

July 17, 2001

Honorable Rodney S. Melville, Presiding Judge  
Santa Barbara County Superior Court, and  
1100 Anacapa Street  
Santa Barbara, CA 93101

Board of Supervisor's Response to the 2000-2001 Grand Jury Report entitled  
"Certificates of Participation"

Dear Judge Melville:

During its regular meeting on July 17, 2001 the Board of Supervisors adopted the following response to the finding and recommendation in the 2000-2001 Grand Jury Report entitled "Certificates of Participation".

***FINDING #1: The general public is not sufficiently aware of the process involved in the issuance of COPs or the extent to which the County has used them in the past.***

**Response to Finding #1:** Partially agree. Although in the 1980's, the public may not have been given sufficient opportunity to become aware of the County's COP issuance process, the current process (described in the response to Recommendation #1) provides ample opportunity for public awareness.

***RECOMMENDATION #1: The Board of Supervisors should generate greater publicity for all proposed COPs financing, and hold public hearings at several locations throughout the County to justify the need and rationale for the use of COPs as opposed to alternative financing strategies.***

**Response to Recommendation #1:** The recommendation has been implemented.

The process for COPs has changed significantly since the initial issuance of COPs in the late 1980's. The process is as follows for the \$32.99 million COP issuance currently under consideration by the Board:

1. The Capital Financing Feasibility Project (CFFP) was created in October 1998, to evaluate available funding mechanisms for the potential financing of unfunded capital improvement projects. The financing project includes a more detailed review of unfunded capital projects with projected impacts to the operating budget, County-wide debt feasibility analysis, financing options and community polling. The final report was adopted by the Board following a public hearing on September 27, 1999 based on the recommendation of the County Debt Advisory Committee (DAC).
2. The capital projects in need of financing were identified through the annual Five-Year Capital Improvement Plan (CIP) process. The CIP is conceptually adopted annually following public capital

workshops conducted in both North and South County. Projects in need of financing are adopted on an individual basis at noticed public hearings.

3. During its public meeting on August 8, 2000 the Board adopted the Space Utilization Report. The report validates the size and scope of facilities based on a set of parameters adopted by the Board, such as projected growth, number of employees, industry standard guidelines for space based on position.
4. During its public meeting on August 8, 2000 the Board received a report on the County Facility Program which identified an initial group of projects recommended for COP financing.
5. During its public meeting on December 12, 2000, per recommendation by the DAC, the Board adopted a checklist to use for individual project evaluation and approval for debt related proposals including COPs.
6. During the June 2001 public DAC meeting, General Services provided an update to the COP Program with status reports of the preliminary phases for all Tier I projects of the COP program.
7. On July 10, 2001, during its public meeting, General Services provided the Board with an update of the status of the COP program.
8. In the Fall of 2001, General Services will present to the DAC, the final projected cost for Tier I COP financing, as prepared by the Bank of America, and request that the DAC recommend that the Board of Supervisors adopt a resolution to issue COPs.
9. In November of 2001, staff will set a hearing for the Board to publicly authorize the issuance of COPs for Tier I projects of the COP Program, through the adoption of a resolution. The Board item will be noticed on the Board agenda at least one week prior to the hearing: Staff will provide a press release to the local media to notify the public of the pending item, and the Board report will be placed on the Board Agenda Web-site.

It is important to note that both DAC and Board meetings are subject to the Open Meetings (Brown) Act and are appropriately noticed at least 72 hours in advance. Also, the above referenced Board reports are available on the County web-site under the Board Agenda and Minutes link.

The County recognizes that public participation is crucial for local government to operate effectively and we will continue to educate the community on COPs through numerous public hearings and access to staff reports.

The Board would like to thank the Grand Jury for its Report on "Certificates of Participation".

Sincerely,

Joni Gray  
Board of Supervisors Chair

cc: William L. Cathey, Foreperson

2000-2001 Grand Jury