

**SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

258



FROM: District Attorney

SUBMITTAL DATE:
June 5, 2006

SUBJECT: Criminal Justice Planning Committee.

RECOMMENDED MOTION: That the Board of Supervisors receive and file the final report on the Criminal Justice Facilities Financing Options and Strategies on behalf of the Criminal Justice Planning Committee.

BACKGROUND: On December 12, 2005, agenda number 3.6 the Board approved the contract with Capital Partnerships, Inc. to review the capital project needs of the Sheriff, District Attorney, Probation, and Public Defender. The consultant's report represents only preliminary estimates of the capital costs and formulates a comprehensive financing strategy to address these needs in the incorporated and unincorporated areas of the county.

Joy E. Trask
for Grover Trask, District Attorney

FINANCIAL DATA	Current F.Y. Total Cost:	N/A	In Current Year Budget:	Yes
	Current F.Y. Net County Cost:	\$ -0-	Budget Adjustment:	No
	Annual Net County Cost:	\$ -0-	For Fiscal Year:	2005/06
SOURCE OF FUNDS: District Attorney departmental budget				Positions To Be Deleted Per A-30 <input type="checkbox"/>
				Requires 4/5 Vote <input type="checkbox"/>

C.E.O. RECOMMENDATION:

APPROVE

County Executive Office Signature

Mary M. Christman

- Policy
- Consent
- Dep't Recomm.:
- Policy
- Consent
- Per Exec. Ofc.:

RECEIVED RIVERSIDE COUNTY

County of Riverside
Criminal Justice Planning Committee

Project to Develop Financing Options
for the County's Criminal Justice Facilities

Final Report

Capital Partnerships Inc.

June 6, 2006

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DATE: June 6, 2006

Davis R. Schwartz
President

TO: **Criminal Justice Planning Committee**

Board of Supervisors: Marion Ashley and Bob Buster
Courts: Sharon Waters and Inga McElyea
District Attorney: Grover Trask, Rod Pacheco and Jay Orr
Executive Office: Bill Luna, Gary Christmas and Christopher Hans
Probation: Marie Whittington and Ed Vasquez
Public Defender: Gary Windom
Sheriff: Bob Doyle and Neil Lingle
Treasurer: Paul McDonnell
Transportation Land Management Agency: Bill Gayk
Administrative Office of the Courts: Kelly Popejoy

CC: **Capital Improvement Program Team**

Executive Office: Michael O'Connor, Christopher Hans, Lisa Brandl, Serena Chow,
Dean Deines and Lani Sioson
Economic Development Agency: Robin Zimpfer and Kathy Thomas
Facilities Management: Mike Sylvester, Tim Miller, Gary Cinnamon, Jon Hutchinson
Information Technology: Veva Harguindeguy and Dennis Wahl

Corrections Working Group

Executive Office: Bill Luna, Christopher Hans and Serena Chow
Economic Development Agency: Kathy Thomas
Facilities Management: Tim Miller and Jon Hutchinson
Sheriff: Robert Dotts and Valerie Hill

FROM: Dave Schwartz

SUBJ: Final Report on Criminal Justice Facilities Financing Options and Strategies

I am pleased to submit this final report on financing options and strategies as the 6th deliverable in the County's criminal justice facilities financing study. This final report compiles the results of the four working papers developed and presented to the County during the course of the financing study. I look forward to presenting this report to the Board of Supervisors at its June 13th regular meeting and/or its June 19th CIP workshop.

Sincerely,



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Section I

Executive Summary

Executive Summary

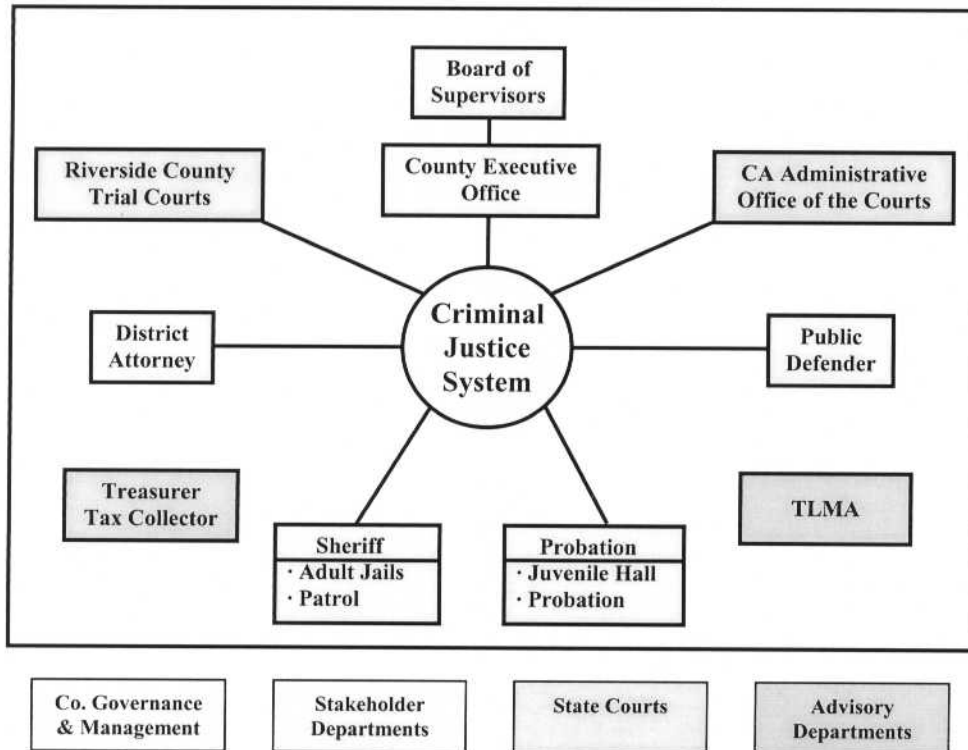
Introduction

Riverside County is the third largest county in California and one of the largest counties in the United States. With an area of 7,208 square miles, Riverside County is nearly the size of the state of New Jersey (~7,400 square miles). It is also one of the fastest growing counties in California and the country. According to the California Department of Finance, the County's population grew from 1.17 to 1.90 million over the past 15 years (730,000 population increase) and is projected to grow to 2.76 million over the next 15 years (860,000 population increase). The County's size and population growth rate pose significant financial and political challenges for the County's elected officials and professional staff as well as its residents and businesses.

- Having enough adult jail beds and juvenile detention beds to incarcerate individuals charged with violent felonies and other crimes while they are awaiting trial and offenders sentenced to County incarceration for the duration prescribed by criminal court judges.
- Having sufficient office space for the District Attorney, Public Defender, and Probation staff and Sheriff deputies to effectively and efficiently serve both incorporated and unincorporated areas throughout the County.

Recently, the County has embarked on an innovative, long-range planning effort to address these existing and future space issues. In late 2005, the County established a Criminal Justice Planning Committee to guide and oversee the preparation of a criminal justice facilities development (CJFD) program over the next 15 years. Co-chaired by the District Attorney and the Chairman of the Board of Supervisors, the Committee is comprised of County and State officials from the agencies and departments indicated in the exhibit below.

Riverside County Criminal Justice Planning Committee



Riverside County Criminal Justice Facilities Development (CJFD) Program

The Committee is looking at a prospective CJFD program currently comprised of 26 criminal justice facilities projects that are **candidates** for the County's capital improvement program (CIP). The 26 projects fall into the five major program categories indicated in the following table, which also summarizes their projected costs (millions).

CJFD Program Categories	Projects	2006 Dollars	Esc. Dollars
Adult correctional facilities	4	\$796.54	\$1,599.78
Juvenile correctional facilities	4	66.58	96.92
Criminal justice system offices – Riverside Civic Center	4	147.64	205.85
Criminal justice system offices – elsewhere	8	131.38	185.06
Sheriff's communication center and patrol stations	6	176.41	265.07
Total projected costs	26	\$1,318.55	\$2,352.68

Note: Construction costs are escalated at 12% per year.

Criminal Justice Facilities Project Funding

The table below summarizes existing and potential funding for the criminal justice facilities CIP.

Source of Funding	2006-2010	2011-2020
General Fund	\$110.06	\$301.11
Development Impact Fee	58.21	164.57
Other contributions (from 2 contract cities)	40.00	0.00
Total projected funding	\$208.27	\$465.68

Assumes (a) 57% of existing General Fund commitments to CIP are allocated to CJF projects through 2010 and a 5% growth in such annual General Fund commitments to the CJF CIP during the following 10 years and (b) the existing DIF through 2010 and a 10-year extension of the DIF after completion of the required nexus study.

Funding Gap

The County's existing funding sources would only fund about **29%** of the escalated costs of the 26 proposed criminal justice facilities that are candidates for inclusion in the County's CIP.

Recommended Financing Options

1. **Pay-as-you-go financing:** appropriating General Fund monies and development impact fee revenues with short-term borrowing (revenue anticipation notes or interfund loans).
2. **Tax-exempt lease financing:** use of certificates of participation to accomplish the same thing as GO bond financing – at a somewhat higher interest rate – but without a ballot measure requiring approval by two-thirds of the voting electorate. This is the approach currently used by the County to finance major capital improvement projects.
3. **Revenue bond financing with sales tax revenues:** issuance of revenue bonds provided that the underlying source of funds – a 1/4-cent retail transactions and use tax – is approved by two-thirds of the electorate voting on such a countywide sales tax measure.

The table on the following page summarizes key requirements and constraints associated with all five financing options evaluated during the study.

