

SKAGIT COUNTY COORDINATING COUNCIL PUBLIC SAFETY JAIL PROJECT

Funding Scenarios

January 18, 2013

SALES AND USE TAXES - (CURRENT)

OVERALL REVENUE FROM 3/10

La Conner, and Sedro Woolley have passed a 1/10 of 1% sales and use tax;

Assume county-wide 3/10 of 1% is approved by the voters

Total Revenue collected by all	\$5,671,908
Less City distribution of 1/10 of 1% (85%)	(128,792)
Less County distribution of 1/10 of 1% (15%)	<u>(22,728)</u>
Revenue in excess of the 1/10 of 1% in cities	\$5,520,388
Revenue from .2%/.3% distributed to cities	<u>(2,208,155)</u>
Revenue from .2%/.3% distributed to County	\$3,312,233
Total Revenue distributed to County:	\$3,334,961

ESTIMATED REVENUE DISTRIBUTION IF ONLY LA CONNER AND SEDRO WOOLLEY IMPOSE 0.1% OF 0.3% TAX

Sample Revenue Distribution			
	<u>From 0.1%</u>	<u>Balance</u>	<u>Total 0.3%</u>
Skagit County	\$ 22,728	\$3,312,233	\$3,334,961
Anacortes	-	506,491	506,491
Burlington	-	268,894	268,894
Concrete	-	22,674	22,674
Hamilton	-	9,581	9,581
La Conner	33,615	28,263	61,878
Lyman	-	14,051	14,051
Mount Vernon	-	1,020,008	1,020,008
Sedro Woolley	<u>95,176</u>	<u>338,193</u>	<u>433,370</u>
Estimated Total	\$151,519	\$5,520,389	\$5,671,908

SALES AND USE TAXES - (POTENTIAL) OVERALL REVENUE FROM 3/10

If Anacortes, Burlington, and Mount Vernon all pass a 1/10 of 1% sales and use tax, in addition to LC and SW;

Assume county-wide 3/10 of 1% is approved by the voters

Total Revenue collected by all	\$5,671,908
Less City distribution of 1/10 of 1% (85%)	(1,307,066)
Less County distribution of 1/10 of 1% (15%)	<u>(230,659)</u>
Revenue in excess of the 1/10 of 1% in cities	\$4,134,184
Revenue from .2%/.3% distributed to cities	<u>(1,653,673)</u>
Revenue from .2%/.3% distributed to County	\$2,480,510
Total Revenue distributed to County:	\$2,711,169

ESTIMATED REVENUE DISTRIBUTION IF ANACORTES, BURLINGTON AND MOUNT VERNON ALSO IMPOSE 0.1% OF 0.3% TAX

<u>Sample Revenue Distribution</u>			
	<u>From 0.1%</u>	<u>Balance</u>	<u>Total 0.3%</u>
Skagit County	\$230,659	\$2,480,510	\$2,711,169
Anacortes	290,257	379,308	669,565
Burlington	483,158	201,373	684,531
Concrete	-	16,980	16,980
Hamilton	-	7,175	7,175
La Conner	33,615	21,166	54,781
Lyman	-	10,523	10,523
Mount Vernon	404,859	763,878	1,168,737
Sedro Woolley	<u>95,176</u>	<u>253,271</u>	<u>348,447</u>
Estimated Total	\$1,537,724	\$4,134,184	\$5,671,908

REQUIRED CAPACITY AND ADP

- ◉ Review of Voorhis projections, based on reduced incarceration rate projection (1988-2003)
- ◉ Recommended 428 Capacity and 600 Core to house approximately 371 ADP by 2030
- ◉ Based on *Voorhis memo dated September 14, 2012*

Year	ADP Beds	County 85%	Cities 15%	Required Capacity
2015	240	204	36	276
2020	275	234	41	316
2025	316	269	47	364
2030	361	307	54	416
2035	410	349	61	471

ASSUMPTIONS

- ◉ 3/10 of 1% Sales and Use tax approved August 6, 2013
- ◉ Sales tax collection (revenue) begins January 1, 2014
- ◉ Taxable retail sales in 2013 is based on actual 2011 taxable retail sales; 1% annual increase beginning in 2014
- ◉ Bonds issued in 2015; 25 years at 5% average rate
- ◉ “Additional operating costs” are those costs over and above current jail operating budget
- ◉ All parties continue current level of payments
- ◉ Project completed and online 2017
- ◉ Temporary outsourcing cost \$90/bed (internal costs incl.)
- ◉ Long term outsourcing cost \$65/bed
- ◉ Voorhis projected bed need based on reduced projection

