Contra Costa County

To: Board of Supervisors

From: David Twa, County Administrator

Date: December 15, 2020

Subject: AUTHORIZE ISSUANCE OF LEASE REVENUE BONDS, 2021 SERIES A & B

RECOMMENDATION(S):

1. OPEN PUBLIC HEARING, pursuant to Section 6586.5 of the Government Code, to consider adopting Resolution No. 2020/341, approving the issuance by the Contra Costa Public Financing Authority of Lease Revenue Bonds, 2021 Series A and Series B, in an aggregate principal amount not to exceed $150 million to finance various capital projects and a refunding of outstanding bonds for savings;

2. RECEIVE Public testimony;

3. CLOSE Public Hearing;

4. ACKNOWLEDGE and reaffirm previous approvals of projects;

5. ADOPT Resolution No. 2020/341, approving the issuance by the Contra Costa Public Financing Authority of Lease Revenue Bonds, 2021 Series A and Series B, in a principal amount not to exceed $150 million to finance various capital projects and a refunding of outstanding bonds for savings;

☑ APPROVE ☐ OTHER

☑ RECOMMENDATION OF CNTY ADMINISTRATOR ☐ RECOMMENDATION OF BOARD COMMITTEE

Action of Board On: **12/15/2020** ☑ APPROVED AS RECOMMENDED ☐ OTHER

Clerks Notes:

VOTE OF SUPERVISORS

AYE: John Gioia, District I Supervisor
Candace Andersen, District II Supervisor
Diane Burgis, District III Supervisor
Karen Mitchoff, District IV Supervisor
Federal D. Glover, District V Supervisor

I hereby certify that this is a true and correct copy of an action taken and entered on the minutes of the Board of Supervisors on the date shown.

ATTESTED: December 15, 2020

David Twa, County Administrator and Clerk of the Board of Supervisors

By: June McHuen, Deputy

Contact: Timothy Ewell, 925-655-2043

cc: Hon. Robert R. Campbell, Auditor-Controller, Hon. Russell V. Watts, Treasurer-Tax Collector, Lewis Broschard III, Fire Chief-CCCFPD, Keith Freitas, Director of Airports, Eric Angstadt, Chief Assistant County Administrator

6. APPROVE and AUTHORIZE the forms of and directing the execution and delivery of a Trust Agreement, Site Lease, Facilities Lease, Preliminary Official Statement, Continuing Disclosure Agreement, Installment Sale Agreement and related financing documents;

RECOMMENDATION(S): (CONT'D)

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7. APPROVE and AUTHORIZE the taking of necessary actions and the execution of necessary documents in connection therewith.

FISCAL IMPACT:

Issuance of up to $150 million of Lease Revenue Bonds to fund new capital projects and refunding existing debt obligations for savings. Based on current market conditions, the County anticipates a True Interest Cost (TIC) on the bonds of 2.16% and refunding savings of $11,071,651 over the remaining life of the bonds. The Net Present Value (NPV) of the savings is estimated at $6,792,317 (this is the refunding savings amount converted to today's dollars), or 20.42% of refunding bonds.

BACKGROUND:

On January 31, 2017, the Board of Supervisors accepted a capital projects report, which included a recommendation to replace the existing County Administration and Emergency Operations Center buildings located in Martinez, CA (Agenda Item D.4). Earlier this year, the new County Administration and Emergency Operations Center projects were completed and the 651 Pine Street, Martinez complex was vacated. On November 10, 2020, the Board adopted Resolution No. 2020/304 declaring its official intent to reimburse certain costs for the capital projects to be financed by the bonds to be issued at a future date, including 1) replacement of the 651 Pine Street, Martinez complex, 2) construction of a new Aviation Terminal at the Buchanan Field Airport, and 3) the replacement of Fire Stations No. 9 (Pacheco) and 86 (Bay Point) (collectively the "2021 Projects").

2021 Series A Capital Projects

In the current market, the Authority could issue approximately $100 million for the new capital projects, at a blended Total Interest Cost (TIC) of 2.16% equating to approximately $6.3 million in annual debt service payments over the next 20 years until the bonds mature. The Contra Costa County Fire Protection District and the County Airport are not funded by the County General Fund and will be responsible for paying the respective debt service amounts apportioned to their capital projects. A summary of each capital project is summarized below:

Airport Improvements. This component of the 2021 Project consists of the construction of an approximately 21,000 square foot, one-story multi-function facility to be located at Buchanan Field Airport, a public airport located in Concord. This component of the 2021 Project will replace an existing terminal facility and will include an approximately 12,525 square foot aircraft rescue and firefighting facility (an “ARFF”) with up to three apparatus bays, offices, restrooms, meeting space, and ARFF support function spaces (such as for turnouts, self-contained breathing apparatus, and operations areas) for airport personnel; approximately 2,750 square feet of administrative office space; and an

approximately 5,460 square foot general aviation terminal. This facility will also include a hold room, restrooms, public meeting space and rentable office spaces in the general aviation terminal section, visitor parking spaces, charging stations, a generator, and a public viewing area. The estimated construction cost for this component of the 2021 Project is $11.7 million; however, the portion to be funded by the 2021 Bonds is $6 million. Construction is expected to commence in June 2021 and be completed in October 2022.