Summary of Criminal Justice Facilities Financing Options

Option	Key Requirements	Key Constraints
Pay-as-you-go financing	<ul style="list-style-type: none"> • Board of Supervisors multi-year commitment of General Fund money to the C.J.F CIP. • Revision of Development Impact Fee (DIF) Public Facilities Needs List to the Year 2010, update of the C.J.F-related portion of the countywide and area-specific fees accordingly, and Board approval of the updated DIF (and subsequent extensions of the DIF program). 	<ul style="list-style-type: none"> • Could delay implementation of projects if the County has to have necessary funds in hand to proceed with construction bid issuance and/or contract awards. • Could experience a shortfall of DIF revenues that would have to be made up for with General Fund revenue. • Could limit or reduce General Fund monies to pay for operating costs associated with CJF, other CIP projects, and/or County's personnel and O&M expense.
General obligation (GO) bond financing	<ul style="list-style-type: none"> • Completion of CJF project scopes and cost estimates included in Working Paper #1 and selection of the major projects to be included in a bond measure. • Voter education and outreach program to persuade voters on the need for approval of the GO bond measure (two-thirds approval required). 	<ul style="list-style-type: none"> • Could be limited by the amount and timing of available debt service capacity under the County's Debt Management Policy (impact on County's credit rating). • Could limit or reduce General Fund monies to pay for operating costs associated with CJF, other CIP projects, and/or County's personnel and O&M expense.
Lease financing	<ul style="list-style-type: none"> • Completion of CJF project scopes and cost estimates included in Working Paper #1 in order to determine appropriate lease financing techniques to be used for various dollar-size projects. • Financing team (bond counsel, underwriter, trustee, etc.) and preparation of detailed lease agreement(s). 	<ul style="list-style-type: none"> • Could be limited by the amount and timing of available debt service capacity under the County's Debt Management Policy (impact on County's credit rating). • Could limit or reduce General Fund monies to pay for operating costs associated with CJF, other CIP projects, and/or County's personnel and O&M expense.
Revenue bond financing with a CJF sales tax	<ul style="list-style-type: none"> • Completion of CJF project scopes and cost estimates included in Working Paper #1 into a "Master Plan" to be approved by Board of Supervisors. • Voter education and outreach program to persuade voters on the need for approval of a sales tax measure (two-thirds approval required). 	<ul style="list-style-type: none"> • Could be rejected by business community members if they think the additional sales tax will cause them to lose sales to adjacent counties. • Could alter some consumer shopping patterns that result in loss of sales to adjacent counties.
Revenue bond financing with a CJF public facilities fee	<ul style="list-style-type: none"> • Completion of CJF project scopes and cost estimates included in Working Paper #1 into a nexus study to be approved by Board of Supervisors. • Marketing program to persuade the 24 city councils on the need for approval of the CJF public facilities fee. 	<ul style="list-style-type: none"> • Could be opposed by Building Industry Association, which frequently opposes any type of exaction or mitigation fee. • Could involve problems or complications in collection of fees by the County and/or the 24 cities.

Recommended Financing Strategy

1. **Pay-as-you-go financing** of (a) all or some of the “smaller ticket” expansion and renovation projects identified below as well as (b) land acquisition, and (c) programming and design for tax-exempt leasing or revenue bond financing projects.

Criminal Justice Facilities	2006 Dollars	Escalated Dollars
Indio Juvenile Hall addition (200 beds)	\$22.13	\$26.14
Southwest Juvenile Hall (100 beds)	10.15	17.85
Van Horn Youth Center addition (22 beds)	2.37	5.12
Public Defender (interim space and renovation)	23.41	34.85
DA / PD / Probation office additions (East County)	28.22	54.38
DA / PD / Probation office additions (SW / Mid-County)	45.93	60.13
DA / PD / Probation office additions (The Pass area)	16.91	20.61
Programming & design of 1 st hub jail	10.59	13.34
Programming & design of tax-exempt leasing projects	38.90	46.52
Land acquisition	20.00	20.00
Total projected costs	\$218.61	\$298.94

2. **Tax-exempt lease financing** of the following projects (construction costs only):

Criminal Justice Facilities	2006 Dollars	Escalated Dollars
District Attorney Building	\$67.24	\$85.33
Smith Correctional Facility expansion (480 beds)	53.53	71.52
Sheriff Communication and Support Center	20.34	36.90
Riverside Juvenile Hall replacement	25.50	42.51
Sheriff patrol stations (5)	156.51	227.91
Total projected costs	\$323.12	\$464.17

3. **Revenue bond financing** of the following jail facilities over a 15-year period with debt service to be paid for by 1/4-cent sales tax imposed on a countywide basis for 20-30 years:

Criminal Justice Facilities	2006 Dollars	Escalated Dollars
Hub jail #1 – first 1,200 beds (construction costs only)	\$143.97	\$236.85
Hub jail #1 – second 1,200 beds (design & construction)	135.86	334.15
Hub jail #1 – last 600 beds (design & construction)	70.36	302.44
Total projected costs	\$350.19	\$873.44

Rationale for the Recommended Financing Strategy

1. **Pay-as-you-go financing** would enable the County to accomplish the following objectives:
 - a. Construct **322 additional juvenile detention beds** in order to expand the County's capacity to detain, treat and otherwise rehabilitate juveniles that might otherwise be incarcerated in California Youth Authority (CYA) facilities or County jail (if they are charged as adults).
 - b. Provide **additional Probation field office space** in Mid-County, East County, and The Pass area in order to increase client access to probation officers as well as increase the effectiveness and efficiency of community supervision of adult and juvenile probationers throughout the County.
 - c. Provide the **Public Defender with additional interim space** while waiting to relocate to 4075 Main Street, which will also then require renovation prior to move-in.
 - d. Provide **additional District Attorney and Public Defender office space** in East County, Mid-County and The Pass area in order to (a) increase staff presence, communication, and coordination with local law enforcement agencies and (b) reduce the commute time and costs for some County staff in the two departments assigned to work in those areas.
 - e. Expedite the programming, design and construction of the "smaller ticket" projects identified on page 2 in order to **minimize the financial impacts of construction cost escalation** at 12% per year.
 - f. Provide immediate **"advance funding" of programming, land acquisition, and design** of nine tax-exempt lease financing and one revenue bond financing project to ensure that they are ready for construction when such financing proceeds become available.
 - g. **"Show the flag"** through implementation of criminal justice facilities projects in order to build support – particularly in Mid-County, East County, and The Pass area – for the revenue bond financing of jail facilities.
2. **Tax-exempt lease financing** would enable the County to accomplish the following objectives:
 - a. Expedite completion of the District Attorney Building in order to (a) to **consolidate DA personnel that are currently dispersed around 11 different locations** in the Riverside Civic Center area in order to enhance staff communication, coordination and efficiency and (b) **make the DA's existing office space (134,000 square feet) available** for the Public Defender, Probation, and other County departments needing additional office space in the Riverside Civic Center area.
 - b. Expand the Smith Correctional Facility by 480 beds and replace the Riverside Juvenile Hall (300 beds).
 - c. Develop a new **Sheriff Communication and Support Center** to (a) reduce the expense of leased space currently used to house support functions and (b) also house the County Fire Emergency Center.
 - d. Construct **5 additional Sheriff patrol stations** to serve rapidly growing communities in unincorporated areas around the County (presumably with capital contributions from contract cities served by the new Sheriff patrol stations).

3. A **1/4-cent CJF sales tax** would generate the following range of funding (millions of dollars) for CJF capital projects and operating programs over the specified time periods.

Rate	Purpose	15 Years	20 Years	25 Years	30 Years
1/8-cent	Capital projects	\$790	\$1,211	\$1,748	\$2,434
1/8-cent	Operating Programs	790	1,211	1,748	2,434
1/4-cent	Combined	\$1,580	\$2,422	\$3,496	\$4,868

4. **Revenue bond financing** would enable the County to accomplish the following objectives:
- Obtain **3,000 additional needed adult jail beds** that it could not currently afford with either pay-as-you-go financing or tax-exempt lease financing; these beds would hold (a) pre-trial defendants not scheduled for court appearances within 30 days and (b) sentenced offenders requiring maximum security.
 - Avoid (or at least defer) expansion of more costly (per bed) expansion of existing jails** at the three criminal justice centers (i.e., Presley Detention Center, Indio Jail, and Southwest Detention Center).
 - Enable Riverside County to seek a **complementary 1/8-cent sales tax** to generate an equal amount of revenues (\$2.4 billion over 30 years) that could be used to pay for:

- 1) First-year operating costs** associated with the additional jail beds (annualized)

Criminal Justice Facilities	Completion	Add. Positions	1 st -yr. Operating Cost
Hub jail #1 (1 st 1,200 beds)	2012	300	\$51.39
Hub jail #1 (2 nd 1,200 beds)	2015	300	\$64.87
Hub jail #1 (600 beds)	2020	150	\$43.41

- Interim and long-term County **programs for diversion and treatment** of adult and juvenile offenders with alcohol and drug addictions.
- Interim and long-term County programs to provide **additional (and innovative) types of post-incarceration intensive supervision** of adult and juvenile offenders in their communities.
- Interim and long-term **crime prevention programs** to be developed and implemented by the 24 cities in the County (assuming their maintenance of effort with current funding sources).

The County will undoubtedly fill whatever additional jail beds are constructed. So the above “non-bricks and mortar” use of a portion of a combined 1/4-cent sales tax for crime prevention, diversion, treatment, and other non-incarceration programs could be a critical success factor in any County campaign to obtain the necessary two-thirds voter approval of such a sales tax to pay for the capital costs of additional jail beds. Without such complementary programs, the County is likely to find itself facing the same financial and political challenges associated with criminal justice facilities that currently exist 15 years from now.

5. Note: The above strategy does not include financing for the following projects: Presley Detention Center expansion, Sheriff’s Administration Building, Riverside parking structure, a new maximum security jail in the Coachella Valley, and SWDC expansion.

Recommended Sales Tax Revenue Allocations

Capital Projects (debt service payment)

Below is an example of the amount of debt service (at 6%) that a 1/8-cent sales tax could cover.

Project	Beds	Esc. Cost	15 Years	20 Years	25 Years	30 Years
Hub jail #1	1,200	\$237 million	\$345	\$390	\$437	\$487
Hub jail #1	1,200	334 million	487	550	617	687
Hub jail #1	600	302 million	0	498	558	622
Reserve			(42)	(227)	136	638
Total	3,000	\$873 million	\$790	\$1,211	\$1,748	\$2,434

- A 15-year sales tax would generate enough revenue to pay 95% of the debt service on the first 2,400 beds of Hub Jail #1.
- A 20-year sales tax would generate enough revenue to pay 84% of the debt service on Hub Jail #1 with 3,000 beds.
- A 25-year sales tax would generate enough revenue to pay 100% of the debt service on Hub Jail #1 (3,000 beds) with a reserve of approximately \$136 million for contingencies.
- A 30-year sales tax would generate enough revenue to pay 100% of the debt service on Hub Jail #1 (3,000 beds) with a reserve of approximately \$638 million for contingencies.

Operating Programs

Below is an example of the operating program support that a 1/8-cent sales tax could provide.

Purpose	Percent	15 Years	20 Years	25 Years	30 Years
Hub jail operating costs	85%	\$670	\$1,028	\$1,487	\$2,068
Alcohol & drug treatment	5%	40	61	87	122
Post-incarceration supervision	5%	40	61	87	122
Crime prevention (cities)	5%	40	61	87	122
Total	100%	\$790	\$1,211	\$1,748	\$2,434

- The Sheriff's FY 2005-2006 budget for Corrections operating cost is nearly \$97 million.
- The projected first-year (2012) operating cost for Hub Jail #1 (first 1,200 beds) is \$51 million (inflated at 6% per year). The projected first-year (2015) incremental operating cost for Hub Jail #1 (second 1,200 beds) is \$65 million. The projected first-year (2020) incremental operating cost for Hub Jail #1 (last 600 beds) is \$43 million.
- With inflation, the total jail operating costs for Corrections could be an estimated \$290 million in 2015 and \$430 million in 2020 with existing jails and a fully built-out Hub Jail #1.
- If 85% of the second 1/8-cent sales tax for operating programs is allocated to Hub Jail operating costs, the 2012 sales tax revenue would cover 87% of the projected operating costs of Hub Jail #1 (first 1,200 beds only) in that year; it would cover 89% of the project operating costs (inflated at 6% per year) of Hub Jail #1 over a 25-year period (2012 – 2037).
- The second 1/8-cent sales tax would not cover any of the operating costs associated with the 1,800 expansion beds of Hub Jail #1.

