

**MEMORANDUM
DEPARTMENT OF PUBLIC WORKS AND FACILITIES
COUNTY OF PLACER**

To: Honorable Board of Supervisors

Date: February 9, 2016

From: Ken Grehm, Director of Public Works and Facilities
By: Laurie Morse, Property Manager

Subject: Property Management / Common Area Agreement and Agreement for Equity Exchange
/ Judicial Council of California / Bill Santucci Justice Center

ACTION REQUESTED

Authorize the Director of Public Works and Facilities, or designee, to execute the Common Area Agreement with the Judicial Council of California to govern the operation, management, maintenance, repair, use and shared costs associated with the Bill Santucci Justice Center campus. County funding for the County's share of costs is available in the Building Maintenance Division FY 2015-16 Final Budget (\$118,000) and the General Fund Contribution to Public Safety appropriation 21700 (\$42,000).

Adopt a Resolution authorizing the Chair to execute the Equity Exchange Agreement with the Judicial Council of California and delegating authority to the Director of Public Works and Facilities, or designee, to execute all associated exchange closing documents, and to take all actions necessary to transfer all equity interest and rights currently vested in the Judicial Council of California from the Placer County Main Jail in Auburn to the Arraignment Court Facility at the Bill Santucci Justice Center and contribute \$900,000 towards interior improvements for the South Placer Arraignment Court. Funding is available from the Capital Projects Fund.

BACKGROUND

On June 10, 2008 your Board approved the Transfer of Responsibility (TOR) and deferred Transfer of Title (TOT) of the new Courthouse located at the Placer County Bill Santucci Justice Center (BSJC) in Roseville. On September 23, 2008, your Board authorized the transfer of trial court facility funding responsibility and operation of the Main Jail and Juvenile Detention Facility courtrooms in Auburn to the Judicial Council of California (JCC), formerly the Administrative Office of the Courts (AOC). These actions were pursuant to the Trial Courts Facilities Act of 2002 that required transfer of responsibility for the funding and operation of all the trial court facilities in the State from counties to the AOC. The TOR for the Auburn Main Jail and Juvenile Detention Facility courtrooms resulted in the AOC holding perpetual and exclusive use of the court facilities in the buildings. It also meant the AOC accepted the grant of possession, occupancy, and use from the County and assumed all responsibility for the court facility, thereby permanently relieving the County of its legal responsibility and financial obligation to provide these two courtroom facilities (courtroom in the Main Jail and the Juvenile Detention Facility) under section 70311 of the Government Code, subject to payment of a County Facility Payment (CFP).

On November 23, 2010, your Board authorized the Chair to execute Contract Change Order (CCO) #28 for the design and construction of an arraignment courtroom shell structure addition to the South Placer Adult Correctional Facility at the BSJC in an amount not-to-exceed \$3,760,000. This shell structure provided future construction efficiency for delivery of an arraignment courtroom addition to the Correctional Facility. The arraignment court shell was designed and constructed to be integrated into the function of the Correctional Facility and South Placer Court Facility as depicted in Attachment 1. The JCC will be responsible for completion of the interior tenant improvements necessary to create an operational courtroom.

The JCC and the County are anxious to realize the full potential of the BSJC through the completion of the Arraignment Court. With this facility located at BSJC, significant operational efficiencies and savings will be realized by avoiding transportation between BSJC and Auburn, where arraignment proceedings now occur. With this in mind, staff is recommending an additional \$900,000 capital contribution to the JCC, to fund the holding cells within the Arraignment Court Facility which is a necessary program requirement for the operation of this facility. Funding for this capital project contribution was authorized

by your Board during the FY 2015-16 Budget approval process. The JCC is prepared to proceed with the construction of the planned Arraignment Court Buildout (Buildout) with the goal of initiating arraignment court proceedings as early as January 2017.

