

Exhibit C

Key consideration points/outstanding issues regarding the submittal of the grant application:

Funding Decision

1. The County is not obligated until an agreement is signed or the State funding is accepted.
2. It is recommended that staff be directed to return in early April 2012 after conditional AB 900 grant awards. Further consideration will be appropriate then, when more specific project information will be available then due to the extremely limited time that has been provided for this grant submission (6 weeks now vs. 6 months in 2008).
3. It is recommended that if the Board finds upon further deliberation that the grant terms are not in the best interest of the County, staff is directed to notify the State to remove the County's grant proposal from consideration.

Changes by the State

1. There have been 2 significant changes since the initial introduction of AB 900:
 - a. No Secure Reentry Facility is required to be sited in the County.
 - b. The Local contribution has been reduced 10% of total project cost.

Site Location – Jail Expansion

1. Natividad site location considerations:
 - a. The Jail and all surrounding property is currently encumbered by the 2007 COP. The CDCR guidelines for jail expansion projects state “local matching funds cannot be provided through any local bonding authority which would use the project facility or its revenues as security for the bonds.” Thus, any county COP issue would require an “asset transfer” to support the underlying lease. The site for the jail expansion must be unencumbered within 90days after the conditional award is made.
 - b. The terms of the 2007 COP substitution require that all four parcels (Monterey County Courthouse, Salinas Courthouse/ County Government Center, the Sheriff's Office and the Jail/Probation site) must be reappraised at fair rental value and the substitute property rental value must exceed 105% of the highest remaining annual lease payment (\$10M)
 - c. If the CSA does not provide a full \$80M grant, the County's financing options to cover a greater local contribution will be extremely limited.
 - d. The proposed site for jail expansion will likely infringe on parking areas currently allocated to Natividad Medical Center (NMC). If this site cannot be unencumbered then the only remaining alternative at this campus would be in the area of the old Hospital. This would require clear delineation of site boundaries between the Sheriff Department and NMC operations.
 - e. The existing jail site may lack the basic infrastructure to support the full build out of the entire 2020 requirement with projected AB109 growth.

Exhibit C

Financial (Summary)

A financial summary of the programmatic project costs is shown below. The dollar amounts are based on FY 2011-12 dollars. The programmatic project budget has been developed to capitalize on the maximum grant award available for medium-sized counties. The entire cost required to build the entire 2020 projection has not been determined at this early date. Component breakdown is provided further in the Exhibit for construction and operational costs.

Grant Submittal Budget Information

PROJECT BUDGET

A&E/Environmental	\$ 7,675,000
Land Acquisition/Transition Planning/ Project Management (In-Kind)	2,272,800
Construction Management	4,675,000
Construction	
Programming Estimate	63,636,363
10% Contingencies	<u>6,363,636</u>
	70,000,000
Furniture Fixtures and Equipment	<u>4,277,200</u>
TOTAL ESTIMATED PROJECT COST:	\$ 88,900,000

REVENUE

AB900 Phase Grant	\$ 80,000,000
Local Match, Fund 404	<u>8,900,000</u>
TOTAL:	\$ 88,900,000

NOTE: The maximum grant funding available for medium-sized counties is \$80 million. If the State provides less funding, the County is obligated to make up the difference. This would increase the County's funding obligation.