Recommended Criminal Justice Facilities Financing Action Plan

The matrix below provides a 12-month action plan to further develop and implement the financing strategy being recommended to the Criminal Justice Planning Committee.

Timetable	Responsibility	Action Step (Next 15 Months)
March 2006	Dave Schwartz	Present criminal justice facilities financing strategies, rationale, and action plan for adoption by the CJPC.
June 2006	Christopher Hans / Dave Schwartz	Present the CJF financing study final report and the CJPC recommendations to the Board of Supervisors.
June 2006	Christopher Hans	Submit Form 11 for (a) pay-as-you-go financing and (b) lease financing of selected CJF projects for CJPC review and BOS approval.
June 2006	Christopher Hans	Submit Form 11 to authorize programming, land acquisition, and design of major CJF projects that would be financed with revenue bonds for CJPC review and BOS approval.
July 2006	CJPC steering subcommittee	Engage a sales tax campaign consultant and outside legal counsel to prepare the sales tax ballot measure.
July 2006	Dave Schwartz / campaign consultant	Meet with appropriate elected officials and CEO staff from San Diego County to review "lessons learned" in the original passage, court overturn, and subsequent revision of that County's CJF sales tax measure.
August 2005	Dave Schwartz	Arrange and facilitate focus groups of business leaders and County residents to assess viability of CJF financing strategy and to identify likely support/opposition from various elements of the business and residential communities; report results to the CJPC and BOS.
September-October 2006	CEO staff DA staff PD staff Probation staff Sheriff staff	Compile a "Master Plan" to be used as the basis for voter education regarding a proposed 1/8-cent retail transactions and use tax for CJF capital projects and operating programs.
November 2006	CJPC steering subcommittee / Dave Schwartz	Develop final recommendations regarding proposed allocation of the 1/4-cent sales tax revenue for capital projects and operating programs.
November-December 2006	CJPC steering subcommittee / Dave Schwartz	Guide County staff and consultants regarding development and implementation of a voter education and outreach campaign to promote a CJF sales tax.
January-December 2007	CJPC steering subcommittee	Continue County's voter education and outreach campaign to promote a CJF sales tax.
January 2008	Christopher Hans	Submit a resolution for Board of Supervisors approval to put a CJF sales tax measure on the June 2008 ballot (deadline is February 10, 2007).
June 2008 (or November 2008)	CJPC steering committee	Update criminal justice facilities financing strategy and action plan to reflect results of CJF sales tax election.
June 2008 (or November 2008)	Christopher Hans	Prepare/submit Form 11 to authorize additional (or cut back on) CJF CIP expenditures based on the outcomes of CJF sales tax election.

Section II
Study Objectives
and Approach

Study Objectives and Approach

Objectives of the Criminal Justice Facilities Financing Study

Below is a summary of the objectives of the County's criminal justice facilities financing study:

1. Work with the following groups to formulate comprehensive options for a countywide financing plan of the Capital Improvement Program for the County's criminal justice system:
 - County's Executive Office (CEO)
 - Criminal Justice Planning Committee (CJPC)
 - Capital Improvement Program (CIP) Team
 - Corrections Working Group.
2. Work with the CIP Team to review capital project needs of stakeholder departments – District Attorney, Probation, Public Defender, and Sheriff – and Board-approved projects as submitted by the CIP Team on May 3, 2005 and updated on January 31, 2006.
3. Explore existing and potential sources of funding for the County's criminal justice facilities.
4. Solicit input from the above stakeholders and others indicated below regarding prospective financing of the County's criminal justice system:
 - The public
 - Local courts / Administrative Office of the Courts
 - 24 cities and 84 unincorporated areas
 - Other County departments / other governmental agencies
 - Building Industry Association (BIA).
5. Prepare working papers, draft and final reports to the Criminal Justice Planning Committee, and a final presentation to the Board of Supervisors.

Study Approach and Methodology

The exhibit on page 10 depicts our approach to the County's criminal justice facilities financing study. This final report compiles information from the four working papers that were the building blocks of the study:

1. Working Paper #1 established a baseline of 26 criminal justice facility projects that are **candidates** for inclusion in the County's CIP over the next 15 years. It also identified key issues associated with project scopes and costs.
2. Working Paper #2 identified and estimated funding available to pay for criminal justice facility projects to be financed, designed and constructed over the next 15 years. It also identified key issues associated with project funding.
3. Working Paper #3 documented the Excel spreadsheet model that (a) was used to determine prospective financing for criminal justice facility projects to be designed and constructed over the next 15 years and (b) can serve as a prototype for an internal planning and programming tool that could and should be used by the County for ongoing management of its capital improvement program.
4. Working Paper #4 identified financing options, requirements, constraints and strategies for implementing the County's CIP of selected criminal justice facilities projects.

Acknowledgements

The criminal justice facilities financing study involved working with three County groups that provided much of the criminal justice facilities project information for this final report:

- **Criminal Justice Planning Committee** comprised of representatives from the Board of Supervisors, the trial courts, the District Attorney's Office, the Executive Office, the Probation Department, the Public Defender's Office, the Sheriff's Department, the Treasurer Tax Collector, the Transportation Land Management Agency, and the California Administrative Office of the Courts.
- **Capital Improvement Program Team** comprised of representatives from the Executive Office, the Economic Development Authority, Facilities Management, and Information Technology.
- **Corrections Working Group** comprised of representatives from the Executive Office, the Sheriff's Department, the Economic Development Authority, and Facilities Management.

I want to take this opportunity to thank all the members of the above groups for the time and attention committed to the financing study. Special thanks to the following individuals for the time and the information they have provided me in conducting the financing study:

- District Attorney's Office: Grover Trask, Jay Orr, Elaine Sanchez, Michael Oullette and Roy Griffith
- Executive Office: Christopher Hans, Gary Christmas, Dean Deines, Lisa Brandl, Sally Beavan, and Serena Chow
- Probation Department: Marie Whittington, Ed Vasquez, Craig Cass, and Linda Oliva
- Public Defender's Office: Gary Windom, Bryant Villagran, Robert Willey and Helen Hyder-Barnes
- Sheriff's Department: Robert Dotts, Valerie Hill, and Dan Ybarra
- Treasurer Tax Collector: Paul McDonnell
- TLMA: William Gayk
- Trial Courts: Gary Whitehead
- Administrative Office of the Courts: Kelly Popejoy.

I look forward to a successful completion and implementation of the County's Criminal Justice Facilities Development program.

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Section III

***Criminal Justice
Facilities Develop-
ment Program***

Criminal Justice Facilities Development Program

The Committee is looking at a CJFD program currently comprised of 26 criminal justice facilities projects that are **candidates** for the County's capital improvement program (CIP). The 26 projects fall into five major program categories, which are summarized below.

Adult Jail Bed Requirements

Below is a comparison of adult jail beds being requested by the Sheriff's Department with the adult jail bed requirements projected by the CJF financing model.

Adult Jail Beds	2005	2010	2015	2020
Riverside & West County	2,081	2,440	2,673	2,819
Indio / East County	1,010	1,213	1,379	1,497
Southwest / Mid-County	1,195	1,500	1,710	1,859
The Pass (model)	171	220	289	345
Total adult jail beds projected by the model	4,457	5,373	6,051	6,520
Presley Detention Center	1,081	1,081	792	792
Indio Jail	353	353	353	353
New Maximum Security Jail	0	0	0	0
Blythe Jail	125	125	125	125
Southwest Detention Center	1,111	1,111	1,111	1,111
Smith Correctional Facility	694	1,414	1,414	1,414
Hub Jail #1 (first 1,200 beds)	0	0	1,200	1,200
Hub Jail #1 (1,200 and 600-bed expansions)	0	0	1,200	1,800
Total adult jail beds requested by the Sheriff	3,364	4,324	5,955	6,555
Projected excess (shortage) of beds	(1,093)	(1,049)	384	515

Note: Model projections are subject to change based on unconstrained incarceration rates.

Adult Jail Facilities Projects

- **1-2 hub jails.** The County is currently developing and evaluating a new proposal – known as “hub jails” – for jail construction in Riverside County. Basic concepts of this proposal are:
 - Existing jails could continue to serve the needs of existing courthouses
 - 1-2 hub jails could handle the expanding jail population by housing inmates that are awaiting trial, but have court dates more than 30 days in the future
 - Sentenced inmates that do not fit into the classification parameters necessary to be housed at the Smith Correctional Facility could complete their sentences at a maximum-security hub jail
 - A first hub jail could also house a new “quick chill” kitchen to centralize food preparation – a technique used by the airline industry as well as many restaurant chains – for all or most County jail inmates (and perhaps juvenile hall wards as well).

- **Robert J. Presley Detention Center.** This existing facility has 1,041 beds and 40 medical beds for a total of 1,081 beds; however, only 840 beds are BOC rated, and 792 beds are located in the seven-story high-rise facility, while 289 beds are located in the Riverside Jail across the street. Those 289 beds will be transferred to the State in 2007 as part of the SB 1732 transfer of trial court facilities to the Administrative Office of the Courts. The County is currently negotiating with the City of Riverside to acquire the latter's Police Department site (next to a vacant County parcel), on which the County could develop a second tower (about 272,000 square feet) that could house up to 1,600 additional jail beds.
- **Indio Jail.** The Indio Jail is a 353-bed facility constructed in 1959 that has since undergone four renovations. The configuration of the annex is such that the jail portion is effectively landlocked by Oasis Avenue. The Sheriff's Correctional Facilities Master Plan identifies two basic alternatives to meet the need for additional jail beds in the Coachella Valley:
 - Closing the Indio Jail and building a new 1,500-bed jail in proximity to the Larson Justice Center
 - Retaining the 353 Indio Jail beds and building another jail for the remaining 1,147 beds in proximity to the Larson Justice Center.

However, there is a third alternative – a hub jail in East County. Given (a) the above projected demand for adult jail beds in East County and (b) the fact that 86% of existing Indio jail beds are used to house pre-trial defendants, the County needs to compare the costs of a proposed new Indio Jail with the cost of designing and constructing a comparably-sized (or larger) hub jail somewhere in East County.

