



A Tradition of Stewardship
A Commitment to Service

Agenda Date: 10/15/2013
Agenda Placement: 9E
Set Time: 10:20 AM
Estimated Report Time: 1 Hour

NAPA COUNTY BOARD OF SUPERVISORS Board Agenda Letter

TO: Board of Supervisors
FROM: Watt, Nancy - County Executive Officer
County Executive Office
REPORT BY: Pamela Kindig, Assistant CEO - 253-4406
SUBJECT: Five Year Major Projects Financing Plan

RECOMMENDATION

County Executive Officer requests the following regarding major upcoming capital projects:

1. Receive and approve a five year financing and phasing plan;
2. Receive a financial analysis from financial advisor, KNN Public Finance;
3. Direction to staff on issuance of Certificates of Participation; and
4. Adoption of a Reimbursement Resolution.

EXECUTIVE SUMMARY

Staff and county financial advisor, David Leifer of KNN Public Finance, will present an analysis and proposed plan for phasing and financing of upcoming capital projects. Board direction is required on approval of the plan including issuing Certificates of Participation (COPs) to assist in funding certain projects.

PROCEDURAL REQUIREMENTS

1. Staff report.
2. Board questions of staff.
3. Public comment.
4. Motion, second, discussion and vote.

FISCAL IMPACT

Is there a Fiscal Impact?	Yes
Is it currently budgeted?	No
What is the revenue source?	This action will make adjustments to multiple budget units and funds as described more fully in the Background section and attachments to this report.
Is it Mandatory or Discretionary?	Discretionary
Discretionary Justification:	Staff requires direction on financing and phasing of major capital projects over the next five years.
Is the general fund affected?	Yes
Future fiscal impact:	Staff recommendations, if approved, would impact the next 10 years, primarily in debt service. The impact is described more fully in the Background section and attachments.
Consequences if not approved:	If staff recommendations are not approved, alternate Board direction is required in order to finance and phase major capital projects upcoming in the next five years.
Additional Information:	

ENVIRONMENTAL IMPACT

ENVIRONMENTAL DETERMINATION: The proposed action is not a project as defined by 14 California Code of Regulations 15378 (State CEQA Guidelines) and therefore CEQA is not applicable.

BACKGROUND AND DISCUSSION

The County Executive Office has been exploring the various financial requirements for upcoming capital projects over the next five years. Discussions have been held with the County's financial team consisting of the County Executive Office, Auditor-Controller, Treasurer-Tax Collector, County Counsel, the Public Works Director and the County's Financial Adviser, David Leifer of KNN Public Finance (KNN). The major projects over the next five years include the purchase, repairs and upgrading of the Mylan Property, the purchase of the jail site, the construction of the Staff Secure Facility, the planning and construction of a 366-bed jail facility, the construction of two satellite fire stations in the Berryessa area, and the final phase of the Devlin Road extension.

The sources of funding identified for the above named projects include the following sources: Accumulated Capital Outlay, Tobacco Master Settlement Agreement, funds previously transferred from the Teeter Reserve, funds set aside for the purchase of Skyline Park when it was anticipated that the property would be up for sale, Fire Fund, and Traffic Mitigation Fees. In addition, staff is exploring the issuance of Certificates of Participation (COP) and General Obligation Bonds to finance several of the projects. As mentioned in a previous agenda item today, the County is applying for an SB1022 grant to fund the Staff Secure Facility along with the use of Accumulated Capital Outlay funds. Please see Attachment A for detail of the estimated cost of each project and recommended funding sources.

The County financial team has been working with David Leifer of KNN to analyze and recommend various financing scenarios relating to the remodel of the Mylan property to be used by the Health and Human Services Agency (HHSA) and the purchase of the new jail site property located just south of Napa. David Leifer will be in attendance

for this item to present his analysis using COP's along with other funding sources to fund the approximately \$23 million required for these two projects. The amount of debt financing being recommended at this time is \$16 million with an issue date of March 2014. Staff recommends approval of a reimbursement resolution should the Board direct staff to pursue issuance of COP's. The resolution would allow reimbursement of expenditures (paid prior to the issuance) from the proceeds of the sale.

The KNN analysis presents three options to finance the \$16 million, either a 10,15 or 20 year term. Staff is recommending that the 10 year term be utilized to decrease the amount of interest payments required and to increase the County's debt capacity for future projects. The average annual debt service payments of approximately \$2.3 million dollars will be funded using revenue generated from potential leases of buildings on the Mylan property and from HHSA and General Fund budgets.

In summary, after receiving today's reports, staff requests that the Board:

1. Approve a five year financing and phasing plan regarding major upcoming capital projects;
2. Give direction to staff on the proposed issuance of COP's; and
3. Adopt a Reimbursement Resolution.

SUPPORTING DOCUMENTS

- A . Five Year Financing and Phasing Plan
- B . Resolution
- C . KNN Presentation

CEO Recommendation: Approve

Reviewed By: Helene Franchi