November 13, 2012

Marin County Board of Supervisors
3501 Civic Center Drive, Room 329
San Rafael, CA 94903

SUBJECT: Approve transfer of $3.9 million dollars from one-time reserves in lieu of private funding from lease revenues for 1600 Los Gamos Drive for the Emergency Operations Facility construction

Dear Board Members:

RECOMMENDATIONS:
Authorize the Department of Finance to transfer and appropriate one-time reserves of $3.9 million dollars to the Emergency Operations Facility capital budget and dedicate future lease revenues to reduce projected General Fund shortfalls.

SUMMARY
On November 15, 2011 when your Board authorized the purchase of 1600 Los Gamos Drive for the Emergency Operations Facility (“EOF”) Project, staff outlined the project funding sources. The project budget included dedicating existing lease revenues and issuing a private financing so the existing revenues could be used to fund capital improvements to the facility. To save financing costs and reduce future budget shortfalls, we are recommending the use one-time reserves to cover these costs and dedicate these future lease revenues to help close future General Fund budget shortfalls, starting with the projected FY 2013-14 budget gap.

This approach saves County costs both of working with a financial advisor and bond counsel for a placement of funds through a private borrowing mechanism, and the interest rate for a six year borrowing which had been anticipated to be 3.4 percent at the time.

FISCAL IMPACT:
If approved by your Board, $3.9 million would be liquidated and transferred from the Board’s General Fund one-time capital projects reserve (Account 3121250) to the Capital Projects Fund (27900) to support the EOF capital project, and the General fund would receive the following lease revenues from the Marin Commons Enterprise Fund (31030) beginning in the current fiscal year:

1. 2012-13: $600,000
2. 2013-14: $600,000
3. 2014-15: $600,000
4. 2015-16: $600,000
5. 2016-17: $600,000
6. 2017-18: $300,000
Feel free to contact me with any questions or concerns.

Respectfully submitted,

Submitted by:  Reviewed by:

David Speer  Matthew H. Hymel
Facilities Planning and Development  County Administrator
Manager

cc:  Roy Given, Director, Department of Finance
     Bob Beaumont, Director, Department of Public Works
     Dan Eilerman, Deputy County Administrator

MERIT Document Number: 100018470, 100018471