- **Larry D. Smith Correctional Facility.** The Smith Correctional Facility is a 694-bed, minimum and medium security facility situated on 96 acres of County-owned land in Banning. The County recently completed an \$18 million expansion to add another 240 beds as well as a booking/intake center. The existing facility only occupies 37 of the 99 acres of County-owned land at that location, so it is a candidate for future expansion. The County is currently constructing an additional 240 beds that will come on line in 2007, and is proposing another 480 beds that could come on line in 2009.
- **Southwest Detention Center.** The Southwest Detention Center was constructed in 1992 to provide additional jail space near the cities of Temecula and Murietta. In 1999, the County began a three-phase expansion that included jail expansion, a new juvenile hall, and a courts building. The jail now consists of 1,111 beds. The initial SWDC master plan only called for a subsequent court house expansion, a 100-bed juvenile hall addition, and a new parking structure. However, the Correctional Facilities Master Plan suggests that the Southwest Detention Center could be a candidate for additional jail beds as well.

Juvenile Detention Bed Requirements

On the following page is a comparison of juvenile detention beds being requested by the Probation Department with the juvenile detention bed requirements projected by the CJF financing model.

Juvenile Detention Beds	2005	2010	2015	2020
Riverside & West County	262	250	253	304
Indio / East County	127	124	130	162
Southwest / Mid-County	151	153	162	201
The Pass	22	23	27	37
Total juvenile detention beds projected by model	562	550	572	704
Riverside Juvenile Hall	193	193	300	300
Van Horn Youth Center	44	44	66	66
Indio Juvenile Hall	159	159	259	259
Southwest Juvenile Hall	99	99	199	199
Twin Pines Ranch	70	70	70	70
Total juvenile detention beds requested	565	565	894	894
Projected excess (shortage) of beds	3	15	322	190

Note: Model projections are subject to change based on unconstrained incarceration rates.

Juvenile Detention Facilities Projects

- **Riverside Juvenile Hall.** Riverside Juvenile Hall began as the “Old Farm House” originally built in the early 1900s; additions were made in 1948 to create Juvenile Hall. It currently has 193 beds, but lacks about 10,000 gross square feet of indoor space for intake processing, medical and laundry services, food and clothing storage, and employee lockers/showers. The facility is functionally obsolete, so construction the above additions would essentially mean replacing the existing facility. In addition, the existing facility lacks sufficient indoor/outdoor space for physical activity and recreation to comply with revised regulations adopted by the California Corrections Standards Authority in 2005.
- **Indio Juvenile Hall.** The Indio Juvenile Hall opened in 1982 as a 50-bed facility. It was expanded to 100 beds in 1989 and to 159 beds in 2001. Currently, 45 beds are being used by the Desert Youth Authority, which is a juvenile treatment program designed as a California Youth Authority (CYA) alternative placement for minors that have failed other treatment programs. The County’s Probation Department is proposing to add another 100 beds to this facility.
- **Southwest Juvenile Hall.** Southwest Juvenile Hall opened in December 2001 with 99 beds. The original master plan for the Southwest Detention Center contemplated the addition of 100 juvenile beds to the existing 99 beds. The Correctional Facilities Master indicates that the County about 64 acres of land north of Auld Road, but the land is under the purview of the Airport Land Use Commission and subject to Federal Aviation Authority grant assurances.
- **Van Horn Youth Center.** The Van Horn Youth Center is a residential treatment facility which treats juvenile wards as “cadets” that march in parades and go on field trips to museums, libraries, and other cultural events. It is essentially a co-educational facility for girls, 14-18 years of age, and boys, 12-15 years of age.

District Attorney Office Space Requirements

Below is a summary of office space requirements being requested by the District Attorney.

Office Space Locations	2005	2010	2015	2020
Riverside offices (9 locations)	107,327	210,726	210,726	210,726
Riverside juvenile offices	5,782	30,000	30,000	45,000
Indio offices	29,341	75,000	100,000	120,000
Southwest offices	16,545	75,000	105,000	120,000
Banning	3,542	4,800	6,000	7,800
Total office space requested by DA	162,537	395,526	451,726	503,526

District Attorney Office Facilities Projects

- **District Attorney Building.** The County is currently evaluating the District Attorney's proposal to design and construction a 192,000 square foot office building at the existing Fleet Services garage site to provide offices and parking for the District Attorney and his staff. The new "headquarters" building would enable the District Attorney to consolidate staff that are currently spread out across 11 locations with about 134,000 square feet of space.
- **District Attorney offices in West County.** The District Attorney occupies nearly 6,000 net square feet near Riverside Juvenile Hall to house 20 positions and requesting 39,000 net square feet of additional space over the next 15 years to house a total of 120 positions.
- **District Attorney offices in Indio.** The District Attorney occupies about 29,000 square feet of space in the Indio Community Administrative Center and Indio Law Library to house 110 positions and is requesting 91,000 net square feet of additional space over the next 15 years to house a total of 120 positions.
- **District Attorney offices in the Southwest Justice Center.** The District Attorney occupies more than 15,000 square feet of space in the Southwest Justice Center and is requesting 104,000 net square feet of additional space over the next 15 years to house a total of 300 positions.
- **District Attorney offices in Banning.** The District Attorney occupies nearly 2,000 square feet of space in the Banning Community Administrative Center and is requesting 38,000 net square feet of additional space over the next 15 years to house a total of 120 positions.

Public Defender Office Space Requirements

Below is a summary of office space requirements being requested by the Public Defender.

Office Space Locations	2005	2010	2015	2020
Riverside offices (9 locations)	35,049	48,800	62,300	79,500
Riverside juvenile offices	3,182	5,200	7,800	10,000
Indio offices	13,768	17,500	22,500	28,500
Southwest offices	12,203	17,300	22,000	28,000
Banning	1,686	1,686	1,686	1,696
Total office space requested by PD	65,915	90,486	116,286	147,696

Public Defender Office Facilities Projects

- Law Offices of the Public Defender.** Current CIP plans call for the Public Defender to move into the space currently occupied by the District Attorney at 4075 Main Street when the District Attorney consolidates staff in his new building; this means waiting 4-5 years for that space to be vacated. However, the Public Defender offices currently lack nearly 8,000 net square feet of space for conference rooms, training, group work and storage, so the County may need to consider options to provide the Public Defender with additional space for the next 5 years.
- Public Defender offices in West County.** The Public Defender occupies more than 3,000 net square feet near Riverside Juvenile Hall to house 22 positions and is requesting 7,000 net square feet of additional space over the next 15 years to house a total of 40 positions.
- Public Defender offices in Indio.** The Public Defender occupies nearly 14,000 square feet of space in the Indio Administrative Center to house 55 positions and is requesting 15,000 net square feet of additional space over the next 15 years to house a total of 114 positions.
- Public Defender offices in the Southwest Justice Center.** The Public Defender occupies about 12,000 square feet of space in the Southwest Justice Center to house 54 positions and is requesting 16,000 net square feet of additional space over the next 15 years to house a total of 112 positions.

Probation Field Office Space Requirements

Below is a summary of field office space requirements being requested by Probation.

Probation Field Offices	2005	2010	2015	2020
Riverside (juvenile)	14,206	24,500	31,300	40,000
Franklin (adult)	14,894	26,500	33,800	43,300
Corona (adult)	4,639	4,639	4,639	5,750
Indio (adult)	4,200	9,300	11,800	15,000
Indio (juvenile)	3,904	4,300	5,300	6,800
Blythe (combined)	5,602	5,602	5,602	6,750
Palm Springs (combined)	4,757	6,000	7,800	10,000
Southwest Justice Center (combined)	7,823	8,300	10,500	13,500
Temecula (combined)	3,208	5,500	7,000	8,800
Banning (combined)	3,542	4,800	6,000	7,800
San Jacinto (combined)	5,000	5,000	5,800	7,300
Total field office space requested by Probation	71,775	104,441	129,541	165,000

Probation Field Office Facilities Projects

- **Probation field offices in West County.** Probation occupies nearly 43,000 net square feet at seven locations in Riverside, Corona and Franklin to house a total of 185 probation field positions and is requesting 57,000 net square feet of additional space over the next 15 years to house a total of 380 field positions.
- **Probation field offices in East County.** Probation occupies more than 18,000 net square feet at four locations in Indio, Blythe and Palm Springs to house a total of 142 probation field positions and is requesting 20,000 net square feet of additional space over the next 15 years to house a total of 154 field positions.
- **Probation field offices in Mid-County.** Probation occupies more than 22,000 net square feet at the Southwest Justice Center in Perris and Temecula to house a total of 89 probation field positions and is requesting 24,000 net square feet of additional space over the next 15 years to house a total of 185 field positions.
- **Probation field offices in The Pass area.** Probation occupies more than 8,000 net square feet in Banning and San Jacinto to house a total of 29 probation field positions and is requesting 7,000 net square feet of additional space over the next 15 years to house a total of 60 field positions.

Sheriff Field Office Space Requirements

Below is a comparison of field office space requirements being requested by the Sheriff with the field office space requirements projected by the CJF financing model.

Sheriff Patrol Stations	2005 Sworn	2005 Space	2010 Space	2015 Space	2020 Space
Riverside & West County	598	67,774	76,645	84,156	90,891
Indio / East County	291	55,969	64,813	73,813	82,112
Southwest / Mid-County	344	66,225	80,151	91,571	101,970
The Pass	49	9,486	11,753	15,447	18,946
Total model projections	1,282	199,454	233,362	264,987	293,919
Jurupa Valley	184	35,933	35,933	35,933	35,933
Eastvale	0	0	0	30,000	30,000
Indio	142	11,295	11,295	11,295	11,295
Colorado River (Blythe)	28	4,560	4,560	4,560	4,560
Palm Dessert	151	21,903	21,903	0	0
Cove Communities	0	0	0	36,000	36,000
Thermal	0	0	45,000	45,000	45,000
Thousand Palms	0	0	0	30,000	30,000
Hemet	119	17,987	17,987	17,987	17,987
Lake Elsinore	118	23,500	23,500	23,500	23,500
Moreno Valley (city space)	186	0	0	0	0
Southwest	140	20,805	20,805	20,805	20,805
Perris (city space for now)	149	0	45,000	45,000	45,000
Cabazon	50	15,262	15,262	15,262	15,262
San Jacinto / Nuevo	0	0	0	30,000	30,000
Total Sheriff projections	1,267	151,245	241,262	345,342	345,342
Excess (shortage)	(15)	(48,209)	7,900	80,355	51,436

Sheriff Communication Center and Patrol Facilities Projects

- Sheriff communication and support center.** The Sheriff's Dispatch Center is currently located at 7195 Alessandro Avenue. The Sheriff's Technical Services Bureau and CAL-ID staff are currently located in separate leased facilities. The Sheriff is proposing to build a new 50,000 square foot building that would house the above functions as well as the County Fire Emergency Center.
- Sheriff patrol stations.** The above table summarizes existing and proposed Sheriff patrol stations throughout the County. It identifies both the number of existing sworn positions as well as existing and projected space requirements for the patrol stations.

