



CALIFORNIA STATE
PUBLIC WORKS BOARD

GRAY DAVIS, GOVERNOR

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STATE PUBLIC WORKS BOARD

Special Meeting

November 19, 2001

MINUTES

PRESENT:

Ms. Annette Porini, Chief Deputy Director, Department of Finance
Ms. Karen McGagin, Deputy Director, Department of General Services
Mr. Bob Garcia, Chief Financial Officer, Department of Transportation

ADVISORY MEMBER:

Director, Employment Development Department

LEGISLATIVE ADVISORS:

Assembly Member, Darrell Steinberg
Assembly Member Kevin Shelley
Assembly Member Sally Havice
Senator Richard G. Polanco
Senator Betty Karnette
Senator Wesley Chesbro

STAFF PRESENT:

James Tilton, Administrative Secretary, State Public Works Board
Jim Lombard, Assistant Administrative Secretary, State Public Works Board
Madelynn McClain, Executive Secretary, State Public Works Board
Genevieve Frederick, Budget Analyst, Department of Finance

OTHERS PRESENT:

Aaron Tenn, State Treasurer's Office
Ken Yu, State Treasurer's Office
Cynthia Spita, Department of Parks and Recreation

CALL TO ORDER AND ROLL CALL:

Ms. Porini, Chairperson, Chief Deputy Director, Department of Finance at 10:00 am called the meeting to order. Mr. Tilton, Administrative Secretary for the State Public Works Board called the roll. A quorum was established.

BOND ISSUES:

Mr. Tilton reported that there was one bond item. We are pulling Item #1, Department of General Services, Department of Mental Health, Energy Conservation Revenue Bond Projects to give the Legislative Analyst's Office time to review these projects.

CONSENT CALENDAR:

Mr. Tilton noted that the Consent Calendar covered Item #2.

The **consent calendar** covers Item #2.

This item requests to approve the acquisition of approximately 32 acres in size, commonly referred to as the Chinatown Cornfields. The purchase contract will provide for the purchase price of \$30,000,000 to be released to the seller at close of escrow and an additional \$3,000,000

to be held in escrow for payment of environmental remediation to park standards. The seller will be fully responsible for cleaning up the site to park standards. We do not have the final agreement yet, but this is a contingent approval from the Board that since this purchase is time limited, we thought it would be appropriate to move forward to allow for the execution of this purchase.

Mr. Tilton indicated that in summary, the consent calendar proposes one request to authorize site selection and acquisition.

Staff recommends approval of the consent calendar, Item #2.

A motion was made by Ms. McGagin, and by Seconded Mr. Garcia to adopt the Consent Calendar, and to approve Agenda Item #2.

The consent calendar was adopted by a 3-0 vote.

ACTION ITEMS:

Mr. Tilton noted there were no action items.

OTHER BUSINESS:

Mr. Tilton noted that there were no items of other business.

REPORTABLES:

Mr. Tilton indicated there were no reportables.

NEXT MEETING:

Mr. Tilton noted that the next PWB meeting is scheduled for Friday, December 14, 2001, at 10:00 am in Room 112.

Having no further business, the meeting was adjourned at 10:03 a.m.

BOND ITEMS

BOND – ITEM 1

DEPARTMENT OF GENERAL SERVICES (1760)

DEPARTMENT OF MENTAL HEALTH (4440)

Energy Conservation Revenue Bond Projects

Authority: Government Code Sections 15814.10 – 15814.25

Adopt a resolution to:

1. Authorize the sale of Energy Conservation Revenue Bonds for the projects identified in Attachment A.
2. Authorize execution of the Energy Service Contracts for the projects identified in Attachment A. Authorization is contingent upon the a) non-eventful passage of the 15-day JLBC notification requirement; b) execution of a Schedule VI certifying energy savings for each contract; and c) receipt of a validity opinion from the participating agencies' counsel.
3. Authorize the use of interim financing, if needed, for the projects identified in Attachment A to be repaid from the Public Buildings Construction Fund from proceeds of the sale of bonds.
4. Approve the form of indenture as part of the interim finance package, with such insertions, deletions and changes therein as the Administrative Secretary, with the advice of counsel, may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Total estimated project costs:

\$14,199,595

PULLED.