Common Area Agreement

Among the actions taken on June 10, 2008, your Board directed and authorized the Director of Facility Services, by Resolution No. 2008-163, to prepare a Common Area Agreement (CAA) to address the costs to operate and maintain the BSJC. Staff subsequently presented a proposed CAA to the JCC and has been in negotiations with JCC staff. The following details key elements of the CAA:

- **Shared Costs:** The County and JCC (Parties) will share the costs of normal, day-to-day operation, repair, maintenance, and management of the shared BSJC infrastructure, including utilities, landscaping, and private roads within the Common Area (See Attachment 2 – BSJC Campus Common Area). Despite the County's position the JCC should pay its share of a City of Roseville Transit Service fee, since court customers/employees benefit from this fixed route bus service to the BSJC, the JCC indicates it is unable to fund such service and finds no precedent to do so. The County's obligation to fund these costs is a condition of the City of Roseville Major Project Permit (Stages 1 and 2-MPP 03-02/03) that was further memorialized in the July 7, 2004 agreement between the County and the City of Roseville regarding the Development of the South Placer Justice Center. Although the inability to collect JCC's share of this fee equates to approximately \$45,000 per year, staff included wherein the County may alter, reduce or eliminate such service without an obligation to obtain JCC consent.
- **Allocation of Shared Costs:** Each Party is responsible for 50 percent of Shared Costs. This allocation is based on the ratio of parking spaces allocated to the JCC and the County.
- **Payment of Shared Costs:** The JCC must pay the County following JCC's approval of an annual Estimated Statement of Shared Costs. While the TOR/TOT for the BSJC Courthouse indicates CAA will be retroactive to June 10, 2008, the ability to retroactively collect funds from the JCC is limited due to State budgeting constraints. This results in the Agreement specifying that the JCC will remit \$129,842 for its past Shared Costs.
- **Term:** CAA is perpetual and runs with the land. CAA will bind subsequent owners of the BSJC land.
- **Third Party Use of Common Area:** The County may not lease or sell a portion of the BSJC property to a third party without JCC written consent which may not be unreasonably withheld. A reason for withholding consent includes the sale or lease of a portion of the BSJC property that increases the demand for parking, which is not offset by the provision of additional parking.

Agreement for Equity Exchange / Exchange Closing Documents:

To proceed with the South Placer Arraignment Court Buildout, the JCC must be granted 100 percent of the equity interest in the Arraignment Court Facility. To achieve this, the Parties have successfully negotiated terms of the Agreement for Equity Exchange (AEE) that includes the following key provisions:

- **Equity Exchange:** The County shall transfer 100% of the County's Equity interest and rights in Arraignment Court Facility to the JCC upon the Closing Date of the AEE. After the construction is completed, the JCC shall be responsible for all operations, maintenance and repair of the facility, excepting certain Common Systems (common exterior wall, sewer, fire panel and fire monitoring services) the County shall be responsible for at its sole cost.
- **Exchange Closing Documents:** Within 30 days following the Effective Date of the AEE, the Parties shall sign and deliver the Memorandum of Equity Exchange Agreement, Relinquishment of Equity Interest in the Placer County Main Jail Court Facility (Relinquishment), Amended and Restated Joint Occupancy Agreement (ARJOA), and County Authorizing Document (Resolution).
- **Closing Date:** The date on which the Exchange Closing Documents are fully executed by both Parties.
- **Contribution:** After the JCC issues a Notice to Proceed to its selected contractor for the construction, the County shall remit \$900,000 as its contribution towards the Buildout within 30 days of the Notice.
- **Relinquishment and ARJOA:** Following completion of the Buildout, the JCC will relinquish its perpetual and exclusive use of the 4,437 square feet court facility, and associated common areas, within the Placer Main Jail Court Facility in Auburn. The ARJOA will replace the current Joint

Occupancy Agreement, which covers the Auburn Main Jail Court Facility and the Juvenile Detention Facility, after the Notice of Completion for the Buildout is recorded in the County Recorder's Office. The ARJOA serves to remove reference to the court facility in the Auburn Main Jail while preserving the JCC's/County's rights and obligations in the 6,055 sq.ft. court facility in the Juvenile Detention Facility.

- Failure to Proceed with Buildout: If the JCC fails to issue a Notice to Proceed to its contractor for the construction within eighteen months of the Effective Date of the AEE, the JCC shall relinquish its equity interest in the Arraignment Court Facility and retain its equity interest in the Placer Main Jail Court Facility.

