



COUNTY ADMINISTRATOR
220 NORTH MAIN STREET, P.O. BOX 8645
ANN ARBOR, MICHIGAN 48107-8645
(734) 222-6850
FAX (734) 222-6715

TO: Barbara Bergman, Chair
Ways & Means Committee

THROUGH: Robert E. Guenzel
County Administrator

FROM: Jim Zwolensky
Director, Project Management

DATE: March 19, 2008

SUBJECT: Approval of Series 2008A Capital Improvement Bond in the amount of \$15,620,000 to pay for the construction of the new 14A-1 District Court at the Service Center as well as the build-out of a county wide area fiber optic network

Resolution approving the Undertaking to Provide Continuing Disclosure for the Series 2008A \$15,620,000.00 Capital Improvement Bond issue.

BOARD ACTION REQUESTED:

It is requested that the Board of Commissioners approve the sale of a \$15,620,000 bond issue to pay for the construction of the new 14A-1 District Court at the Service Center as well as the build-out of a County-owned wide area fiber optic system which will serve fifteen County facilities.

It is further requested that the Board of Commissioners approve a separate Resolution approving the Undertaking to Provide Continuing Disclosure related to the proposed \$15,620,000 bond issue.

BACKGROUND:

On November 15, 2006, the Board of Commissioners approved the County Administrator's recommended space plan principles (Resolution #06-0246). Among the projects approved by the Board was a new 14A-1 District Court with three court rooms to be located at the County's Service Center on Hogback Road. The new District Court will replace the existing facility which is also

located at the Service Center. This older facility will be demolished as part of the project.

Beginning in June, 2005 the County began to analyze the County's network performance and identify future trends given the increase in usage by County employees. This study concluded that the County's network capacity must ultimately be expanded to support the County's current and future technological needs. Presently, the County leases fiber network infrastructure from AT&T.

The Board of Commissioners is presently looking at a Resolution which would authorize the County to proceed with building out a fiber network which would be owned by the County. This Resolution is being presented to the Board's Ways & Means Committee on March 19, 2008. It should be noted that the build-out of this network would be contingent on the approval of the Resolution and the actual sale of the bonds.

DISCUSSION:

Approval of the proposed bond issue would permit the County to undertake two critical infrastructure needs. First, \$12,600,000.00 of the bond issue would be used to construct a new 14A-1 District Court. As noted above, this project was first approved by the Board of Commissioners on November 15, 2006. Construction of the new court facility would permit the County to demolish the existing building housing the District Court. This building, which is also located at the Service Center, was never intended to be a court facility and has had to undergo significant renovations over the years to remain functional and yet still does not meet the current State guidelines on court facilities. Notwithstanding the renovations, the current building is not customer friendly and does not fully serve the needs of the public safety & justice system. It is deficient in organization, creating an inherently inefficient operation as well as in security and safety areas for the protection of court staff and patrons.

The new court facility will provide a state-of-the-art courthouse which will effectively serve the County and its citizens for many years. It contains 45,600 SF, and is a two-level structure to be constructed adjacent and to the south of the existing Washtenaw County Jail and Sheriff's Department building. Most of the District Court functions are on the upper level. The upper level consists of three courtrooms with associated Judge's Chambers, a Clerks' area, offices for the Public Defender and Prosecuting Attorney, Probation and Providers/Service Agencies. A multi-use space is provided for Jury Assembly and meetings. Both the Jury Assembly and Probation space is configured so it can be converted to an additional courtroom and holding area in the future. On the lower level are Court Administration, a combined Law Library/Conference Room and Mediation Suite.

\$2,750,000.00 of the bond issue will be used to construct a new wide area fiber optic network to be owned by the County. The County currently leases its fiber network capacity from AT&T for an annual cost of \$376,000.00. Under the proposed bond issue, the funds used to build the fiber optic network would be repaid over a 10-year period at an annual cost ranging from \$347,792 in year one with steadily reduced annual payments for the remaining nine years down to the last annual payment of \$320,906. Each of these payments is less than the annual lease cost the County is presently paying AT&T with the added benefit that after the 10-year payout, the County will own the fiber network free and clear. In addition to relieving the County of the annual burden of utility payments, the new wide area fiber optic network will allow for a more uniform speed of data service throughout the County. Currently some areas of the County, particularly in the eastern and far western areas have much slower data connectivity than the County facilities in and around the City of Ann Arbor.

The wide area fiber network is conceptually envisioned to reach the following Washtenaw County Government owned or operating facilities for the purpose of expanding and enhancing network connectivity at these sites:

County Administration, 220 North Main Street, Ann Arbor
Service Center, 2201 Hogback Road, Pittsfield Twp.
Human Services, 555 Towner, Ypsilanti
CSTS, 2140 Ellsworth Road, Pittsfield Twp.
Western Service Center, 705 Zeeb Road, Scio Twp.
Head Start, 1661 Leforge Rd, Ypsilanti
Delonis Center, 312 W. Huron, Ann Arbor
ETCS, 302 Harriet Street, Ypsilanti
14A-2, 415 W. Michigan Avenue, Ypsilanti
14B Court and Sheriff Station #2, 7200 Huron River Drive, Ypsilanti Township
Parks & Recreation Administration, 2230 Platt Road, Ann Arbor
Trial Court Family Division, 2270 Platt Road, Ann Arbor
CSTS, Huron Valley Child Guidance Center, 2940 Ellsworth Road, Ypsilanti Township
14A-3 District Court, 122 S. Main Street, Chelsea
14A-4 District Court, 705 N. Maple, Saline

The remaining costs of the total bond are attributable to the bonding costs.

Finally, the Board of Commissioners is being asked to also approve a separate Resolution to authorize continuing disclosure for the bond issue. Continuing disclosure is required by the rules of the Securities and Exchange Commission to assure that all owners of the bonds issue are kept informed of any conditions that might adversely affect the security of those bonds. This Resolution is similar to previous Resolutions for other projects and continuing disclosure is already provided for all recent Washtenaw County bonds.

IMPACT ON HUMAN RESOURCES:

Approval of this Resolution will have no impact on the County's human resources.

IMPACT ON BUDGET:

Approval of the \$15,620,000.00 bond resolution will result in a twenty-year debt schedule with annual payments beginning on September 1, 2008 and ending on March 1, 2028. The total bond project is comprised of two projects with the following costs: (1) 14A-1 District Court--\$12,600,000.00; and (2) the fiber network build out--\$2,750,000.00. The two projects were combined in one bond issue to save on bonding costs. The repayment of the District Court portion of the bond funding is over a twenty-year period, while the repayment of the fiber optic network bond funds is over a ten-year period. As a result, the total annual bond payments over the first ten years of the debt schedule are higher; the debt schedule goes down significantly after the fiber project is completely paid off.

IMPACT ON INDIRECT COSTS:

There are no indirect costs associated with approval of either Resolution.

IMPACT ON OTHER COUNTY DEPARTMENTS OR OUTSIDE AGENCIES:

Approval of the bonding Resolution will require Finance oversight to insure that annual bond payments are made in a timely fashion.

CONFORMITY TO COUNTY POLICIES:

The requested Board action is in conformity with all County policies.

ATTACHMENTS:

None