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Section IV
Estimated Project
Costs, Available
Funding and
Funding Gaps

Estimated Project Costs, Available Funding, and Funding Gaps

Currently Projected Costs of Criminal Justice Facilities Projects

The table below and the exhibit on page 22 summarizes the estimated cost of the 26 criminal justice facilities projects that are **candidates** for the County's capital improvement program. Below is a "program" summary of project costs, in 2006 and escalated dollars

CJFD Program Categories	Projects	2006 Dollars	Esc. Dollars
Adult correctional facilities	4	\$796.54	\$1,599.78
Juvenile correctional facilities	4	66.58	96.92
Criminal justice system offices – Riverside Civic Center	4	147.64	205.85
Criminal justice system offices – elsewhere	8	131.38	185.06
Sheriff's communication center and patrol stations	6	176.41	265.07
Total projected costs	26	\$1,318.55	\$2,352.68

Currently Projected Funding of Criminal Justice Facilities Projects

The table below and the exhibit on page 23 identify and summarize existing and potential funding for the criminal justice facilities projects that are **candidates** for the County's capital improvement program.

Source of Funding	Existing (millions)	Potential (millions)
General Fund	\$110.06	\$301.11
Development Impact Fee	58.21	164.57
Other contributions (contract cities)	40.00	0.00
Total funding	\$208.27	\$465.68

Funding Gaps

As indicated by comparison of the above tables and the exhibit on page 24, the County's existing funding sources would only fund about 29% of the escalated costs of the 26 proposed criminal justice facilities that are **candidates** for inclusion in the County's CIP.

Due to (a) the existing shortage of adult jail beds and juvenile detention beds and (b) the need for additional adult and juvenile beds as well as additional office space for the District Attorney, the Public Defender, Probation, and the Sheriff's patrol stations, Riverside County clearly needs to determine how it is going to finance those criminal justice facilities projects that are included in the CIP and DIF program, both of which are approved by the Board of Supervisors. The remaining sections of this draft final report describe financing options and strategies for doing so.

Riverside County Criminal Justice Facilities Project Cost Summary

No.	Project	Project Type	Size	Units	2006 Cost	Escalated Cost
Hub Jails						
1	Hub Jail #1 with "quick chill"	New Building	1,200	Beds	\$154.56	\$250.19
1	Hub Jail #1	2 nd Phase	1,200	Beds	135.86	334.15
2	Hub Jail #1	3 rd Phase	600	Beds	70.36	302.44
	Subtotal - Hub Jails				360.78	886.79
Riverside Civic Center / West County Area						
3	Presley Detention Center	New Building	1,600	Beds	208.20	360.32
4a	Sheriff Admin. Offices (CJB)	New Building	85,000	Sq. ft	33.39	55.11
4b	Probation Admin. Offices (CJB)	New Building	15,000	Sq. ft	6.12	10.38
5	District Attorney Offices	New Building	192,000	Sq. ft	74.15	92.55
6	Public Defender Offices	Renovation	50,000	Sq. ft	23.41	34.85
7	Riverside Parking Structure	New Structure	4,000	Spaces	10.58	12.97
8	Sheriff Communication Center	New Building	50,000	Sq. ft	22.41	39.65
9	Eastvale Sheriff Station	New Building	20,000	Sq. ft	30.80	51.66
10	DA / PD / CC Juvenile Offices	Addition	50,000	Sq. ft	22.51	27.90
11	Probation Offices	Addition	40,000	Sq. ft	17.83	22.04
12	Riverside Juvenile Hall	New Building	300	Beds	29.38	47.81
13	Van Horn Youth Center	Addition	22	Beds	2.37	5.12
	Subtotal - Riverside Civic Center / West County				481.13	760.34
Indio / East County Area						
14	Maximum Security Jail	New Building	1,500	Beds	168.30	274.76
15	Indio Juvenile Hall	Addition	200	Beds	22.13	26.14
16	District Attorney Offices	Addition	27,000	Sq. ft	12.13	26.60
17	Public Defender Offices	Renovation	15,000	Sq. ft	6.37	14.14
18	Adult/Juvenile Probation Offices	Addition	21,000	Sq. Ft.	9.72	13.64
19	Cove Communities Sheriff Station	New Building	50,000	Sq. ft	51.12	60.22
20	Thermal Sheriff Station	New Building	20,000	Sq. ft	20.64	24.37
21	Thousand Palms Sheriff Station	New Building	30,000	Sq. ft	30.80	50.97
	Subtotal - Indio / East County				321.20	490.84
Southwest / Mid-County Area						
22	Southwest Detention Center	Addition	0	Beds	0.00	0.00
23	Southwest Juvenile Hall	Addition	100	Beds	12.70	17.85
24	Mid-County Probation	Addition	10,200	Sq. ft	4.47	5.55
25	DA / PD / CC Offices	Addition	103,000	Sq. ft	41.46	54.58
	Subtotal - Southwest / Mid-County Area				58.63	77.99
The Pass Area						
26	Smith Correctional Facility	Addition	480	Beds	59.26	77.91
27	DA / PD / CC Offices	Addition	43,000	Sq. ft	16.91	20.61
28	San Jacinto/Nuevo Sheriff Station	New Building	20,000	Sq. ft	20.64	38.20
	Subtotal - The Pass Area				96.81	136.72
29	Total Criminal Justice Fac. Cost				\$1,318.55	\$2,352.68

Note: Construction costs are escalated at 12% per year.

Riverside County Criminal Justice Facilities Project Funding Summary

No.	Source of Funding	2005-2010 (millions)	2011-2015 (millions)	2016-2020 (millions)	Total (millions)
1	General Fund (existing)				
	CIP Appropriation in FY 05/06 Budget	\$82.65	\$0.00	\$0.00	\$82.65
	May 3, 2005 BOS Appropriation	0.00	0.00	0.00	0.00
	January 31, 2006 BOS Appropriation	0.00	0.00	0.00	0.00
	Appropriation of REU for CJF CIP	27.41	0.00	0.00	27.41
	Subtotal – General Fund	110.06	0.00	0.00	110.06
2	Development Impact Fee (existing)				
	Countywide DIF	30.74	0.00	0.00	30.74
	Western Region DIF	20.03	0.00	0.00	20.03
	Eastern Region DIF	7.44	0.00	0.00	7.44
	Subtotal – Existing DIF	58.21	0.00	0.00	58.21
3	General Fund (prospective)	0.00	132.28	168.83	301.11
4	Property Taxes	0.00	0.00	0.00	0.00
5	Sales Taxes	0.00	0.00	0.00	0.00
6	Development Impact Fee (extension)				
	Countywide DIF	0.00	39.23	47.68	86.91
	Western Region DIF	0.00	25.56	31.07	56.62
	Eastern Region DIF	0.00	9.49	11.54	21.03
	Subtotal – DIF Extension	0.00	74.28	90.29	164.57
7	Federal / State Grants				
	Federal Grants	0.00	0.00	0.00	0.00
	State Grants	0.00	0.00	0.00	0.00
	Subtotal – Grants	0.00	0.00	0.00	0.00
8	Other Contributions				
	Palm Desert / Rancho Mirage	40.00	0.00	0.00	40.00
	Other Contract Cities	0.00	0.00	0.00	0.00
	Subtotal – Other Contributions	40.00	0.00	0.00	40.00
	Total	\$208.27	\$206.56	\$259.12	\$673.95

Assumptions:

- Nos. 1 and 3 assume existing General Fund commitments (57% of the annual amount committed to the CIP) through 2010 and a 5% growth in annual General Fund commitments to the CJF CIP during the following 10 years.
- Nos. 2 and 4 assume the existing DIF through 2010 and a 10-year extension of the DIF after completion of the required nexus study.

Riverside County Criminal Justice Facilities Project Funding Gaps

Project	Size	Units	2006 Cost	2006-2010 (millions)	2011-2015 (millions)	2016-2020 (millions)	Total Esc. Cost
Adult Correctional Facilities							
Hub Jail #1 with "quick chill"	1,200	Beds	\$154.56	\$66.04	\$184.15		\$250.19
Hub Jail #1 (Phase 2)	1,200	Beds	135.86	0.00	334.15		334.15
Hub Jail #1 (Phase 3)	600	Beds	70.36	0.00	0.00	\$302.44	302.44
Presley Detention Center	1,600	Beds	208.20	119.51	240.81		360.32
Maximum Security Jail	1,500	Beds	168.30	126.09	148.67		274.76
Smith Correctional Facility	480	Beds	59.26	77.91	0.00		77.91
Subtotal - Adult Correctional Fac.	6,580	Beds	796.54	389.56	907.78	202.44	1,599.78
Juvenile Correctional Facilities							
Riverside Juvenile Hall	300	Beds	29.38	25.67	22.14		47.81
Van Horn Youth Center	22	Beds	2.37		5.12		5.12
Indio Juvenile Hall	100	Beds	22.13	26.14			26.14
Southwest Juvenile Hall	100	Beds	12.70	17.85			17.85
Subtotal - Juvenile Correctional Facilities	622	Beds	66.58	69.66	27.26	0.00	96.92
Criminal Justice System Offices							
District Attorney Building	192,000	Sq. ft	74.15	92.55			92.55
Sheriff Administration Offices (CJB)	85,000	Sq. ft	33.39	24.91	30.20		55.11
Probation Admin. Offices (CJB)	15,000	Sq. ft	6.12	4.83	5.55		10.38
Public Defender Offices	50,000	Sq. ft	23.41	29.41	5.44		34.85
Riverside Parking Structure	4,000	Spaces	10.58	12.97			12.97
Other DA / PD Offices	238,000	Sq. ft	99.38	103.41	40.42		143.83
Probation Field Offices	40,000	Sq. ft	32.02	41.23			41.23
Subtotal - Offices	643,000	Sq. ft.	279.02	309.30	81.60	0.00	390.91
Sheriff Comm. Ctr. & Patrol Stations							
Sheriff Communication Center	50,000	Sq. ft	22.41	19.39	20.25		39.65
Sheriff Patrol Stations (5)	140,000	Sq. ft	154.00	133.16	92.26		225.42
Subtotal - Comm. Ctr. & Patrol Stations	190,000	Sq. ft.	176.41	152.55	112.51	0.00	265.07
Total Projected Cost			\$1,318.55	921.08	1,129.15	302.44	2,352.68
Total Projected Funding				208.27	206.56	259.12	673.95
Funding Gap (w/o new sources)				(\$712.81)	(\$922.59)	(\$43.32)	(\$1,678.73)

Section V

***Financing Options,
Requirements,
and Constraints***

Financing Options, Requirements and Constraints

Option #1: Pay-As-You-Go Financing

The County's first option is to utilize a "pay-as-you-go" approach to building its criminal justice facilities. In essence, this would require the County to:

- Establish a limited and specific list of criminal justice facilities projects to be included in the County's capital improvement program (CIP) for Board approval
- Update the Public Facilities Needs List in the Development Impact Fee (DIF) program for Board approval, then conduct a nexus study to determine DIF "fair share" funding for the criminal justice facilities projects, and obtain Board approval of the updated DIF program.
- Obtain the Board's long-term commitment of General Fund monies to pay for the difference between the total costs of the approved criminal justice facilities projects and the revenue generated by the DIF program.