To contractually obligate the JCC to pay its proportionate share of Shared Costs associated with the operation and maintenance of the BSJC, staff is recommending your Board authorize the Director to execute the CAA based on the terms outline herein. The previously adopted Resolution No. 2008-163 provides the needed authorization to record the CAA.

To allow the Buildout to proceed and facilitate Criminal Justice system improvements associated with consolidated court proceedings, your Board's approval of the requested actions is necessary. Since the JCC final approval of the documents is not expected until later in February, staff requests your Board approve the Resolution to authorize the Chair to execute the AEE once delivered by the JCC and to authorize the Director to execute all Exchange Closing Documents. Copies of the Common Area Agreement, the Equity Exchange Agreement and Exchange Closing Documents are on file and available for review at the Clerk of the Board's office.

ENVIRONMENTAL CLEARANCE

On December 11, 2003, the City of Roseville Planning Commission approved Major Project Permits (MPP 03-02 and MPP 03-03) and a Conditional Use Permit (CUP 03-05) for the South Placer Justice Center project. In accordance with Section 21083 of the Public Resources Code and Section 15075 of the California Environmental Quality Act Guidelines, a Notice of Determination for a Mitigated Negative Declaration for the project was recorded and posted on February 27, 2004, by the County Clerk of Placer County. The environmental documents include the impacts associated with the construction of the Arraignment Court Facility. The action to approve the proposed agreements and documents is exempt from review under the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15061(b)(3) because it can be determined with certainty there is no possibility the approval of these agreements and documents will result in a direct or a reasonably foreseeable indirect significant impact on the environment.

FISCAL IMPACT

The total annual cost to operate and maintain the BSJC Common Area for FY 2015-16 is estimated at \$216,000, of which approximately (\$56,000) will be paid by the JCC. The remaining balance will be funded from the Building Maintenance Internal Service fund (\$118,000) and the General Fund Contribution to Public Safety appropriation 21700 (\$42,000) for transit service.

The total cost associated with the Agreement for Equity Exchange is \$930,000, including \$900,000 for the County's contribution to the JCC and \$30,000 for project management and legal costs. Funding is provided in the FY 2015-16 Final Budget, Capital Projects Fund, Project No. 4975.

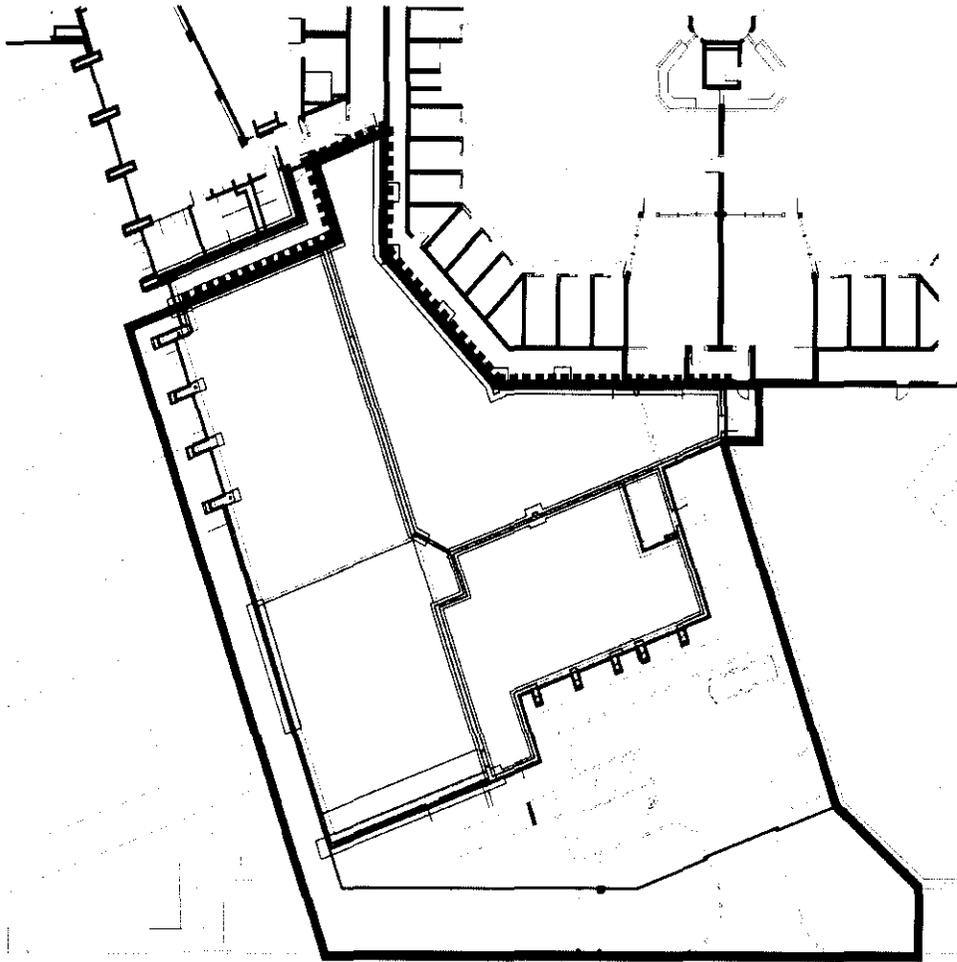
On file with the Clerk of the Board: Common Area Agreement
Agreement for Equity Exchange
Exchange Closing Documents