SCENARIO 1 -- (100% OF 0.3%)

- 100% of revenue from 3/10 of 1% is used for the project (all cities/county)
- Builds 400 bed core and 400 beds at opening
- Assumed Total Project Cost of \$60 million
- This scenario provides for long term capital and provides for 100% of projected beds needed through 2030, based on current estimates

Scenario 1

Year	Revenue Collection	Increased Jail Budget (Temp.)	Out-sourcing Potential	Available for Project/ Design Expenditures	Project Budget – to be Financed	Debt Service (25 Year/5%) \$52.2 million	Available for Additional Operating Costs	Voorhis Proj. ADP	Est. Bed Operation Supported
2013	-	-	-	-	\$60,000,000	-	-	-	-
2014	\$5,598,548	\$1,642,500	50	\$3,956,048	56,043,952	-	-	-	220
2015	5,654,534	1,806,750	55	3,847,784	52,196,168	-	-	240	225
2016	5,711,079	1,971,000	60	30,079	52,166,089	\$3,710,000	-	-	230
2017	5,768,190	-	-	-	-	3,710,000	\$2,058,190	-	275
2018	5,825,872	-	-	-	-	3,710,000	2,115,872	-	275
2019	5,884,130	-	-	-	-	3,710,000	2,174,130	-	275
2020	5,942,972	-	-	-	-	3,710,000	2,232,972	275	275
2021	6,002,401	-	-	-	-	3,710,000	2,292,401	-	-
								409 in 2035	400 max

SCENARIO 2 - (WITHOUT 0.1%)

- Revenue from 0.3% countywide, less 0.1% within cities
- Builds 400 bed core and 300 beds at opening
- Provides additional operating funds for an est. 240-260 beds
- Assumed Total Project Cost of \$55 million
- This scenario funds capital for 400 core/300 beds, and requires additional operating support, which could be from bed rates

Scenario 2

Year	Revenue Collection	Increased Jail Budget (Temp.)	Out-sourcing Potential	Available for Project/ Design Expenditures	Project Budget – to be Financed	Debt Service (25 Year/5%) \$47.0 million	Available for Additional Operating Costs	Voorhis Proj. ADP	Est. Bed Operation Supported
2013	-	-	-	-	\$55,000,000	-	-	-	-
2014	\$4,408,491	\$492,750	15	\$3,915,741	51,084,259	-	-	-	185
2015	4,452,576	657,000	20	3,795,576	47,288,684	-	-	240	190
2016	4,497,101	657,000	20	505,101	46,783,582	\$3,335,000	-	-	190
2017	4,542,072	-	-	-	-	3,335,000	\$1,207,072	-	250
2018	4,587,493	-	-	-	-	3,335,000	1,252,493	-	250
2019	4,633,368	-	-	-	-	3,335,000	1,298,368	-	250
2020	4,679,702	-	-	-	-	3,335,000	1,344,702	275	250
2021	4,726,499	-	-	-	-	3,335,000	1,391,499	-	250
								316 in 2025	300 max

REVENUE DIFFERENCE

- 100% Revenue from 0.3% (**Scenario 1**) compared to Revenue from 0.3% minus 0.1% (**Scenario 2**) within the cities
- Implied 33% bed rate increase, based on rough estimate, for 36 beds

Year	Revenue Difference	Bed Rate (36 Beds)
2014	\$1,190,058	\$ 90.57
2015	1,201,958	91.47
2016	1,213,978	92.39
2017	1,226,117	93.31
2018	1,238,379	94.24
2019	1,250,762	95.19
2020	1,263,270	96.14
2021	1,275,903	97.10

SCENARIO 3 - (WITHOUT 0.1%)

- Revenue from 0.3% countywide, less 0.1% within cities
- Builds estimated 300 bed core and 300 beds at opening
- Provides additional operating funds for an est. 255-275 beds
- Assumed Total Project Cost of \$50 million
- This scenario funds capital for 300 core/300 beds, and would require more capital investment by 2020-2025 - higher operating ADP than Scen 2