BOND ITEMS

BOND – ITEM 1

Department of General Services

Department of Mental Health

Energy Conservation Revenue Bond Projects

Action Requested

The requested action will authorize the sale of Energy Conservation Revenue Bonds for the projects identified in Attachment A; conditionally authorize execution of the Energy Service Contracts for those same projects; authorize the use of interim financing, if needed, for those projects to be repaid from the Public Buildings Construction Fund from proceeds of the sale of bonds; and approve a form of indenture to be used in the interim financing package.

Scope Description

The specific types of energy conservation projects to be included in the Energy Service Contracts are identified in Attachment A. These projects generally consist of the following:

HVAC Systems: Upgrading chilled water TES systems; replacing cooling towers with appropriately-sized equipment; upgrading variable air volume systems; upgrading direct digital controls and optimized control strategies for chiller plants and air handler units; utilizing after-hours controls for heating and cooling; and installing window tinting film to reduce solar heat gain.

Motors and Variable Speed Drives: Replacing inefficient motors on air handler units with high efficiency motors and installing variable speed drives on chillers, TES pumps, water pumps, cooling tower fans, air handler fans, other types of fans.

Energy Management Systems: Installing energy management system hardware and software to control the largest electrical loads in facilities, such as HVAC systems and steam heating and hot water systems.

Lighting: Upgrading lighting systems with T-8 fluorescent lamps and electronic ballasts, retrofitting incandescent lamps with energy efficient compact fluorescent lamps, installing lighting control systems that will dim or turn off lights when illumination is not needed, and installing low-wattage luminescent emitted diode exit signs.

Carbon Monoxide Control Systems: Installing parking garage carbon monoxide control systems with variable speed drives on fan motors.

Reclaimed Water: Retrofitting existing irrigation systems to use reclaimed water for landscape irrigation.

Funding and Project Cost Verification

The total amount set forth in the Energy Service Contracts is \$17,635,000, with a total project cost of \$14,199,595 for the energy conservation projects. The total project cost breakout by participating agency is as follows:

Department of General Services	\$8,569,360
Department of Mental Health	\$5,630,235

Staff analysis indicates the total estimated annual cost savings produced by these energy conservation projects is \$2,288,670. The annual cost savings is sufficient to repay the requisite proportional share of the revenue bonds and related costs for each year over the payment term.

Project Schedule Summary

The schedules for each project component as prepared by the Department of General Services, Energy Management Division, are identified in Attachment A. The participating agencies are contractually obligated to take all steps necessary to complete the various energy conservation project components in accordance with the proposed project schedule.

Energy Service Contracts

- The form of the Energy Service Contract to be executed is consistent with the approval given by the Board at its November 9, 2000 meeting and is the most current form of the Energy Service Contract.
- Each Energy Service Contract may contain several different energy conservation projects to be implemented at the participating agency facility. The cost and schedule for the individual

project components are detailed in Schedule III of each Energy Service Contract and are summarized in Attachment A.

- Prior to the Board executing the proposed Energy Service Contracts, the following events or activities must occur:
 - Passage of the 15-day notice period to the Joint Legislative Budget Committee.
 - Execution of the Project Savings Certification found in Schedule VI of the Energy Service Contract by the Program Director, Office of Energy Assessments, Department of General Services.
 - Delivery by the participating agency of a signed Energy Service Contract together with an unqualified opinion of its counsel containing the information set forth in Section 2.01(a)-(d) of the Energy Service Contract.
 - Receipt of a favorable analysis from the Public Works Board's bond counsel that the issuance of these energy revenue bonds does not conflict with the terms and conditions of the existing debt on the Joint Powers Authority (JPA) financed facilities.

Staff Recommendation: Approve resolution.

CONSENT ITEMS

CONSENT – ITEM 2

DEPARTMENT OF GENERAL SERVICES (1760)
DEPARTMENT OF PARKS AND RECREATION (3790)
CORNFIELDS, LOS ANGELES COUNTY
DPR Parcel Number A33100, DGS Parcel Number 10038

Authority: Chapter 106 /01, Item 3790-301-0005 (30.92)
Chapter 106/01, Item 3790-301-0005 (31)
Chapter 106/01, Item 0540-101-0001(2)

- a. Authorize site selection and acquisition consistent with the staff analysis

APPROVED.

CONSENT ITEMS

CONSENT – ITEM 2

Department of General Services
Department of Parks and Recreation
Cornfields State Park

Action requested

The requested action will authorize site selection and acquisition consistent with the staff analysis provided to the Board.