Attachment 1 – Arraignment Court Facility

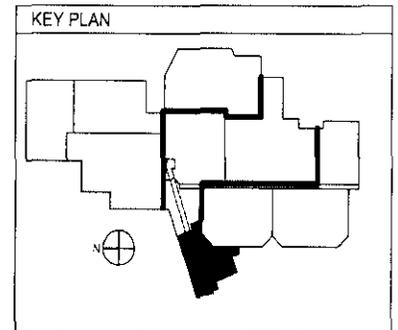
Attachment 2 – Bill Santucci Justice Center Campus Common Area

Attachment 3 – Resolution

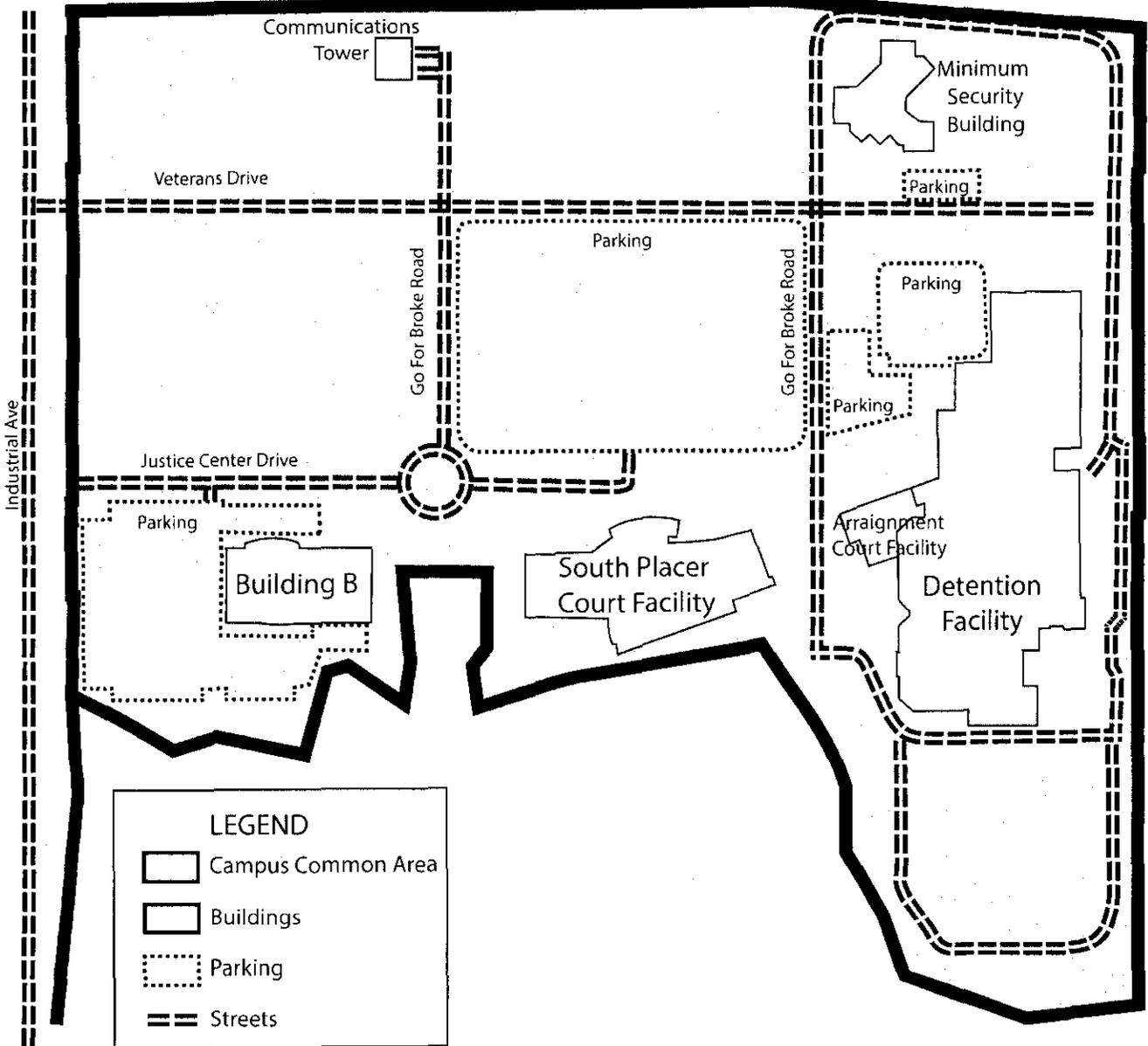
ATTACHMENT 1
Arraignment Court Facility



----- Common Wall ——— Facility/Land Boundary



ATTACHMENT 2
Bill Santucci Justice Center Campus Common Area



Before the Board of Supervisors County of Placer, State of California

In the matter of: A Resolution authorizing the Chair to execute the Agreement for Equity Exchange with the Judicial Council of California and authorizing the Director of Public Works and Facilities, or designee, to execute all associated exchange closing documents

Resol. No: _____

The following Resolution was duly passed by the Board of Supervisors of the County of Placer at a regular meeting held _____, 2016 by the following vote on roll call:

Ayes:

Noes:

Absent:

Signed and approved by me after its passage.

Chair, Board of Supervisors

Attest:

Clerk of said Board

WHEREAS, On November 23, 2010, your Board authorized the Chair to execute Contract Change Order (CCO) #28 for the design and construction of an arraignment courtroom shell structure addition to the South Placer Adult Correctional Facility at the BSJC in an amount not-to-exceed \$3,760,000; and