The table below summarizes the projected funds (millions of escalated dollars) associated with a pay-as-you-go financing approach to the County's criminal justice facilities CIP.

Year	DIF Revenues	General Fund Revenues	Pay-As-You-Go Revenues
2006	\$11.64	\$38.81	\$50.45
2007	11.64	11.40	23.04
2008	11.64	14.25	25.89
2009	11.64	22.80	34.44
2010	11.64	22.80	34.44
2011	14.86	23.94	38.80
2012	14.86	25.14	40.00
2013	14.86	26.39	41.25
2014	14.86	27.71	42.57
2015	14.86	29.10	43.96
2016	18.06	30.55	48.61
2017	18.06	32.08	50.14
2018	18.06	33.69	51.75
2019	18.06	35.37	53.43
2020	18.06	37.14	55.70
Total	\$222.78	\$411.17	\$633.95

Assumptions:

- Assumes the existing DIF through 2010 and two 5-year extensions of the DIF after completion of the required nexus studies.
- Assume existing General Fund commitments (57% of the annual amount committed to the CIP) through 2010 and a 5% growth in annual General Fund commitments to the CJF CIP during the following 10 years.
- Does not include anticipated one-time contributions (\$40 million) by contract cities to help pay for a new Sheriff patrol station.

A variation of pay-as-you-go financing could involve one or more of the following types of short-term borrowing to obtain funds if they need to be encumbered at the time of construction bid issuance or contract award.

- **Revenue anticipation notes (RANs)** – notes issued in anticipation of receiving revenues at a future date
- **Tax and revenue anticipation notes (TRANs)** – notes issued in anticipation of future tax receipts, such as receipts of ad valorem taxes that are due and payable at a set time of year
- **Interfund borrowing** – short-term loans from one or more County funds, such as a pension fund.

Key Requirements for Pay-As-You-Go Financing by Riverside County

There are two key requirements associated with the County's prospective use of a pay-as-you-go approach to paying for criminal justice facilities:

1. **Commitment of General Fund monies.** This approach would require a 15-year commitment of General Fund monies to the Criminal Justice Facilities CIP.
2. **Revision of DIF program for criminal justice facilities.** The County is currently in the process of obtaining Board approval of the November update of the DIF program. This approach would require the County to (a) revise the criminal justice facilities portion of the Public Facilities Needs List to the Year 2010, (b) redo CJF-related portions of countywide and area-specific fees accordingly, and (c) obtain Board approval of the updated DIF (and subsequent extensions of the DIF program).

Key Constraints on Pay-As-You-Go Financing by Riverside County

There are three key constraints associated with the County's prospective use of a pay-as-you-go approach to paying for criminal justice facilities:

1. **Delays in project implementation.** It is not uncommon for pay-as-you-go financing to slow down project implementation, because the County may have to wait until it has the necessary funds in hand to proceed with construction bids and contracts. This is exactly the opposite of what the County wants in light of 12% (or more) annual escalation of construction costs.
2. **Uncertainty of DIF revenues.** Although the County must conduct a detailed nexus study to determine the "fair share" of criminal justice facilities project costs to be paid for by DIF revenues, there is no certainty that such DIF revenues will equal or exceed the projected amounts due to a potential slowing down of population growth, a potential recession in home building, etc. Under this pay-as-you-go financing approach, such situations would then require the County to make up for any DIF revenue shortfall with General Fund monies.
3. **Competition for CIP funding.** Obviously, the County has other CIP needs that are competing for appropriation of General Funds: (a) increased operating costs associated with the new criminal justice facilities, (b) other capital projects, and/or (c) personnel and other operating and maintenance (O&M) expenses of the County than would be the case absent such a General Fund commitment. The table on the previous page indicates the amount of General Fund discretionary revenues that would be available for pay-as-you-go financing of criminal justice facilities under the stated assumptions. If the County only committed 40% to 50% of the annual amount currently committed to the CIP, it would reduced the General Fund revenues on the previous page by \$114 million and \$47 million, respectively.

Option #2: General Obligation (GO) Bond Financing

In June 1986, California voters approved Proposition 46, a constitutional amendment that restored to county, city, and school districts the authority to issue general obligation (GO) bonds. Each local GO bond measure requires approval by two-thirds of the jurisdiction's voters. These bonds can be used to finance the acquisition and construction of public capital facilities and real property (see Government Code sections 29900 et seq). Bond proceeds cannot be used for equipment purchases or to pay for operations and maintenance. The jurisdiction issuing a GO bond is authorized to levy an ad valorem property tax at the rate necessary to repay the principal and interest of the bonds. The property taxes subsequently appropriated to a GO bond issue do not count towards the jurisdiction's Gann appropriations limit.

Key Requirements for GO Bond Financing by Riverside County

There are three key requirements associated with the County's prospective use of GO bond financing of criminal justice facilities:

1. **Need for a ballot measure.** The Board of Supervisors would initiate a GO bond election by passing a resolution placing the proposed bond issue on the ballot. The resolution would specify the criminal justice facilities projects to be financed. Required voter election packets would include information about the proposed increase in the tax rate, ballot arguments, and the specific uses of the proceeds of the bonds. If sources of income other than property taxes are to be used to service the bonds, the voter pamphlet would need to disclose the effects of that upon the projected tax rate. The County would also need to determine the optimum time to place the GO bond measure on the ballot in order to obtain the best chance for a voter approval.
2. **Need for further CJF project definition and refined cost estimates.** To prepare the required GO bond measure, the County would need to complete the definition (scopes) and preliminary cost estimates of CJF projects to be included in a bond measure. This would involve:
 - Review and refinement of the financial model used to project the number of adult and juvenile beds, office space requirements, and patrol station space requirements for the next 15 years.
 - Review and refinement of the estimated costs and schedules for programming, design, and construction of criminal justice facilities projects.
3. **Voter education and outreach campaign.** In addition to the required voter election packets, the County would need to develop and implement a voter education and outreach program to persuade voters on the need for approval of the GO bond measure (two-thirds approval required). Among other things, such a campaign would involve:
 - Identifying and working with "opinion leaders" – city officials, business organizations, etc. – on development and implementation of the voter education and outreach campaign.
 - Working with local and regional media to "get the word out" on the need for the proposed criminal justice facilities and the rationale for GO bond financing of them.

Key Constraints on GO Bond Financing by Riverside County

There are four key constraints on the County's prospective use of GO bond financing of criminal justice facilities:

1. **State limitation on bonded indebtedness.** State law sets the maximum indebtedness that entities may incur through GO bond issues. Counties are limited to 5% of their assessed valuations.
2. **County's Debt Management Policy.** Under its Debt Management Policy (adopted by the Board of Supervisors on October 21, 2003), the County limits its long-term debt obligations (net to the General Fund) to 7% of General Fund discretionary revenue. As indicated in Working Paper #2 and the top of the following page, the County will have an estimated \$600 million in additional debt capacity if General Fund discretionary revenue grows at a simple rate of 5% per year (capitalized at an 6% interest rate) and all that additional debt capacity is used to finance criminal justice facilities projects.

Fiscal Year	Existing GF Debt Service *	% of GF Discretionary Revenue	7% of GF Discretionary Revenue @ 5%	Additional Debt Service Capacity +	Additional Bonding Capacity	New Bonding Capacity
2006	\$18.7	4.1%	\$32.3	\$13.6	\$187.2	\$187.2
2007	18.4	3.8%	34.1	15.7	216.1	28.9
2008	19.9	3.9%	35.9	16.0	220.2	4.1
2009	20.8	3.9%	37.7	19.9	273.9	53.7
2010	20.9	3.7%	39.5	18.6	256.0	-----
2011	21.1	3.6%	41.3	20.2	278.1	4.2
2012	21.3	3.5%	43.0	21.7	298.7	20.6
2013	21.4	3.3%	44.8	23.4	322.1	23.4
2014	21.6	3.2%	46.6	25.0	344.1	22.0
2015	22.0	3.2%	48.4	26.4	363.4	19.3
2016	22.3	3.1%	50.2	27.9	384.0	20.6
2017	13.5	1.8%	52.0	38.5	529.9	145.9
2018	13.4	1.7%	53.8	40.4	556.1	26.2
2019	13.5	1.7%	55.6	42.1	579.5	23.4
2020	13.4	1.6%	57.4	44.0	605.7	26.2

However, only 63% of the additional bonding capacity is available within the next 10 years.

3. **Impact on the County's credit rating.** GO bonds are backed by the full faith and credit of the issuing jurisdiction and are paid for by increasing local property taxes above the limit imposed by Proposition 13. This security is attractive to potential investors. Accordingly, GO bonds generally carry a moderate interest rate. In addition, GO bond issues do not require a reserve fund during construction of the authorized capital improvement. However, the rating agencies do look at the total amount of the County's debt service and the County's ability to adequately cover such debt service in bad economic times as well as good economic times.

4. **Competition for CIP funding.** Obviously, the County has other CIP needs that are competing for any GO bond financing undertaken by the County. Below is a range of GO bond proceeds that could be available to pay for criminal justice facilities projects if the Board of Supervisors commits between 40% and 60% of such bond proceeds.

Fiscal Year	7% of GF Discretionary Revenue @ 5%	Additional Debt Service Capacity +	New Bonding Capacity	40% for CJF Financing	50% for CJF Financing	60% for CJF Financing
2006	\$32.3	\$13.6	\$187.2	\$74.9	\$93.6	\$112.3
2007	34.8	16.4	28.9	11.6	14.5	17.3
2008	35.9	16.0	4.1	1.6	2.1	2.5
2009	37.7	19.9	53.7	21.5	26.9	32.2
2010	39.5	18.6	-----	-----	-----	-----
2011	41.3	20.2	4.2	1.7	2.1	2.5
2012	43.0	21.7	20.6	8.2	10.3	12.4
2013	44.8	23.4	23.4	9.4	11.7	14.0
2014	46.6	25.0	22.0	8.8	11.0	13.2
2015	48.4	26.4	19.3	7.7	9.7	11.6
2016	50.2	27.9	20.6	8.2	10.3	12.4
2017	52.0	38.5	145.9	58.4	73.0	87.5
2018	53.8	40.4	26.2	10.5	13.1	15.7
2019	55.6	42.1	23.4	9.4	11.7	14.0
2020	57.4	44.0	26.2	10.5	13.1	15.7
Totals			\$605.7	\$242.3	\$302.9	\$363.4

Note: Uses 6% interest rate to capitalize debt service and determine bonding capacity.

Option #3: Tax-Exempt Lease Financing

Tax-exempt lease financing is based upon the County's authority to acquire and dispose of property rather than on its authority to incur debt. As a result, under State law, a properly constructed tax-exempt lease is not considered a public debt. There are a number of reasons to consider tax-exempt leasing of criminal justice facilities:

- To provide 100% financing of major criminal justice facilities
- To spread out the cost of major criminal justice facilities over their useful lives
- To reduce the time and cost associated with GO bond financing
- To avoid the need for voter approval
- To avoid impact on the county's Gann spending limitation.

