



# REPORT TO COUNCIL

## City of Sacramento

915 I Street, Sacramento, CA 95814-2604  
[www.CityofSacramento.org](http://www.CityofSacramento.org)

Staff Report  
**December 8, 2009**

**Honorable Mayor and  
Members of the City Council**

**Title: Authorization to Explore Acquisition of Regional Emergency Operations  
Center**

**Location/Council District:** 3720 Dudley Blvd., McClellan, California

**Recommendation:** 1) Direct staff to analyze acquisition options and report back with findings and proposed financing structure; and 2) adopt a **City Resolution** declaring the official intent to reimburse certain expenditures from proceeds of the Recovery Zone Economic Development Bonds.

**Contact:** Joe Valenzuela III, Captain, (916) 566-2474; Kimberlie Gladden, City Treasurer's Office, (916) 808-2675

**Presenters:** Joe Valenzuela III, Captain and Russell Fehr, City Treasurer

**Department:** Police and City Treasurer's Office

**Division:** NCRPSTA Joint Powers Authority and City Treasurer

**Organization No:** 11001021 and 05001011

### **Description/Analysis**

**Issue:** In 2001, the Sacramento County Board of Supervisors (Resolution 2001-0903), Sacramento City Council (Resolution 2001-137, Agreement No. 2001-137), California Fire & Rescue Training Authority Board of Directors (Resolution 1-05), and Los Rios Community College District (Resolution No. 2001-13) approved the joint-powers agreement that created the Northern California Regional Public Safety Training Authority (NCRPSTA). The purpose of the NCRPSTA is to provide efficient and consolidated law enforcement and fire/rescue training. Through a sublease with the County of Sacramento, the NCRPSTA established a regional training facility at the former McClellan Air Force Base. A description of the program and facility use can be found in Attachment 1.

In 2005, the NCRPSTA entered into a five-year lease, with three, five-year extension options, with MP Holdings LLP for Building 600, which is in close proximity to the regional training facility, and occupancy began in September 2006. Building 600 serves as a Regional Training Emergency Operations Center. The NCRPSTA subleases Building 600 to several governmental agencies, with each

subtenant's rent based on the area occupied. Current tenants include various special units of the Sacramento Sheriffs Department, the Sacramento Police Department, and federal agencies (see Attachment 2 for break-out). The rent includes the repayment of approximately \$4.6 million in specialized tenant improvements that were completed by the owner.

In the fall of 2009, the Executive Director of the NCRPSTA requested assistance from the City Treasurer's Office in exploring options to reduce on-going lease payments. The City Treasurer's Office has initiated exploratory dialogue with County of Sacramento's representatives, the NCRPSTA'S Governing Board, and the property owner, as well as with the City's investment bankers and bond counsel. Through that dialogue two options have been identified for further analysis:

1. The City and the County would form a separate joint-powers agency to purchase Building 600 from MP Holding LLC using proceeds from Recovery Zone Economic Development Bonds (RZEDB's) issued under the American Recovery and Reinvestment Act of 2009 (ARRA).
2. The City and the County would refinance the tenant-improvement portion of the rent using proceeds from RZEDB's issued through an entity yet to be determined.

Either action will require the long-term commitment to the on-going operation and location of the EOC. Staff is seeking approval to continue with a more in-depth analysis of the feasibility of acquiring the Building 600. Given the restrictions of the RZEDB's, bonds must be issued by December 2010. Therefore, it is imperative that we proceed expeditiously.

The City and the County expect to pay certain expenditures in connection with evaluating the potential acquisition of Building 600 before bonds are issued and to use a portion of the proceeds of the bonds to reimburse those expenditures. To comply with federal Treasury Regulations both the City and the County should adopt reimbursement resolutions stating their intent to reimburse certain expenditures from future bond proceeds. The City's resolution is attached.

**Policy Considerations:** This report is consistent with the City's Strategic Plan Goals of Enhancing Public Safety and of Promoting and Supporting Economic Vitality. Ownership of Building 600 will provide the City and the County with greater flexibility and options for use. The acquisition will also provide valuable resources for reinvestment and further development of McClellan Park.

If adopted, the reimbursement resolution would be solely for purposes of establishing compliance with the requirements of Section 1.150-2 of the Treasury Regulations. It does not bind the City to make any expenditure, incur any indebtedness, or proceed with the acquisition.

**Environmental Considerations:**

**California Environmental Quality Act (CEQA):** Not applicable

**Sustainability:** Not applicable

**Other:** Not applicable

**Commission/Committee Action:** The following Commissions, Councils and Boards have been briefed.

NCRPSTA Governing Board - November 5, 2009. Information only, an overview of preliminary analysis and future steps was presented.

County of Sacramento Board of Supervisors – December 8, 2009. A companion report to this report has been calendared.