WHEREAS, The County completed the construction of the shell structure addition on December 2012; and

WHEREAS, The Judicial Council of California (JCC) is prepared to complete the interior tenant improvements necessary to create an operational Arraignment Court Facility; and

WHEREAS, to proceed with the Arraignment Court Buildout, the JCC must be granted a 100% equity interest in the Arraignment Court Facility; and

WHEREAS, the County and JCC have negotiated terms of the Agreement for Equity Exchange that includes the execution and recordation of those certain documents titled Memorandum of Equity Exchange Agreement, Relinquishment of Equity Interest in the Placer County Main Jail Court Facility (Relinquishment), Amended and Restated Joint Occupancy Agreement (ARJOA);

NOW, THEREFORE, BE IT RESOLVED, the Board of Supervisors authorizes the Chair of the Board to sign the Agreement for Equity Exchange on behalf of the County; and

BE IT FURTHER RESOLVED AND ORDERED, the Board of Supervisors authorizes the Director of Public Works and Facilities, or designee, to execute all associated Exchange Closing Documents, carry out all provisions of the Agreement for Equity Exchange, and take all actions necessary to transfer all Equity interest and rights currently vested in the JCC from the Placer County Main Jail in Auburn to the Arraignment Court Facility at the Bill Santucci Justice Center.