

Ad Hoc Jail Planning and Specifications Development Committee Progress Report 2

Background

The liability issues connected with the Pierce County jail are well documented and ongoing. These issues will result in economic consequences for Pierce County taxpayers at some point in the foreseeable future. Pierce County Corporation Counsel has repeatedly stated the situation in the current jail is clearly the biggest liability concern facing Pierce County and must be addressed. Prudent risk management necessitates upgrading the outdated jail facility given the liability and civil rights exposure the existing jail presents. The two previous Ad Hoc Committees and the current Ad Hoc Jail Planning and Specifications Development Committee (the Committee) have concluded that in order to address the multitude of liability issues, a new jail facility is desperately needed.

The Ad Hoc Jail Planning and Specifications Development Committee was created in April 2014 by the Board of Supervisors, pursuant to §4-51 of the Pierce County Code and charged with the following:

- narrow the alternative site locations for Board consideration;
- more specifically identify, review and analyze significant issues and conduct certain tasks related to the narrowed alternative site locations including the following - performing soil borings, zoning, road access, utility access, operational/staffing costs, DNR issues, current borrowing status and proposed financing options, etc. - in order to allow the County to make a final decision on the ultimate site location and design specifications of the jail, in order for the County to obtain financial information and bond for the costs, and in order for the County to bid out the project;
- obtain more detailed engineering/architectural plans and specifications; and
- assist the County as necessary in its research and analysis.

The Committee presented a Progress Report (attached as Appendix A) to the Finance and Personnel Committee at the December 3, 2014, meeting detailing their work to date on the jail issue and recommending the size and location of a potential jail project. That recommendation was detailed in Resolution 14-21 (attached as Appendix B), and the Progress Report and Resolution 14-21 were then forwarded to the County Board. After two considerations Resolution 14-21 was approved at the January 27, 2015, County Board meeting. The recommendation called for a final determination that the potential jail facility be located immediately west of State Highway 65 and south of Outlook Drive and that the jail facility contain approximately 70 to 80 beds.

In the meetings subsequent to the first Progress Report, the committee discussed several issues in order to present a complete recommendation to the County Board in resolution of the ongoing liability with the current jail. These issues include: whether to include 911, Huber and emergency management services in the potential new facility; additional considerations on the suitability of site such as the impact of the pipeline and the cost on moving pipeline to improve site usability; debt structure and impact on taxpayers; and outstanding issues involving location of the court function.

Functions recommended for inclusion in a new jail facility

The Committee discussed at length whether spaces for certain services should be included in a new jail facility. Specifically discussed were spaces for Huber (also referred to as work release), the emergency management function, and the 911 center.

Because Huber is linked to the court function, the Committee requested Judge Boles' input on the matter. Huber allows an offender to continue to work during the day while spending nights and weekends in jail. The biggest advantage to the community is the individual can keep their employment intact while serving their sentence. Huber differs from electronic monitoring in that it requires the offender to spend at least some time in a jail facility. Judge Boles told the committee he likes having the option of Huber in the array of corrections options available. Nearly all Wisconsin counties have Huber facilities (only LaCrosse County could be confirmed as not having Huber). At the January 22 meeting the committee voted to recommend including space for Huber in the new facility (minutes attached as Appendix C, item # 8).

At the February 11 meeting (minutes attached as Appendix D, item # 5) the Committee discussed whether to recommend including space for 911 and emergency management services, including the Emergency Operations Center (EOC). While these functions could be conducted from their current locations in the Annex, they are all services that deal with public safety and some of the needed spaces could be shared between functions. For example, the large room needed for EM drills or events could easily be used as a training room for the Sheriff Department if located in the same complex. In addition, there could be better coordination of services and supervision of staff if emergency management and the Sheriff Department are located in close proximity. The same rationale is applicable regarding the 911 center.

Currently the 911 facility is located in the Annex. Locating the 911 center at the new facility would allow for some crossover of duties which would provide for a more effective operation. For example, dispatch workers could provide additional perimeter control, security and door monitoring for the jail facility. These functions can be performed in the dispatch area which would be located outside of the secured perimeter of the jail. In addition, the County will spend considerable money on new equipment to support this service in the foreseeable future. The current space for 911 could remain where it is, but the existing space will likely be too tight and would require remodeling to accommodate updated equipment. Rather than trying to retrofit new equipment into an old space, it would make sense to keep all public safety related services in one location.