**Rationale for Recommendation:** The City and the County have made a long-term commitment to regional response to emergencies and the Regional Training EOC located within Building 600. Currently, the NCRPSTA holds a 60-month renewable lease to Building 600. The objective of acquiring Building 600 would be to reduce costs to the NCRPSTA, bring the building into public ownership, and reaffirm the commitment to regional operations for effectiveness and efficiencies.

**Financial Considerations:** The City received authorization to issue \$8M in RZEDB's as part of the ARRA; the County received \$16M. The proposed acquisition of Building 600 would entail using a portion of both the City's and the County's RZEDB allocation. Currently, staff is exploring using a 15-year private placement structure through Bank of America Merrill Lynch to finance the acquisition.

Preliminary analysis indicates that owning the facility may be less costly than leasing on a long-term basis. If conceptual approval is given, staff will continue to explore the financial feasibility given the following criteria.

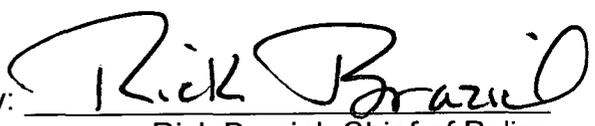
- Long-term commitment of both City and County to keep the Regional Training EOC in its current location;
- Both City and County's utilization of their respective RZEDB allocations;
- Must have cost savings; and
- No impact to credit capacity and ratings

Assuming these criteria could be met, staff would seek City Council approval to issue bonds in the second quarter of 2010.

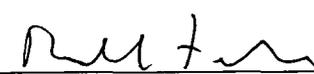
**Emerging Small Business Development (ESBD):** There are no ESBD considerations affiliated with this action.

Respectfully Submitted by:   
Kimberlie Gladden, Sr. Debt Analyst  
City Treasurer's Office

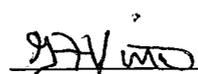
Respectfully Submitted by:   
Joe Valenzuela, Captain  
NCRPSTA Joint Powers Authority

Approved by:   
Rick Braziel, Chief of Police  
Police Department

Recommendation Approved:

  
\_\_\_\_\_  
Russell Fehr  
City Treasurer

Recommendation Approved:

  
\_\_\_\_\_  
for Ray Kerridge  
City Manager

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## **Attachment 1**

### **Background**

Prior to September 11, 2001, the public-safety agencies (fire service and law enforcement) in the greater Sacramento Region had developed and implemented a strategic plan for a highly flexible interagency training platform for emergency responders by consolidating training resources at a former military base (former McClellan AFB, now known as McClellan Park) along with a local college institution.

This logical evolution of public-safety-interagency consolidation with education was formalized under a joint-powers agency, the Northern California Regional Public Safety College, which encompassed the Sacramento County Sheriff's Department, City of Sacramento Police Department, City of Sacramento Fire Department, Sacramento Metropolitan Fire District, Governor's Office of Emergency Services, and the Los Rios Community College District.

In August/September 2001, by unanimous votes, the Sacramento County Board of Supervisors (Resolution 2001-0903), Sacramento City Council (Resolution 2001-571), California Fire & Rescue Training Authority Board of Directors (Resolution 1-05), and Los Rios Community College District Board of Directors (Resolution 2001-13) approved a joint-powers agreement that created the Northern California Regional Public Safety Training Authority (NCRPSTA). The purpose of the NCRPSTA is to provide efficient and consolidated law enforcement and fire/rescue training for the region.

The NCRPSTA was established to provide public safety officers, within the greater Sacramento area, education and training opportunities. Member agencies envisioned that through leveraging of available resources and taking advantage of vacated facilities at the former McClellan Air Force Base, a comprehensive facility could be developed that could not have been financially possible if pursued independently. Over the last several years, this objective has been refined and progress continues to be made.

Presently, the NCRPSTA has established on-sight recruit training for member agencies and provides intermediate and advanced training for regional police officers and fire fighters, as well as specialized advanced training in several areas for public safety professionals. Additionally, the NCRPSTA continues to develop a reputation of delivering a broad range of contemporary educational opportunities for state and national organizations.

Building 600 represents a major milestone for the NCRPSTA, as it increases the NCRPSTA's capacity to deliver high-quality classroom instruction as well as hands-on experience in preparing public-safety professionals and their private-sector partners to deal with an ever-evolving set of challenges. It also stands as a tribute to our region's commitment to cooperation and collaboration in leveraging all available resources to create a state-of-the-art Emergency Operations Training Center and working in partnership with all levels of government—local, state, and federal—to promote a safer environment for our community, state, and nation.