Scenario 3

Year	Revenue Collection	Increased Jail Budget (Temp.)	Out-sourcing Potential	Available for Project/ Design Expenditures	Project Budget – to be Financed	Debt Service (25 Year/5%) \$41.5 million	Available for Additional Operating Costs	Voorhis Proj. ADP	Est. Bed Operation Supported
2013	-	-	-	-	\$50,000,000	-	-	-	-
2014	\$4,408,491	\$492,750	15	\$3,915,741	46,084,259	-	-	-	185
2015	4,452,576	657,000	20	3,795,576	42,288,684	-	-	240	190
2016	4,497,101	657,000	20	890,101	41,398,582	\$2,950,000	-	-	190
2017	4,542,072	-	-	-	-	2,950,000	\$1,592,072	-	255
2018	4,587,493	-	-	-	-	2,950,000	1,637,493	-	265
2019	4,633,368	-	-	-	-	2,950,000	1,683,368	-	265
2020	4,679,702	-	-	-	-	2,950,000	1,729,702	275	265
2021	4,726,499	-	-	-	-	2,950,000	1,776,499	-	-
								316 in 2025	300 max

SCENARIO 4 - (COUNTY ALONE)

- County receives only statutory distribution of 0.3%
- Builds est. 250 bed core and 200 beds at opening
- Provides additional operating funds for an est. 200 beds
- Assumes Total Project Cost of \$40 million
- This scenario funds capital for 200 core/200 beds; does not meet the County's needs long term and cannot serve the City needs

Scenario 4

Year	Revenue Collection	Increased Jail Budget (Temp.)	Out-sourcing Potential	Available for Project/ Design Expenditures	Project Budget – to be Financed	Debt Service (25 Year/5%) \$34.9 million	Available for Additional Operating Costs	Voorhis Proj. ADP	Est. Bed Operation Supported
2013	-	-	-	-	\$40,000,000	-	-	-	-
2014	\$2,738,281	\$164,250	5	\$2,574,031	37,425,969	-	-	-	175
2015	2,765,663	164,250	5	2,601,413	34,824,556	-	-	204	175
2016	2,793,320	262,800	8	50,520	34,774,036	\$2,480,000	-	-	180
2017	2,821,253	-	-	-	-	2,480,000	\$341,253	-	200
2018	2,849,466	-	-	-	-	2,480,000	369,466	-	200
2019	2,877,961	-	-	-	-	2,480,000	397,961	-	200
2020	2,906,740	-	-	-	-	2,480,000	426,740	234	200
2021	2,935,808	-	-	-	-	2,480,000	455,808	-	-

OUTSOURCING SCENARIOS

- ◉ Temporary outsourcing cost \$90/bed (internal costs incl.)
- ◉ Long term outsourcing cost \$65/bed
- ◉ Based on DLR presentation:
 - Requires 160 beds in Skagit County to house 134 inmates
 - Requires \$600,000 to \$1.4 million additional staffing cost
 - Capacity of “transfer station” is limited by number of beds
 - \$25-27 million without additional required beds (i.e., 74)
- ◉ Assumes \$35 million to provide the required 160 beds
- ◉ Assumes 134 inmates are housed in Skagit County
- ◉ Only outsource inmates over 134 housed in county
- ◉ Use target of \$1 million for additional operating fund required

SCENARIO 5 - (100% OF 0.3%)

- Uses short term and long term outsourcing
- 100% of revenue from 3/10 of 1% is used for the project (all cities/county)
- Assumes Total Project Cost of \$35 million
- Meets County needs through 2021 and does not meet long term needs
- Would require use of costly financing tools for long term solution in future

