

**Jail Coordinating
Proposed Plan for Fund and Interlocal Agreement
For Discussion on March 1, 2013**

Plan Overview

- 1) Sales and Use tax proposition to the voters on August 6, 2013
 - a. 3/10 of 1% countywide, for collection by January 1, 2014
 - b. Revenue sharing/usage arrangement outlined in interlocal agreement
 - c. Most of the proceeds to be used for jail planning and design, outsourcing, etc.
 - d. Cities eliminate their separate proposition, and support the broader proposition

- 2) Bond proposition to the voters no later than November 2014
 - a. Bond size to be determined as outcome of design and planning over the 9-15 months
 - b. Revenue shared with cities increases if/when bond proposition passes
 - c. If bond proposition fails, the original agreement remains in place
 - d. The BOCC to agree to put bond on the ballot at least twice, one no later than November 2014, a second time no later than November 2015
 - e. If proposition is not put on the ballot, the revenue sharing formula changes

- 3) Long term goals of the plan:
 - a. Utilize 3/10 of 1% for public safety, both jail and local needs, with jail as first priority
 - b. Balance use of sales tax with property tax, by using some of each for capital
 - c. Provide capital funding source that will provide certainty and will self-retire
 - d. Provide operating funding that is ongoing, with “excess” collections committed to capital/maintenance reserves, revenue stabilization account, and distribution to the partners
 - e. Create a facility that will be used equally for cities and county, with priority given to legally mandated incarceration, then violent crimes, etc., as determined by the coordinating council --- not related to source or statutory cost
 - f. All parties use the same facts, regardless of which proposition they personally support

A) PLANNING/INITIAL PHASE

- 1) BOCC puts 3/10 of 1% on the ballot for August 6, 2013; cities set aside their 1/10 of 1% proposition. All partners to support the 3/10 of 1%.
- 2) All sales and use tax is pooled starting January 1, 2014, *except* 70% of the cities' share of the 1/10 of 1% goes directly to the cities (i.e., 70% of 85% is 60% of 1/10 of 1%). Cities with 1/10 of 1% in place contribute other funds equivalent to 30% of the 85% of 1/10 of 1% (i.e., 30% of 85% is 25.5% of 1/10 of 1%)
- 3) Sales tax is used, together with \$5 million contributed by the County, for project planning, land acquisition, design. Among other things, the goal is to determine amount for bond proposition.
- 4) BOCC puts bond proposition on the ballot no later than November 2014.
 - a. Bond size to be based on project budget; and balanced with sales and use tax collections
 - b. If this does not happen, (unless the partners all agree that it should be delayed), then the cities will receive 100% of their share of the 1/10 of 1% starting January 1, 2015. (Unless the partners all agree that it should be delayed)

IF THE BOND PROPOSITION FAILS:

- 5) BOCC will put the bond proposition back on the ballot no later than November 2015
- 6) If it fails a second time, then the agreements in (A)1-3 remain in place
- 7) See Scenario 4, which would rely upon sharing formula in (A)1-3, plus \$5 million County contribution, with future bed rates based on formula similar to current formula/approach

B. PROJECT PHASE

IF THE BOND PROPOSITION PASSES, whether on first or second attempt:

- 8) The revenue formula shifts to cities receiving all of their share of 1/10 of 1%
- 9) County may be reimbursed all or a portion of the \$5 million provided in (A)3
- 10) "Excess" revenue from the sales and use tax will be used as follows:
 - a. To fund a revenue stabilization account, to a target level, within five years
 - b. To provide annual deposits to a maintenance/capital reserve based on a capital replacement plan to be developed in the future. It may be that no deposits are made to this fund over the first three to five years.
 - c. Shared with the taxpayers and partners on a uniform basis, based on a 3-part formula
 - i. 1/3 to be deposited to the bond fund, to reduce the property tax levy
 - ii. 1/3 to be shared among cities and county based on relative population formula
 - iii. 1/3 to be shared among cities and county on source-based formula (more like the 1/10 of 1%)

Proposed Terms for Interlocal Agreements

- 1) Project budget targeted at \$55 million (assumes 400 bed core/300 bed opening), with add alternate for 400 beds
- 2) County to contribute \$5 million for project planning, which will be reimbursed if bond proposition passes, and not if only sales and use tax is approved
- 3) County submits proposition for 3/10 of 1% sales and use tax countywide August 6
- 4) Cities withdraw proposals for 1/10 of 1%, and instead enter into interlocal agreement
- 5) Sales and use tax revenue in excess of 1/10 of 1% is pooled countywide for the project AND cities to contribute the equivalent of 30% of their share of 1/10 of 1% to the project (i.e., cities to receive 70% of their statutory share of the 1/10 of 1%, for other public safety purposes)
- 6) County to contribute 100% of their share of 1/10 of 1% to the project
- 7) Revenue in excess of operating costs and debt service to be used:
 - a. To fund a revenue stabilization account, to a target level within five years
 - b. To provide annual deposits to a maintenance/capital reserve for the new building based on a capital replacement plan to be developed in the future. It may be that no deposits are made to this fund over the first five years.
 - c. Shared with the taxpayers and partners on a uniform basis, based on a 3-part formula
 - i. 1/3 to be deposited to the bond fund, to reduce the property tax levy
 - ii. 1/3 to be shared among cities and county based on relative population formula
 - iii. 1/3 to be shared among cities and county on source-based formula (more like the 1/10 of 1%)
- 8) Revenue shortfalls to be made up from bed rates, based on statutory liability for felons and/or misdemeanants

Changes that can lead to revenue “excess”	Changes that can lead to revenue “shortfall”
Sales and use tax increases greater than estimated in model	Sales and use tax lower than estimated in model
Bond interest rates lower than estimated in model	Bond interest rates higher than estimated in model
Operating costs lower than estimated in model	Operating costs higher than estimated in model
Less required borrowing/lower project cost	Greater required borrowing/higher project cost

- 9) Bed rates to be computed similar to current formula:
 - a. All revenue, including the sales and use taxes committed above
 - b. Less: all expenditures, including the bond debt service to be paid from S&U tax
 - c. Shortfall divided by ADP/365 = daily bed rate

Example: Shortfall of \$500,000 and ADP of 300
 $\$500,000/300/365 = \4.56
 If 200 ADP are felons: $200 * \$4.56 * 365 = \$333,333$
 If 100 ADP are misdemeanants: $100 * \$4.56 * 365 = \$166,667$

- 10) Cities will have access to beds on equal basis with the County
 - a. Priorities will be established, without regard to local responsibility
 - i. Priority given to legally required incarceration
 - ii. Priority given to violent/dangerous inmates
 - b. Booking services will be available to all
- 11) Booking fees to be determined based on actual cost, based on cost accounting, similar to bed rates
- 12) Jail Finance Oversight Committee – made up of representatives of each city/county. Maybe elected official, administrative staff, or finance staff, as determined by each city/county.
 - a. Will receive proposed jail budget by [July] each year, for discussion and input
Goal to provide budget perspective in time for cities/county to incorporate into their own budgets
 - b. Meet twice per year to review actual vs budget, and consider additional concerns or needs.
[March and September?]
Goal to provide transparency and understanding of budget and finances
 - c. This group would be the “first alert” to determine if/when additional expansion or capital investment is needed, and trigger those conversations well before a crisis