There are various forms of tax-exempt lease financing that are commonly used in California:

- **Sale-leaseback agreement.** In some ways, a sale-leaseback arrangement resembles the refinancing of a home. Under this arrangement, the County would sell a criminal justice facility to an entity such as a non-profit organization, an investor, or a group of investors. The County would then lease the facility for the period of time and at the rate of payment necessary to eventually buy it back, with interest. Sale-leaseback financing has advantages for both investors and the County. The investor receives a stream of payments and interest from the County. If properly structured, these will be non-taxable. The County receives an infusion of cash which it pays back in installments, while still being able to use the facility.
- **Lease-payback agreement.** In some ways, a lease-payback arrangement resembles the leasing of an automobile. Under this arrangement, an investor or investors would construct a criminal justice facility for the County. The County would then lease the facility from the investor at a rate sufficient to eventually pay for the cost of the facility, with interest. Upon completion of the payment schedule, the facility would become the County's property. Like the sale-leaseback agreement, investors are attracted to this arrangement by its tax-free return. Counties like it because it allows them to construct facilities without a large initial investment and to pay for them in installments.
- **Certificates of participations (COPs).** COPs are securities designed to make municipal leases accessible to small investors by dividing the lease obligation into small parts. Each COP is an undivided share of the total lease obligation. The lessor assigns the lease to a trustee who then sells COPs in the lease. Purchasing a COP entitles each investor to a portion of the County's lease payments. This is the type of financing most frequently used by Riverside County.

Key Requirements and Constraints on Lease Financing by Riverside County

Tax-exempt lease financing is subject to the following key requirements and constraints associated with GO bond financing that are summarized on pages 27-29:

Key Requirements

2. Need for further CJF project definition

Key Constraints

2. County's debt management policy
3. Impact on County's credit rating
4. Competition for CIP funding

Option #4: Revenue Bond Financing – Retail Transactions and Use Tax

In the 1990s, the California Legislature passed and the Governor signed the **County Regional Justices Facilities Financing Act** (Government Code Section 26299.000 – 26299.014), which authorized Humboldt, Los Angeles, **Riverside**, San Bernardino, Stanislaus, and Ventura Counties to allow the voters in their respective counties to approve a general tax for the purposes of county regional justice facilities financing agencies, because existing overcrowding in jail facilities were so great as to (a) significantly impede the administration of justice and (b) create a situation in which persons that were a danger to society were being released into society for lack of adequate facilities to house them. The Legislature declared that it was in the public interest to create county regional justice facilities financing agencies, so that these counties could address regional adult and juvenile detention facilities, countywide law enforcement facilities, court facilities, and prevention program needs in an expeditious and appropriate fashion.

In essence, a county regional justice facilities financing agency would function similar to the Riverside County Transportation Agency, which is funded in part (~54%) by the Measure A half-cent sales tax passed in 1988 and extended in 2002 (terminates in 2039). According to the Riverside County Transportation Commission's 2005-2006 Budget, the Measure A 1/2-cent sales tax is projected to generate \$133 million in sales tax revenue in FY 2006-07. That is a \$7.5 million (6%) increase over last fiscal year.

San Diego County Experience

Earlier in the 1990s, the County of San Diego obtained legislative approval of a similar provision (Revenue and Taxation Code Section 7286.30-7286.38) for voter approval of 1/2-cent sales tax to finance the provision, construction and operation of justice-related facilities and to fund law enforcement and crime prevention projects and activities. The enabling legislation authorized the County to impose a retail transactions and use tax applicable to the incorporated and unincorporated areas of the County *if the ordinance was adopted by a two-thirds vote of the financing agency (Board of Supervisors) and a majority of the electors voting on the measure at a special election for that purpose.* The San Diego County Board of Supervisors adopted the sales tax measure by the required super-majority, and voters approved the measure by a simple majority.

However, the trial court judge in the Ryder case, which challenged the enabling legislation for San Diego County, ruled that the sales tax measure required two-thirds approval by the voting electorate, because Proposition 218 says that any sales tax increase imposed for a specific purpose (such as transportation facilities) or by a single-purpose authority (such as a county transportation agency) is a special tax requiring approval by two-thirds of the voting electorate.

Accordingly, the County is in the process of completing its refunding on the sales tax that it collected in the years during which the sales tax measure was in effect. According to the County's Financial Planning Director, the County is looking at ways to obtain the required voter approval for reinstating the CJF sales tax measure.

Key Requirements for Revenue Bond Financing with a Retail Transactions and Use Tax

There are three key requirements associated with the County's prospective use of revenue bond financing of criminal justice facilities with repayment from sales taxes.

1. **Required Master Plan.** Implementation of the enabling legislation would require creation and Board of Supervisors approval of a "Master Plan" for construction and acquisition of juvenile and adult detention facilities, countywide law enforcement facilities, court facilities, and related structures. The Master Plan may include, but is not limited to the
 - Number facilities to be constructed, furnished, or acquired
 - Geographic areas in which the facilities shall be sited
 - Time schedule in which the facilities shall be constructed, furnished, or acquired
 - Construction and design standards that shall apply to facilities to be constructed, furnished, or acquired
 - Other requirements that the Board of Supervisors deems necessary and appropriate.
2. **Need for further CJF project definition.** To prepare the required "Master Plan," the County would need to complete the definition (scopes) and preliminary cost estimates of CJF projects to be included in a bond measure. This would involve:
 - Review and refinement of the financial model used to project the number of adult and juvenile beds, office space requirements, and patrol station space requirements for the next 15 years.
 - Review and refinement of the estimated costs and schedules for programming, design, and construction of criminal justice facilities projects.
3. **Required voter education campaign.** The enabling legislation would authorize the County to impose a retail transactions and use tax applicable to the incorporated and unincorporated areas of the County *if the ordinance is adopted by a two-thirds vote of the financing agency (Board of Supervisors) and a majority of the electors voting on the measure at a special election for that purpose.* However, the court decision in the Ryder case, which challenged a similar provision in enabling legislation for San Diego County, suggests that Riverside County would need two-thirds voter approval of a sales tax to finance criminal justice facilities.

If the County wants to propose a retail transactions and use tax to fund criminal justice facilities projects and prevention programs, it would require (a) a well-defined voter education and outreach program and (b) strong leadership from elected officials, such as the District Attorney and the Sheriff, to lead the campaign to obtain two-thirds voter approval of such a sales tax measure. Development and communication of the "Master Plan" will be key to the success of any voter education campaign.

Key Constraints on Revenue Bond Financing with a Retail Transactions and Use Tax

Business and residents of Riverside County are currently paying a sales tax rate of 7.75% as indicated below. Imposition of an additional 1/4 to 1/2-cent sales tax could affect the economic competitiveness of businesses located and operating in Riverside County with businesses in adjacent counties, as indicated below.

Riverside	Jurisdiction / Purpose	LA	Orange	SB	SD	Imp.
4.75%	State – General Fund	4.75%	4.75%	4.75%	4.75%	4.75%
0.25%	State – Fiscal Recovery	0.25%	0.25%	0.25%	0.25%	0.25%
0.50%	State – Local Revenue	0.50%	0.50%	0.50%	0.50%	0.50%
0.25%	State General Fund	0.25%	0.25%	0.25%	0.25%	0.25%
0.50%	State – Public Safety	0.50%	0.50%	0.50%	0.50%	0.50%
0.25%	County – Transportation	0.25%	0.25%	0.25%	0.25%	0.25%
0.75%	City /County – Ops.	0.75%	0.75%	0.75%	0.75%	0.75%
0.50%	CTA – Transportation	1.00%	0.50%	0.50%	0.50%	0.50%
7.75%	Total	8.25%	7.75%	7.75%	7.75%	7.75%

Los Angeles County has one city (Avalon) with a rate of 8.75%; San Bernardino County has one city (Montclair) with a rate of 8.00%; San Diego County has one city (El Cajon) with a rate of 8.25%; and Imperial County has one city (Calexico) with a rate of 8.25%.

There are two key constraints associated with the County’s prospective use of revenue bond financing of criminal justice facilities with repayment from sales taxes.

1. **Business support for a CJF sales tax measure.** Business support (or at least a lack of opposition) would be key to voter approval of a CJF sales tax measure. However, business community members could oppose the measure if they think the additional sales tax will cause them to lose sales to adjacent counties.
2. **Consumer support for a CJF sales tax measure.** Consumer support would also be key to voter approval of a CJF sales tax measure. However, passage of a sales tax measure could alter some consumer shopping patterns that result in loss of sales to adjacent counties.

Option #5: Revenue Bond Financing – Public Facilities Fee

In 1988, the California Legislature passed and the Governor signed the **Mitigation Fee Act** (Government Code Section 66000-66008), which establishes the ground rules for the imposition and ongoing administration of public facilities fee programs. The Act requires local governments to document the following when adopting a public facilities fee:

- Identify the purpose of the fee and the use of fee revenues
- Determine a reasonable relationship (nexus) between the fee's use and the type of development paying the fee; between the need for the fee and the type of development paying the fee; and between the amount of the fee and the cost of the facility attributable to development paying the fee.

In July 1988, The Riverside County Board of Supervisors adopted Ordinance 659 establishing a countywide Development Mitigation Fee for residential development in the unincorporated areas of the County. Fee revenues were used to construct County facilities, procure parklands, and develop recreational trails.

On September 11, 2001, the Board of Supervisors adopted Ordinance 659.6 to establish the County's Development Impact Fee (DIF) program, which replaced the Development Mitigation Fee program of the previous 13 years. Fee revenues are used to pay for facilities and open space projects identified on the Public Facilities Needs List to the Year 2010.

The DIF fee may be imposed as a condition of approval for a building permit by the County's Transportation and Land Management Agency (TLMA). The DIF program includes 10 different categories of projects as well as program administration. Fees vary by category among 20 different plan areas within Riverside County. Fee revenues are segregated into 45 different funds.

Because the County's DIF program only applies to new developments in the unincorporated areas of Riverside County, the County may want to consider approaching the 24 cities about the possibilities of imposing a public facilities fee within both the incorporated and the unincorporated areas of the County, so that both would contribute their "fair share" to the costs of designing and constructing criminal justice facilities that (a) serve the entire County, not just the unincorporated areas and (b) are due to criminal justice system workload, staffing, and space requirements which are fueled by growth within the incorporated areas as much, if not more, than growth in the unincorporated areas.

