

Policy
 Policy
 Consent
 Consent
 Dep't Recomm.:
 Per Exec. Ofc.:

MINUTES OF THE BOARD OF SUPERVISORS

On motion of Supervisor Stone, seconded by Supervisor Benoit and duly carried by unanimous vote, IT WAS ORDERED that the above ordinance is approved as introduced with waiver of reading.

Ayes: Jeffries, Tavaglione, Stone, Benoit and Ashley
Nays: None
Absent: None
Date: July 16, 2013
xc: EDA, COB

Kecia Harper-Ihem
 Clerk of the Board
 By: [Signature]
 Deputy

Prev. Agn Ref.: 3.12 of 10/18/11; 3.11 of 12/6/11; 3.19 of 3/27/13; 3.21 of 11/6/12; 3.2 of 4/9/13; 3.23 of 6/18/13
District: 4/4
Agenda Number: 3-21

BACKGROUND: (Continued)

In 2011, California Governor Jerry Brown signed into law Assembly Bill 109, known as the "Realignment Plan," which shifts the responsibility from the state to counties for the custody, treatment and supervision of certain offenders. This legislation, combined with the current level of demand for detention facilities in the County, has resulted in the need for additional detention system capacity.

To aid in the financing of such a facility, on March 27, 2012, the Board of Supervisors approved item 3.19 entitled "Acceptance of \$100 million AB 900 Funding Award from the Corrections Standards Authority," formally accepting a funding award in the amount of \$100 million to be applied to the planning, design, and construction of a new detention facility in the County.

The Indio County Administrative Center (CAC) at 82-675 Highway 111, Indio, was deemed to be the location most suitable for this Project and on November 6, 2012, the Board of Supervisors approved item 3.21 for an architectural services agreement to be executed between an architectural firm and the County.

The County will plan and construct a detention facility on the Indio CAC site, which will be known as the East County Detention Center (ECDC). The site is currently improved with office and related facilities totaling approximately 122,000 square feet built from 1968 to 1975. The County plans to relocate the occupants, demolish the facilities, and construct the new detention complex. The new detention complex will feature 1,627 detention beds. On February 26, 2013, the Board of Supervisors approved the Monthly Progress Report Regarding the ECDC, which enumerated the documents required by the State to date in connection with the state-provided bond financing and confirmed the submittal of these documents to the State and compliance by the County.

As a companion Project to the ECDC Project, the Economic Development Agency (EDA) identified County-owned land of approximately 5.68 acres on the southwest corner of Highway 111 and Jackson Street in the City of Indio as the location most suitable for the construction of a privately owned office building of approximately 90,000 square feet with a ground lease to the County to accommodate these departments and entities. The District Attorney, Public Defender, County Counsel, and Law Library will be permanently relocated into this new leased facility. As a result of these moves, TLMA and the Assessor-Clerk Recorder will also need to be relocated. On June 24, 2012, EDA issued a Request for Proposal to real estate developers for the planning, design, and construction of a 90,000 square foot office building to be known as the County Law Building and recommended the Board approve a Pre-Development Agreement with the Trammell Crow Company which was approved by the Board of Supervisors on April 9, 2013, as item 3-2. The estimated completion timeframe for the County Law Building is the first calendar quarter of 2015.

To facilitate the financing of the Project, the landlord will procure the funds through a bond offering.

(Continued)

BACKGROUND: (Continued)

Pursuant to Revenue Procedure 82-26 of the U.S. Treasury, bonds issued by a nonprofit corporation organized under the laws of the state of California in order to finance facilities in the state of California may qualify as tax-exempt obligations upon compliance with the requirements set forth in the Revenue Procedure. Riverside Community Properties Development, Inc. (RCP) has been formed as a nonprofit public benefit corporation for the purpose of designing, permitting, constructing and equipping a new law office building and associated improvements for use by the County of Riverside.

Since the County owns land on which the Project will be constructed, it is anticipated the County will enter into a ground lease of the land with RCP. In order to finance the Project, RCP proposes to issue tax-exempt bonds, to be designated as the "Riverside Community Properties Development, Inc. Lease Revenue Bonds, 2013 (Riverside County Law Building)." Additionally, RCP proposes to enter into the Facilities Lease Agreement (the Facilities Lease) under which RCP will undertake the Project and lease the Premises to the County; and payments by the County of rent under the Facilities Lease will be used to pay debt service on the Bonds. It is anticipated that the Ground Lease and Facilities Lease will be scheduled for Board consideration upon completion of negotiations on these leases.

Since the County does not wish to directly undertake the governmental burden associated with development of the Project, the proposal by RCP is the most efficient means for managing the financing, construction and operation of the Project. However, the transaction, as proposed, constitutes a public leaseback. As such, Government Code § 54241 requires that the action be approved by ordinance.

The Debt Advisory Committee reviewed and approved the financing for this project on June 13, 2013.

The potential environmental effects of the Project subject to the Ground Lease and Facilities Lease were fully studied in Environmental Assessment No. 13-5-503 prepared by the City of Indio. Based thereon City of Indio, the lead agency, adopted a Mitigated Negative Declaration on June 12, 2013. The public leaseback will not result in any new significant environmental effects not identified in Environmental Assessment No. 13-5-503, nor will it substantially increase the severity of the environmental effects identified in Environmental Assessment No. 13-5-503. In addition, no considerably different mitigation measures have been identified. Accordingly, the County, as a responsible agency, hereby certifies that it has reviewed and considered the information contained in Environmental Assessment No. 13-5-503 and the Mitigated Negative Declaration adopted by the City on June 12, 2013. No further environmental documentation is therefore required to authorize the public leaseback.

FINANCIAL DATA:

Preparation, publication and hearing will cost approximately \$5,000. All costs associated with this ordinance are fully funded through the East County Detention Center Project Budget for FY 2013/14. Thus, no additional net county cost will be incurred as a result of the transaction

Attachments:
Ordinance 919
City of Indio Planning Commission Reso No. 1651
Environmental Initial Study