The Committee noted that the cost to add the spaces for both the 911 and emergency management functions during the project is a very small percentage of the total project cost (about 6 percent). When compared with the entire project cost, this is a small investment for these new spaces. These spaces can be shelled in when the facility is built, and once the jail transition is completed, these spaces can be equipped and transitioned with minimal complications and disruption. Shared spaces make for a more economical operation overall. These functions are tied together and for the relative cost of adding them into this new facility, the Committee believes it is prudent to do so. The Committee voted to

recommend including space for 911 and emergency management in the design of the proposed facility (see Appendix D, item # 7).

Additional concerns with suitability of site

Subsequent to the previous progress report the topographic survey was completed. As expected, the survey indicates the site is suitable for building a stand-alone jail/ Sheriff Department facility and is large enough to provide the option of including the court function at the site in the future. Information contained in a report by KKE Architects, Inc. dated September 2000 indicated that preliminary soil borings were done and noted the land is suitable for building the facility (see Appendix E, section B).

The Committee acknowledges the primary constraint on the site is a Northern Natural Gas (NNG) pipeline located generally in the northern third of the site running from northwest to southeast. The Committee considered the cost of relocating the pipeline and benefit of increased flexibility derived from such relocation. NNG provided a new location of the pipeline closer to the north and east property lines for an estimated price of \$1,575,000 (see Appendix F). The estimate includes placing 1,600 feet of pipe in the new location and removing 1,200 feet of existing pipe. In exploring the likelihood of a cost/share arrangement with NNG to relocate the pipeline, the Committee inquired about the life expectancy of the pipe and NNG's possible timeframe for replacement of the line, which they would be responsible for if the pipeline has reached its end of life. In a telephone conversation with NNG Right-of-Way Division staff, the County was informed that the pipeline is electronically protected, which slows corrosion. The electronic protection in combination with the pipe-friendly soil type in Pierce County is good for pipe longevity. At this time, NNG estimates replacement of that section of the pipe to be at least another 40 to 50 years in the future.

Based on this information the Committee recommended at the February 11 meeting that the design for the site take into account the location of the pipeline as it currently sits on the property rather than moving the pipeline (see Appendix D, item # 4).

Financing and debt structure

Because this facility will be financed with debt (bonding), the Committee considered the impact of this debt on taxpayers.

The Committee spent considerable time estimating the cost of the facility, examining debt structure options, and assessing the impact on taxpayers. In considering cost, square footages for different spaces and functions were estimated and a total of approximately 38,410 square feet is the anticipated facility size. Jail square footage is about 24,910 and includes the pod with approximately 80 beds, administrative areas, and a pod support corridor. The Sheriff Department is about 8,400 square feet and includes offices, interview rooms, lobby, and evidence areas. The remaining 5,100 square feet is for utility and joint usage needs such as mechanical systems and sally port. With projected space needs in hand, costs for the facility could then be estimated. Based on information provided by Potter Lawson, the cost for a 38,410 square foot stand-alone jail/ Sheriff Department facility is estimated at \$12,943,725 (see Appendix G). Estimated cost for adding Huber, emergency management and 911 functions to the facility are also outlined on Appendix G and bring the total facility cost to \$14.2 million.

The construction estimates did not include such things as telecommunications equipment, computer infrastructure, cold storage space, impound lot, etc., so an additional \$800,000 was added to the estimate to cover these items. Because construction would not begin until 2016, an inflation escalator of five percent was added bringing the total project cost estimate to \$15,757,586. While care was taken to provide good square footage and costs estimates, the Committee acknowledges these are best-guess estimates. Firm, solid square footage numbers will result from the design process, and firm costs will be known when the bids are received.

Once the Committee had a good handle on estimated cost, they looked at options of how to structure payment for this pressing need. The two primary questions the Committee considered were how much should the County borrow and how many years the payments should span.

In considering the time span the County should structure the debt, the Committee reviewed a memo (see Appendix H) which provides a side-by-side comparison of bonds issued for 15 and 20 years. Both timeframes are based on a \$17M issue amount, so only the term of the debt is different. Based on this comparison, some generalizations can be made about the advantages and disadvantages of issuing a 15 versus 20 year term bond. The advantages of issuing debt for the shorter timeframe are: 1) provide more funds for the project due to lower issuance costs; 2) have a lower true interest cost; and 3) require a lower total amount of debt service levied on the taxpayer over the life of the debt. The disadvantage of the shorter timeframe is the initial impact on the taxpayer is greater. Conversely, a longer term would have higher issuance costs making less funds available for the project, a higher true interest cost, and a higher amount of total debt service required over the life of the bond. The advantage of a longer term is the annual debt payments would be smaller and lower payments would be required of taxpayers. Appendix I makes comparisons of these advantages and disadvantages for \$17M, \$18M and \$19M issuances. While acknowledging the shorter term would put a slightly higher burden on taxpayers, the Committee leaned toward the shorter term debt as the better option but did not taken action on this issue.

