




COUNTY OF SAN MATEO
Inter-Departmental Correspondence

County Manager's Office

DATE: September 11, 2003

BOARD MEETING DATE: September 23, 2003

TO: Honorable Board of Supervisors
FROM: Paul Scannell, Assistant County Manager 
SUBJECT: Modification to Proposed Bond Financing for County Facilities

Recommendation

Approve the leasing of existing facilities in connection with the issuance of bonds by the San Mateo County Joint Powers Financing Authority for the financing of public capital improvements, the Youth Services Campus project.

Background

The County is a member of the San Mateo County Joint Powers Financing Authority (the "Authority"). The Authority is a joint powers authority formed by the County and the Community Development Commission for the County. The Authority assists the County by issuing bonds to finance capital improvements.

The County and the Authority have previously approved the issuance of bonds to finance public capital improvements, including the demolition, site preparation, construction, furnishing, and equipping of a juvenile hall, juvenile court, girls camp, community school, group home, receiving home and probation offices, all located within the County (the "Project"). The bonds will be issued in an amount not to exceed \$170,000,000. This Board's adoption of Resolution No. 066173, on August 5, 2003, included approval of the sale and issuance of the bonds and their financing through a lease-leaseback financing of the Project.

Discussion

Pursuant to the financing, the County will enter into a lease with the Authority and will pay rent in amounts sufficient to retire the bonds. The County only pays rent for facilities to which it has use and occupancy. To enable the delivery of the Project in a more cost effective manner, the County proposes to lease additional facilities during the construction of the Project, prior to the use and occupancy of the completed Project. By leasing facilities already occupied by the County, the County can reduce the amount borrowed and the expense of the borrowing.

The additional facilities to be leased include the Hall of Justice, the Maguire Jail and the County Office Building. These facilities were similarly leased in connection with prior financings.

Vision Alignment

The leasing of the additional facilities for the purpose of delivering the Project in a more efficient manner is consistent with the commitment of ensuring basic health and safety for all and goal numbers 7 and 8: Maintain and enhance the public safety of all residents and visitors and help vulnerable people – the aged, disabled, mentally ill, at-risk youth and other – achieve a better quality of life. It also keeps the commitment of responsive, effective and collaborative government and goal number 20: Government decisions are based on careful consideration of future impact, rather than temporary relief or immediate gain.

Fiscal Impact

The leasing of additional facilities does not modify the fiscal impact of the proposed Bonds.

RECOMMENDED
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COUNTY MANAGER