Scenario 5

Year	Revenue Collection	Increased Budget for Outsourcing Cost	Out-sourcing Potential	Available for Project/ Design Expenditures	Project Budget – to be Financed	Debt Service (25 Year/5%) \$25.5 million	Additional Operating Costs	Voorhis Proj. ADP	Est. Bed Operation Supported
2013	-	-	-	-	\$35,000,000	-	-	-	-
2014	\$5,598,548	\$1,642,500	50	\$3,956,048	31,043,952	-	-	-	220
2015	5,654,534	1,806,750	55	3,847,784	27,196,168	-	-	240	225
2016	5,711,079	1,971,000	60	1,930,079	25,266,089	\$1,810,000	-	-	230
2017	5,768,190	2,752,100	116	-	-	1,810,000	\$1,206,090	-	240
2018	5,825,872	2,941,900	124	-	-	1,810,000	1,073,972	-	248
2019	5,884,130	3,131,700	132	-	-	1,810,000	942,430	-	256
2020	5,942,972	3,345,225	141	-	-	1,810,000	787,747	275	275
2021	6,002,401	3,345,225	141	-	-	1,810,000	847,176	-	275
								316 in 2025	279 max

SCENARIO 6 - (WITHOUT 0.1%)

- Uses short term and long term outsourcing
- Revenue from 0.3% countywide, less 0.1% within cities
- Builds facility to accommodate 279 (160 bed capacity)
- Assumes Total Project Cost of \$35 million
- Does not meet County needs in short term or long term

Scenario 6

Year	Revenue Collection	Increased Budget for Outsourcing Cost	Out-sourcing Potential	Available for Project/ Design Expenditures	Project Budget – to be Financed	Debt Service (25 Year/5%) \$27.7 million	Available for Additional Operating Costs	Voorhis Proj. ADP	Est. Bed Operation Supported
2013	-	-	-	-	\$35,000,000	-	-	-	-
2014	\$4,408,491	\$1,314,000	40	\$3,094,491	31,905,509	-	-	-	210
2015	4,452,576	1,478,250	45	2,974,326	28,931,184	-	-	240	215
2016	4,497,101	1,478,250	45	1,406,851	27,524,332	\$1,612,000	-	-	215
2017	4,542,072	1,898,000	80	-	-	1,612,000	\$1,032,072	-	214
2018	4,587,493	1,898,000	80	-	-	1,612,000	1,077,493	-	214
2019	4,633,368	2,016,625	85	-	-	1,612,000	1,004,743	-	219
2020	4,679,702	2,016,625	85	-	-	1,612,000	1,051,077	275	219
2021	4,726,499	2,016,625	85	-	-	1,612,000	1,097,874	-	219

SCENARIO 7 - (WITHOUT 0.1%)

- Uses short term and long term outsourcing
- Revenue from 0.3% countywide, less 0.1% within cities
- BACKS INTO MAXIMUM CAPITAL COST SUPPORTABLE (\$15.3 MILLION)
- This scenario does not answer what you could get for \$15,300,000
- Solution would need to support 160 beds in Skagit County

Scenario 7

Year	Revenue Collection	Increased Budget for Outsourcing Cost	Out-sourcing Potential	Available for Project/ Design Expenditures	Project Budget – to be Financed	Debt Service (25 Year/5%) \$8.0 million	Additional Operating Costs	Voorhis Proj. ADP	Est. Bed Operation Supported
2013	-	-	-	-	\$15,300,000	-	-	-	-
2014	\$4,408,491	\$1,642,500	50	\$2,765,991	12,534,009	-	-	-	220
2015	4,452,576	1,806,750	55	2,645,826	9,888,184	-	-	240	225
2016	4,497,101	1,971,000	60	1,956,101	7,932,082	\$570,000	-	-	230
2017	4,542,072	2,752,100	116	-	-	570,000	\$1,219,972	-	240
2018	4,587,493	2,941,900	124	-	-	570,000	1,075,593	-	248
2019	4,633,368	3,131,700	132	-	-	570,000	931,668	-	256
2020	4,679,702	3,345,225	141	-	-	570,000	764,477	275	275
2021	4,726,499	3,345,225	141	-	-	570,000	811,274	-	275

COMPARISON OF SCENARIOS

Comparison of Scenarios

	<u>Temporary Outsourcing</u>	<u>Permanent Outsourcing</u>	<u>Project Budget</u>	<u>Core Beds</u>	<u>Beds at Opening</u>	<u>ADP Served</u>	<u>Financed Amount</u>	<u>Available for Operations</u>
Scenario 1	50-60	-	\$60,000,000	400	400	Up to 400	\$52,200,000	\$2,000,000+
Scenario 2	15-20	-	55,000,000	400	240-260	Up to 300	47,000,000	1,200,000+
Scenario 3	15-20	-	50,000,000	300	255-275	Up to 300	41,500,000	1,500,000+
Scenario 4	5-8	-	40,000,000	250	200	175-200	34,900,000	300,000+
Scenario 5	50-60	116-141	35,000,000	n/a	160	220-275	25,500,000	700,000+
Scenario 6	40-45	80-85	30,000,000	n/a	160	210-219	27,700,000	1,000,000+
Scenario 7	50-60	116-141	15,300,000	n/a	?	220-275	8,000,000	700,000+

