



**COUNTY OF SAN MATEO**  
**Inter-Departmental Correspondence**

County Manager

**DATE:** July 17, 2002

**BOARD MEETING DATE:** July 30, 2002

**TO:** Honorable Board of Supervisors

**FROM:** Paul T. Scannell, Assistant County Manager

**SUBJECT:** Resolution Declaring the County's Official Intent to Reimburse Expenditures from Proceeds of Indebtedness

**Recommendation**

Adopt a Resolution Declaring the Official Intent of the County of San Mateo to Reimburse Certain Expenditures from Proceeds of Indebtedness.

**Background**

Discussions about replacing Hillcrest Juvenile Hall have been ongoing for more than five years. In June 1998 a report to the Board of Supervisors called for construction of 268 beds in a traditional juvenile hall. The Board rejected that approach and called for a more inclusive plan incorporating the elements of a youth services campus. The Chief Probation officer and the Juvenile Court judge initiated a Needs Assessment and Master Plan Update which was completed in February 2002. This document was the basis for the County's successful effort to compete for a State Board of Correction Grant for approximately \$21 million toward the project. The preliminary Project Budget is \$99,622,417.

**Discussion**

Funding of the replacement facility for Hillcrest Juvenile Hall is expected to include the issuance of indebtedness by the County. When capital improvements are financed, costs associated with the construction are often expended prior to the issuance of the indebtedness. These could include such costs as design fees or environmental studies. Costs of the project incurred prior to the indebtedness may not be paid from the proceeds of the issuance until the Issuer declare its reasonable official intent to reimburse these expenditures with proceeds from the subsequent borrowing. This resolution makes the necessary declaration and will thus enable costs of the project incurred after the date of the resolution to be reimbursed from proceeds of the indebtedness. The resolution must be set at an appropriate size in order to assure that any possible expenditures be included. Consequently, the proposed \$125,000,000 ceiling on reimbursement. It is expected that the State grant, fund raising, education funds

federal health funds and other sources will limit the County's final obligation to less but such funds may be only available on a reimbursement basis, or may vary in their final amounts. In order to assure that the necessary funds are available at the appropriate time the limit is set at \$125,000,000.

**Vision Alignment**

The resolution keeps the commitment of ensuring basic health and safety for all and goal numbers 6, 7 and 8: Children healthy in safe and supportive homes, maintain the public safety of residents and helping vulnerable people, specifically at risk youth.

**Fiscal Impact**

This resolution will enable initial costs of the project to be paid from proceeds of the anticipated issuance of indebtedness. The process to select an underwriter for the proposed bonds will be submitted to the Board by September

L:\cmo\Paul Scannell\Board memos\2002\intent reso bdltr.doc

**RECOMMENDED**  
.....  
*Smith*  
.....  
**COUNTY MANAGER**