The final issue the Committee discussed regarding funding the project was the amount of debt to recommend to the County Board in light of the estimated total project costs. In that discussion they felt it important to point out that the estimated \$15,757,586 project cost is an estimate based on all the known factors of this project. But it is an estimate and estimates have limitations. A final firm number will not be known until the project is designed and bid. The concern the committee expressed is there are some factors that will not be known prior to bidding the project. There are market and other conditions, both known and unknown, which will affect the actual cost of the project, and the Committee wants to allow for these conditions in order to assure actual project costs are adequately funded.

One example of a known condition that will affect actual project cost is the timing of the bid process. Typically the best time to bid a large building project is in the winter months. If the County is unable to have plans, specifications and bid documents ready by the end of 2015 and the bid process is delayed until spring, the delay could result in a higher construction cost and impact the total project cost. The Committee would like the County to bid this project in the most advantageous timeframe. Knowing it

will take at least seven months to prepare plans, specifications and bid documents, the Committee would like to move forward as quickly as possible to take advantage of this timing and most favorable pricing.

Another example of an unknown condition is material prices. Market prices on materials such as cement and steel can fluctuate. Because of the liability with the current jail, the County would not have the luxury to delay bidding until material prices equalize. Another unknown condition is unanticipated situations that could arise during some of the construction phases, including the site preparation. Even though all three Ad Hoc Committees have done due diligence, some things cannot be known until work actually begins. While specific problems are not anticipated, the Committee wants the County to have the financial ability to address any unknown situations as they arise. In other words, there needs to be enough of a cushion to cover contingencies.

Giving thought to both known and unknown conditions that could affect actual project cost, the Committee considered what amount to recommend for bonding based on the estimated project cost of \$15,757,586. The Committee wants to put the County in the best position to be successful as this project moves forward and recommend an amount that will assure any and all situations could be adequately addressed.

The Committee considered a \$17M bond amount, which would give a seven percent cushion over the cost estimate. The Committee also considered a \$19M bond amount, which would give a 20.5 percent cushion. In order for the County Board to sell bonds for this project financing, two separate resolutions must be approved. The initial resolution indicates the intent of the County to sell bonds in an amount that cannot be exceeded. Once more design detail on the project is obtained, the County Board is then able to approve a resolution for an amount that is more precise and exact with respect to project cost. The Committee acknowledges that an initial authorization for \$19M does not mean that is the amount that would ultimately be borrowed by the County. The County Board retains the authority on the final amount to be borrowed and spent on this project and the amount of debt that will actually be issued. At the February 11 meeting the Committee voted to recommend a \$19M bond to assure enough funds are available to meet any contingencies that may arise (see Appendix D, item # 10).

Outstanding issues

The committee acknowledges the current recommendation leaves some issues on the table, the primary one being where the courts will be located. The Committee's recommendation does not address the ongoing use of the annex including a possible remodel project for that space. The Committee feels very strongly these questions need to be addressed in a timely manner but does not want to stop progress on the jail portion of the project due to the overwhelming liability of the current jail.

The Committee would like to continue exploring the question of where to locate the courts in the same methodical manner that the jail and Sheriff Department were addressed. This would include an analysis of maintaining the courts at the current location and making necessary modifications to address function and security, versus building court facilities at the new jail/Sheriff Department site location.

Appendix J is a proposed timeframe for the gathering the specified information for analysis to determine a solid course of action regarding the location of the court function in Pierce County.

Conclusion

The Committee acknowledges the County Board has the ultimate control over this project going forward. County Board will have control of the ultimate size and design of the new facility and will have approval authority over the final plans and specifications for the project. The County Board will have the final vote on awarding the construction contract and selling the bonds to finance the project. After careful analysis and deliberation of all the liability issues and concerns relating to the current jail facility in Pierce County, the Ad Hoc Jail Planning and Specification Development Committee makes the following recommendation: construction of an approximately 80 bed jail (including administration) and Sheriff Department facility which will include space for Huber facilities, the 911 center and emergency management functions, approval of a \$19M bond, continue exploring the options available for location of the court function, and move forward to complete the plans, specifications and bid documents for a late 2015/early 2016 bid process.

March 11, 2015