Construction of County Offices at 651 Pine. This component of the 2021 Project consists of the demolition of the former County Administration complex at 651 Pine Street, Martinez including remediation and demolition of approximately 72,000 square feet in the 12 story tower and approximately 50,000 square feet in the adjacent five story North Wing building. This component also includes the relocation of telecommunications infrastructure located in and on the Tower, including microwave and radio antennas serving the public safety communication system as well as telephone and fiberoptic communications equipment serving multiple County facilities in the downtown Martinez area. Following demolition the County proposes to construct an approximately 20,000 square foot, two-story County office building above approximately 80 new parking spaces (with the first story consisting of parking and the second story consisting of office space) where the previous Tower and North Wing buildings stood. In addition, there will be public plaza and amenity space constructed across from the existing 651 Pine Street complex to serve both the New Administration Building, located at 1025 Escobar Street, Martinez and the new County office building, located on a portion of the current 651 Pine Street complex. The estimated construction cost for this component of the 2021 Project is $64 million. Construction is expected to commence December of 2021 and be completed by June of 2024, subject to final review and approval by the Board of Supervisors at the January 2021 Board Retreat. The bonds will not be issued until the Board formally approves the 651 Pine Street replacement project.

Fire Station No. 9. This component of the 2021 Project consists of the construction of an approximately 10,000 square foot one-story fire station to be located on an approximately 1 acre site at Center Avenue and Willow Street in Pacheco, California. This fire station will contain approximately 5,000 square feet of living area, including four firefighter dorm rooms, three gender-neutral restrooms, and living quarters for a Battalion Chief, with adjacent office space; approximately 5,000 square feet containing three apparatus bays, a separate support area for turnout, self-contained breathing apparatus ("SCBA"), and cleanup spaces; and visitor parking spaces, secured firefighter parking, and a generator and an emergency fuel tank. The estimated construction cost for this component of the 2021 Project is $17.5 million, including contingency. Construction is expected to commence on October 2021 and be completed in January 2023.

Fire Station No. 86. This component of the 2021 Project consists of the construction of an approximately 10,000 square foot one-story fire station to be located on an approximately 2 acre site at Willow Pass Road and Goble Drive in Bay Point, California.

This fire station will contain approximately 5,000 square feet of living area, including seven firefighter dorm rooms and three gender-neutral restrooms; approximately 5,000 square feet containing three apparatus bays, a separate support area on for turnout, SCBA, and cleanup spaces; and visitor parking spaces, secured firefighter parking, and a generator and an emergency fuel tank. The estimated construction cost for this component of the 2021 Project is $12.5 million, including contingency. Construction is expected to commence on May 2021 and be completed in October 2022.

2021 Series B Refunding

In addition to funding new capital projects, the County plans to refund its 2010 Series A, 2010 Series B and 2012 lease revenue bonds for an estimated, blended True Interest Cost (TIC) of 2.16% resulting in a cost savings of $11,071,651 over the remaining life of the bonds. The Net Present Value (NPV) of the savings is estimated at $6,792,317 (this is the refunding savings amount converted to today's dollars), or 20.42% of refunding bonds. Since the majority of the original bond proceeds were borrowed for capital projects in the Health Services department, the majority of the cost savings from the proposed refunding will result in budgetary cost savings in that department.

All of the above results are subject to market conditions at the time of financing and will likely change between the time of this writing and the pricing of the bonds.

Financing Documents

Various documents are necessary to complete the financing, including a Trust Agreement, Site Lease, Facilities Lease, Preliminary Official Statement and Continuing Disclosure Agreement (collectively, the “Financing Documents”). Through the Site Lease, the County leases certain facilities to the Authority. The County then leases those facilities back from the Authority creating a series of lease payments to the Authority under the Facilities Lease. Based on that lease payment revenue, and pursuant to the terms of the Trust Agreement, the Authority issues bonds to fund the new capital projects and refunding of current bonds as summarized above. The lease payment revenue to the Authority serves as the stream of revenue to pay the annual debt service payments on the bonds. The terms of the Continuing Disclosure Agreement set forth the obligations of the Authority to disclose certain financial and other information to the financial markets over the life of the bonds.

CONSEQUENCE OF NEGATIVE ACTION:

The Authority will be unable to issue the bonds.

CHILDREN'S IMPACT STATEMENT:

No impact.

ATTACHMENTS

Resolution 2020/341

Resolution No. 2020/341 - Exhibit A
Resolution No. 2020/341 - Clerk's Certificate
Trust Agreement
Facilities Lease
Site Lease
Preliminary Official Statement
Continuing Disclosure Agreement
Installment Sale Agreement
Proof of Notice - Public Hearing