Scope Description

This project is within scope. The Legislature has approved funding for the purchase of, environmental remediation of and minimum improvements to a parcel of land approximately 32 acres in size, commonly referred to as the Chinatown Cornfields.

The acquisition is part of a Department of Parks and Recreation (DPR) acquisition program to acquire property along the Los Angeles River for public park purposes. The purchase agreement requires the property to be remediated to park use standards, a higher level than the industrial standard of the property under its current zoning. The purchase contract will provide for the purchase price of \$30,000,000 to be released to the seller at close of escrow and an additional \$3,000,000 to be held in escrow for payment of environmental remediation to park standards. The seller will be fully responsible for cleaning up the site to park standards.

Funding and Project Cost Verification

This project is within cost. Chapters 106/01 3790-301-0005 (30.92), 106/01 3790-301-0005(31), and 106/01 0540-101-0001(2), provides \$36 million for the acquisition, site remediation of this industrial property to a park/residential environmental standard and minimum improvements to the site. The property interest can be acquired with the funds available and in accordance with Legislative intent:

\$36,000,000 total estimated costs

\$36,000,000 project costs to be allocated: \$30,000,000 for fee acquisition, \$3,000,000 for environmental remediation to park standards, \$500,000 for advisory committee (Senate Bill 1177), \$2,400,000 for costs to provide immediate public use, and \$100,000 for staff costs and related acquisition fees

CEQA

A Notice of Exemption was filed with the State Clearinghouse on April 12, 2001, and the waiting period expired on May 17, 2001.

Project Schedule

The project schedule is as follows:

The anticipated close of escrow is in December 2001.

Other:

- The DGS approved appraisal concluded the property has a highest and best use for industrial purposes and a value of \$30 million. The acquisition does not exceed the value of the DGS approved appraisal.
- DPR will only move forward with the acquisition provided that the seller provides full environmental remediation of site to DTSC park standards at a cost to the State not to exceed \$3,000,000. DPR will enter into a purchase agreement with TPL that clarifies that TPL will be responsible for fully remediating the site within a reasonable period of time and this agreement will be reviewed by DGS staff to verify the terms of the agreement.
- The seller has entered into an agreement with the City of Los Angeles' Brownfields Division to inspect and prepare a Preliminary Endangerment Assessment (PEA) to be submitted to the State Department of Toxic and Substance Control (DTSC).
- The site has known contamination by Union Pacific Railroad Company (UPRR), the prior owner, from its prior use as a rail yard. UPRR under the auspice of the Los Angeles Regional Water Quality Control Board (LARWQCB), is required to remediate the current environmental contamination, if any, to a level adequate for industrial development which was determined by the DGS approved appraisal to be the property's highest and best use. UPRR has undertaken remediation activities, which are ongoing, but limited by contract to industrial standards only. The current owner has secured a transferable \$10,000,000 insurance policy with a term of ten (10) years for pollution and remediation legal liability. The policy provides insurance coverage for remediation expense and legal defense expense arising out of the investigation, monitoring, removal, disposal, treatment or neutralization of pollution conditions up to the industrial standard.
- The Department is not aware of any lawsuits pending concerning the property.
- The seller, at no cost to DPR, will remove one small metal building and miscellaneous debris during environmental remediation of the site.
- The property acquisition agreement will require delivery of clear property to the title,
- Existing month-to-month leases will be terminated prior to close of escrow. Relocation benefits are not available for month-to-month tenancy.
- Although the it was not anticipated during the budget process that there would be any support costs associated with the acquisition, DPR now anticipates there will be an ongoing need for patrol and securing of the Cornfields site during its intermediate immediate public use. These costs would be absorbed through the DPR support budget until at least June 30, 2003. After that time, any need for an augmentation to the support budget would be reviewed as part of the budget process. The 1st year budget is estimated at \$334,000 and includes 2 rangers, 2 vehicles, equipment and support for immediate public use facilities, 2nd year, \$ 283,000. Future support budget costs resulting from future development decisions will also be considered through the budget process.

- Funds for immediate public use will be used for seeding, irrigation, gravel parking, temporary chemical toilets and picnic tables.

Staff recommendation: **Authorize site selection and acquisition consistent with the staff analysis.**

ACTION ITEMS

ACTION – ITEM

NO ACTION ITEMS.

ACTION ITEMS

ACTION – ITEM

NO ACTION ITEMS.

OTHER BUSINESS

REPORTABLES

To be presented at meeting.

Respectfully Approved,

JAMES E. TILTON
Administrative Secretary