TAKE-AWAYS

- ⦿ The sales and use tax of 3/10 of 1%, if pooled countywide, would support capital and operating costs to meet the projected needs of the County and cities through the planning horizon
- ⦿ Without 1/10 of 1% within the cities, if revenue were pooled, the funding could support capital costs to meet projected needs, but facility would operate at less than 100% of needs without additional revenue (i.e., bed rates)
- ⦿ Without any pooling, the County could build a facility to meet some County needs, but would have no capacity to serve cities
- ⦿ All scenarios and assumptions assume the current base operating costs and revenues are not decreased
- ⦿ While bed rates can be used to increase operating capacity, the County cannot securely finance capital based on uncommitted revenue
- ⦿ Based on Voorhis projections, additional capacity will be required in the future - these scenarios cover a period range from 2020 to 2035, depending on the scenario

VOTER CONSIDERATIONS

- ⦿ Voters feel overburdened by property taxes
- ⦿ Voted bond issue competes with other needs, including schools, most of which are contemplating bonds in the near future
- ⦿ Bond proposition requires 60% approval and 40% voter turnout; these are high hurdles following a record election
- ⦿ Multiple propositions may convey mixed messages
 - Can the jurisdictions present a clear and united message?
 - When voters turn down one proposition, they may be unhappy to see a different one down the road
 - If voters are told the 3/10 of 1% proposition is for jail purposes, they may expect all of the revenue to be used for the jail
 - Voters are likely to be confused by multiple propositions on the same ballot

CONCEPTS FOR AGREEMENT -1

- All jurisdictions to support 3/10 of 1% sales and use tax, all of which is to be pooled for countywide jail (capital and operation)
- The cities will [won't] withdraw their propositions for 1/10 of 1% sales tax, so that funding will be available for the jail project
- The cities and county will develop a common message to ensure voters are receiving clear and accurate information, to eliminate potential confusion
- Operating costs not covered by the sales and use tax would need to come from other revenues, including bed rates

CONCEPTS FOR AGREEMENT -2

- ◎ Cities will have access to the facility. If revenue is not sufficient to cover operations *the shortfall* will be shared based on a formula similar to the current bed rate formula
 - Jail operating budgets will be developed each year in sufficient time and detail to provide each city and the county time to review it and to plan and budget within their jurisdiction
- ◎ Should sales and use tax increase sufficiently in the future, the jail budget will include funding of reserve for future expansion, maintenance or upkeep
 - After 10 years the County will develop a budget for future capital requirements, and the parties will discuss potential funding options
- ◎ After the capital financing is retired, sales and use tax revenue will continue to be used for jail maintenance and operation
 - It should be expected that revenue will be required for additional financing for future expansion
 - Should tax revenue grow to be excessive for jail purposes, the parties will agree to additional criminal justice purposes Countywide

ELECTION TIMING

- Sales and use tax requires 50% approval
- Any election will require 40% turnout for validation
- 2 possible dates for sales and use tax - Aug & Nov
- Voted bonds require 60% approval and 40% validation

Election Date in 2013	Resolution Submitted to Auditor By	Bond Proposition	Sales and Use Tax
February 12	December 28	Yes	No
April 23	March 8	Yes	No
August 6	May 10	Yes	Yes
November 5	August 6	Yes	Yes

TIMING TARGETS

- ◉ **Jan-March** **Planning and decision-making**
- ◉ **April 18** Final input and direction for ballot proposition
- ◉ **May 1** Election resolution/proposition completed
- ◉ **May 7** BOCC to adopt resolution for election
- ◉ **May 10** County resolution to be submitted to auditor
- ◉ **August 6** Election Date

DISCUSSION/Q&A

- Decisions need to be made between now and March.
- What additional information does your City need on financing options?
- What additional information should be presented to the Coordinating Council?