## Attachment 2

### Building 600 Occupancy (Current)

#### **County (Approx. 47% of sf)**

- Office of Emergency Services
- Regional Terrorism & Threat Assessment Center
- Sacramento Valley High Crimes Task Force
- Department of Health & Human Services
- Dept. of Homeland Security/JPA – Intelligence Analyst Training Program

#### **City (Approx. 36% of sf)**

- City Office of Emergency Services
- Urban Area Security Initiative

#### **Federal (Approx. 17% of sf)**

- Dept. of Homeland Security (DHS) - FEMA / IMAT West (Incident Management Assistance Teams)
- DHS - Customs & Border Protection
- DHS - Science & Technology
- Federal Bureau of Investigations

## **RESOLUTION NO. 2009-\_\_\_\_\_**

Adopted by the Sacramento City Council

### **DECLARATION OF OFFICIAL INTENT TO REIMBURSE CERTAIN EXPENDITURES FROM PROCEEDS OF REGIONAL-EMERGENCY- OPERATIONS-CENTER BONDS**

#### **BACKGROUND**

- A. In 2001, the City of Sacramento (the "City"), the County of Sacramento (the "County"), the Regional Fire & Rescue Training Authority, and the Los Rios Community College District entered into a joint-powers agreement that created the Northern California Regional Public Safety Training Authority (the "Authority").
- B. In October 2005, the Authority subsequently leased, from MP Holdings LLC ("MPH"), the real property commonly known as Building 600 at McClellan Park, located at 3720 Dudley Boulevard (formerly 4300 54<sup>th</sup> Street), McClellan, California ("Building 600"). The lease has an initial term that expires on November 20, 2011, and the Authority has the right to extend the lease by up to three additional five-year terms. At the same time that they entered into the lease, MPH and the Authority also entered into a "Work Letter Agreement" under which MPH made substantial tenant improvements to Building 600, so that the building would be suitable for use as a regional emergency-operations center. The cost of these improvements is included in the base rent the Authority pays MPH under the lease.
- C. The City, the County, and several federal and state agencies have subleased space in Building 600, which now serves as the emergency-operations center for the Sacramento region.
- D. The City and the County have decided to investigate the feasibility of undertaking one of the following public projects (the "Project"):
  - (1) Purchasing Building 600 from MPH.
  - (2) Refinancing the portion of base rent that is attributable to the tenant improvements MPH made to Building 600.
- E. To finance, on a long-term basis, the costs associated with the Project, the City and the County will explore forming a new joint-powers agency (the "JPA") through which they would issue bonds under the American Recovery and Reinvestment Act of 2009 (the "Bonds"). Depending on the circumstances, the interest on the Bonds may or may not be exempt from income taxation under the United States Internal Revenue Code. The maximum principal amount of the Bonds is not expected to exceed **\$15,000,000**.

- F. The City and the County expect that they or the JPA (1) will pay certain expenditures in connection with the Project before the Bonds are issued (the "Original Expenditures") and (2) will use a portion of the proceeds of the Bonds to reimburse themselves for the Original Expenditures.
- G. Section 1.150-2 of the United States Treasury Regulations ("Section 1.150-2") requires the issuer of the Bonds to declare its reasonable "official intent" to reimburse itself with proceeds of the Bonds (i.e., the "proceeds of an obligation") for Project expenditures the issuer expects to pay before the Bonds are issued.
- H. The City Council is fully advised in this matter.

**BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:**

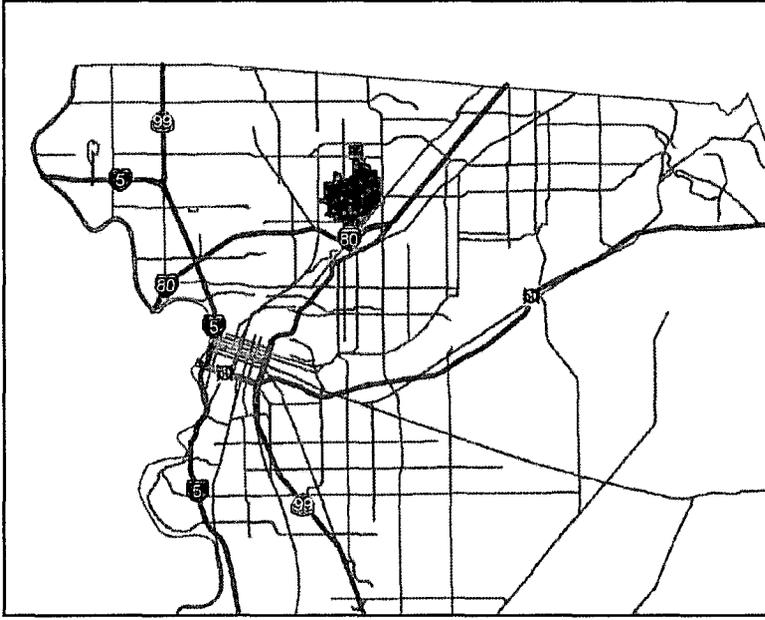
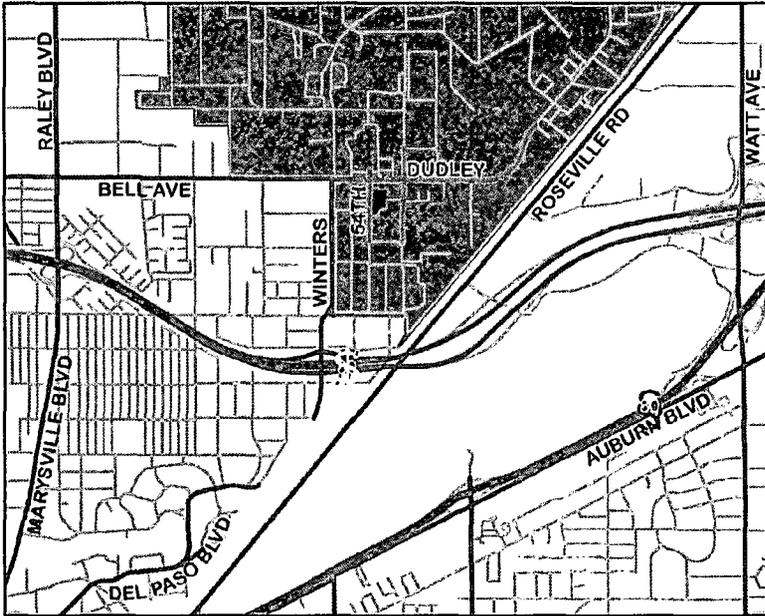
**Section 1.** The City Council finds that the statements in the Background are true.

**Section 2.** The City hereby declares its official intent to use proceeds of an obligation, i.e., proceeds of the Bonds, to reimburse itself for the Original Expenditures.

**Section 3.** This resolution is adopted solely for purposes of establishing compliance with the requirements of Section 1.150-2. It does not bind the City to make any expenditure, incur any indebtedness, or proceed with the Project.

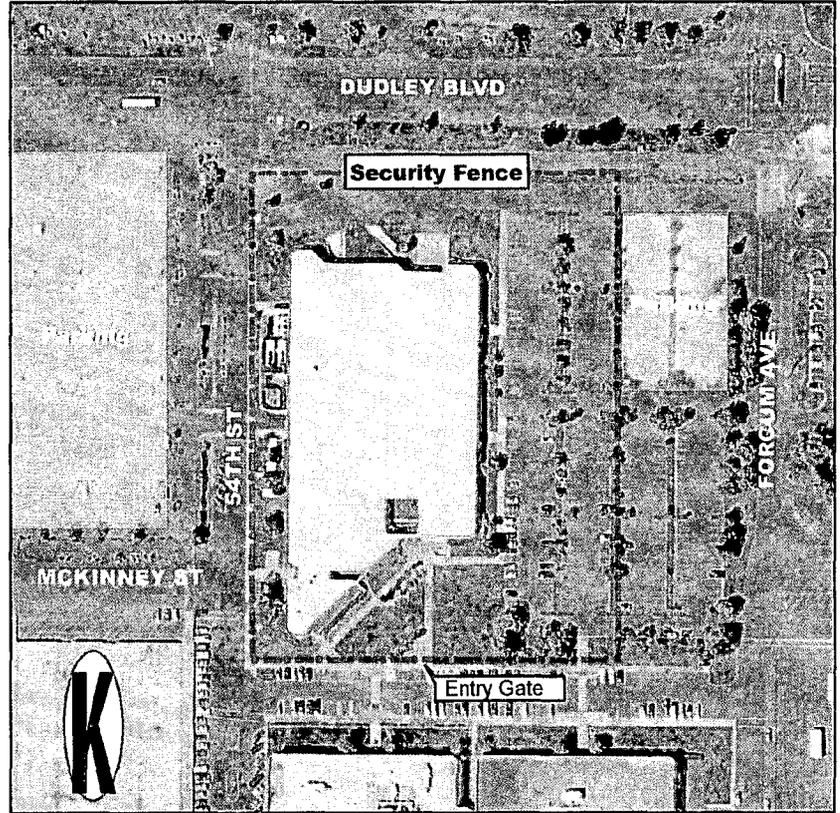
**Section 4.** This resolution takes effect when adopted.

Attachment 3



### Sacramento Regional Homeland Security and Training Center +++ Emergency Operations Center

3720 Dudley Blvd - McClellan, CA 95652



Interstate 80 to Winters Street exit. Drive north to end of the street, turn right on to Dudley (east) to parking areas. (see diagram above)

Enter from the south end of the building at the security gate.