Solano County Experience

In 1992, Solano County adopted a public facilities fee to help pay the following types of County facilities:

- **Countywide public protection facilities:** detention, law and justice facilities of the District Attorney, the Public Defender, the Conflicts Public Defender, the Sheriff, the Coroner, Probation, and the Office of Emergency Services
- **Health and social services facilities** of the County's Health and Social Services Department
- **Libraries** of the Solano County Library
- **General government facilities** of 16 County departments
- **Sheriff's patrol and investigation facilities**
- **Trial court facilities.**

The Solano County public facilities fee program is similar in some respects to two different Riverside County fee programs:

- **Development impact fee (DIF) program.** The County's DIF program has categories of facilities not unlike those of Solano County's public facilities fee:
 - General government facilities
 - Sheriff and jail facilities
 - Court facilities
 - Library facilities and books
 - Fire facilities
 - Roads, bridges and interchanges
 - Traffic signals
 - Conservation and land bank
 - Regional parks
 - Community centers and parks
 - Regional multi-purpose trails
 - Flood control

However, as indicated on page 19, the development impact fee is only charged to new development in the unincorporated areas of Riverside County.

- **Multi-species habitat conservation plan (MSHCP).** On June 17, 2003 the Board of Supervisors adopted the MSHCP, certified the EIR/EIS, and authorized the Chairman to sign the Implementing Agreement at such time as the Wildlife Agencies have completed their reviews and permits are to be issued. The MSHCP and the associated Implementing Agreement (including a model city resolution and a model city ordinance to adopt the MSHCP) were subsequently approved by the 14 cities within the MSHCP plan area (western Riverside County).

The MSHCP nexus report recommends mitigation fees for residential (based on three density subcategories), commercial, and industrial and business park developments. The fee is expected to generate nearly \$540 million over 25 years.

Key Requirements on Revenue Bond Financing with a Public Facilities Fee

There are three key requirements associated with the County's prospective use of revenue bond financing of criminal justice facilities with repayment from public facilities fees.

1. **Successful nexus study.** Imposition of a public facilities fee for criminal justice facilities would require completion and approval of a nexus report to identify and document reasonable relationships among the need for the fee, the amount of the fee, and the cost of the facility attributable to the types of development paying the fee.
2. **Need for further CJF project definition.** To prepare the required nexus report, the County would need to complete the CJF project definition (scopes) and preliminary cost estimates included in Working Paper #1 and select the major projects to be included in the "Master Plan." This would involve:
 - Review and refinement of the financial model used to project the number of adult and juvenile beds, office space requirements, and patrol station space requirements for the next 15 years.

- Review and refinement of the estimated costs and schedules for programming, design, and construction of criminal justice facilities projects.
3. **Support by 24 cities.** Solano County only has 7 cities that accounted for 16% of the County's 2003 populations. In contrast, Riverside County has 24 cities that accounted for 65% of the County's 2003 population. Accordingly, it would be essential and perhaps somewhat problematic to get all the cities to support a public services fee in their incorporated areas.

Key Constraints on Revenue Bond Financing with a Public Facilities Fee

There are two key constraints associated with the County's prospective use of revenue bond financing of criminal justice facilities with repayment from public facilities fees.

1. **Building Industry Association (BIA) stance.** Typically, BIA opposes imposition of, and increases in, any type of exaction and mitigation fees. For example, earlier this year, BIA recently opposed approval of the transportation uniform mitigation fee (TUMF) by the Western Riverside Council of Governments. However, the imposition of a public facilities fee in both the incorporated and unincorporated areas of the County could mean a lower rate for criminal justice facilities in the unincorporated areas of the County.
2. **Collection of public facilities fee by the cities.** Solano County officials reported having had some problems in coordinating the collection of and accounting for the public facilities fees collected by the cities. Again, Solano County only has 7 cities, while, Riverside County has 24 cities. Accordingly, it is important to address this issue with the cities in any development and implementation of a public facilities fee.

Section VI
Financing Strategy
and Action Plan

Financing Strategy and Action Plan

We are recommending a three-part strategy for financing the County's criminal justice facilities over the next 15 years.

Pay-As-You-Go Financing

We recommend pay-as-you-go financing of the following "smaller ticket" additions and renovation projects that can be paid for with General Fund and DIF revenues.

Criminal Justice Facilities	2006 Dollars	Escalated Dollars
Indio Juvenile Hall addition (200 beds)	\$22.13	\$26.14
Southwest Juvenile Hall (100 beds)	10.15	17.85
Van Horn Youth Center addition (22 beds)	2.37	5.12
Public Defender (interim space and renovation)	23.41	34.85
DA / PD / Probation office additions (East County)	28.22	54.38
DA / PD / Probation office additions (SW / Mid-County)	45.93	60.13
DA / PD / Probation office additions (The Pass area)	16.91	20.61
Programming & design of 1 st hub jail	10.59	13.34
Programming & design of tax-exempt leasing projects	38.90	46.52
Land acquisition	20.00	20.00
Total projected costs	\$218.61	\$298.94

* County would pay the difference between project cost and \$40 million from 2 contract cities.

Rationale for Pay-As-You-Go Financing

Pay-as-you-go financing of the above projects would enable the County to accomplish the following objectives:

- Construct **322 additional juvenile detention beds** in order to expand the County's capacity to detain, treat and otherwise rehabilitate juveniles that might otherwise be incarcerated in California Youth Authority (CYA) facilities or County jail (if they are charged as adults).
- Provide **additional Probation field office space** in Mid-County, East County, and The Pass area in order to increase client access to probation officers as well as increase the effectiveness and efficiency of community supervision of adult and juvenile probationers throughout the County.
- Provide the **Public Defender with additional interim space** while waiting to relocate to 4075 Main Street, which will also then require renovation prior to move-in.
- Provide **additional District Attorney and Public Defender office space** in East County, Mid-County and The Pass area in order to (a) increase staff presence, communication, and coordination with local law enforcement agencies and (b) reduce the commute time and costs for some County staff in the two departments assigned to work in those areas.
- Expedite the programming, design and construction of the "smaller ticket" projects identified on page 2 in order to **minimize the financial impacts of construction cost escalation** at 12% per year.

- Provide immediate “**advance funding**” of programming, land acquisition, and design of eight tax-exempt lease financing and two revenue bond financing projects to ensure that they are ready for construction when such financing proceeds become available.
- “**Show the flag**” through implementation of criminal justice facilities projects in order to build support – particularly in Mid-County, East County, and The Pass area – for the revenue bond financing of jail facilities.

Tax-Exempt Lease Financing

We recommend lease financing – using certificates of participation (COPs) – to move ahead with the following new construction projects with debt service paid for with General Fund revenues.

Criminal Justice Facilities	2006 Dollars	Escalated Dollars
District Attorney Building	\$67.24	\$85.33
Smith Correctional Facility expansion (480 beds)	53.53	71.52
Sheriff Communication and Support Center	20.34	36.90
Riverside Juvenile Hall replacement	25.50	42.51
Sheriff patrol stations (5)	156.51	227.91
Total projected costs	\$323.12	\$464.17

Below is a range of prospective annual debt service costs (millions of dollars) associated with a \$464 million lease financing.

Lease Financing Rate	15 Years	30 Years
Lease financing @ 5.0% interest rate	\$42.59	\$28.76
Lease financing @ 5.5% interest rate	43.83	30.27
Lease financing @ 6.0% interest rate	45.09	31.81
Lease financing @ 6.5% interest rate	46.35	33.38

Rationale for Lease Financing

Lease financing of the above projects would enable the County to accomplish the following objectives:

- Expedite completion of the District Attorney Building in order to (a) to **consolidate DA personnel that are currently dispersed around 11 different locations** in the Riverside Civic Center area in order to enhance staff communication, coordination and efficiency and (b) **make the DA’s existing office space (134,000 square feet) available** for the Public Defender, Probation, and other County departments needing additional office space in the Riverside Civic Center area.
- Expand the Smith Correctional Facility by 480 beds and replace the Riverside Juvenile Hall (300 beds).
- Develop a new **Sheriff Communication and Support Center** to (a) reduce the expense of leased space currently used to house support functions and (b) also house the County Fire Emergency Center.

- Construct **5 additional Sheriff patrol stations** to serve rapidly growing communities in unincorporated areas around the County (presumably with capital contributions from contract cities served by the new Sheriff patrol stations).
- Take advantage of the **limited amount of additional tax-exempt leasing capacity** that is currently available, assuming that (a) General Fund revenues continue to growth at 5% per year and (b) additional leasing capacity is capitalized at 6%.

Revenue Bond Financing

We recommend revenue bond financing of the following new construction projects with debt service paid for with a voter-approved 1/8-cent retail transactions and use tax imposed on a countywide basis.

Criminal Justice Facilities	2006 Dollars	Escalated Dollars
Hub jail #1 – first 1,200 beds (construction costs only)	\$143.97	\$211.48
Hub jail #1 – second 1,200 beds	135.86	298.35
Hub jail #2 – 1,500 beds	185.91	533.61
Total projected costs	\$465.74	\$1,043.44

Below is a range of prospective annual debt service costs (millions of dollars) associated with a \$510 to \$1,043 million revenue bond financing over 30 years for 1-2 hub jails. A 1/8-cent sales tax would generate an estimated \$2.4 billion over 30 years – about 1.07 times the amount needed to cover the debt service (at a 6% interest rate) for the two proposed hub jails.

Lease Financing Rate	\$510 million (1 hub jail)	\$1,043 million (2 hub jails)
Lease financing @ 5.5% interest rate	\$35.09	\$71.76
Lease financing @ 6.0% interest rate	37.05	75.77
Lease financing @ 6.5% interest rate	39.05	79.87
Lease financing @ 7.0% interest rate	41.10	84.05

Rationale for Revenue Bond Financing

- Obtain **3,480 additional needed adult jail beds** that it could not currently afford with either pay-as-you-go financing or tax-exempt lease financing; these beds would hold (a) pre-trial defendants not scheduled for court appearances within 30 days and (b) sentenced offenders requiring maximum security.
- **Avoid (or at least defer) expansion of more costly (per bed) expansion of existing jails** at the three criminal justice centers (i.e., Presley Detention Center, Indio Jail, and Southwest Detention Center).
- Enable Riverside County to seek a **complementary 1/8-cent sales tax** to generate an equal amount of revenues (\$2.4 billion over 30 years) that could be used to pay for:
 - **First-year operating costs** associated with the additional jail beds (annualized)

Criminal Justice Facilities	Completion	Add. Positions	1st-yr. Operating Cost
Hub jail #1 (1 st 1,200 beds)	2012	300	\$51.39
Hub jail #1 (2 nd 1,200 beds)	2015	300	\$64.87
Hub jail #2 (1,500 beds)	2020	150	\$43.41

- Interim and long-term County **programs for diversion and treatment** of adult and juvenile offenders with alcohol and drug addictions.
- Interim and long-term County programs to provide **additional (and innovative) types of post-incarceration intensive supervision** of adult and juvenile offenders in their communities.
- Interim and long-term **crime prevention programs** to be developed and implemented by the 24 cities in the County (assuming their maintenance of effort with current funding sources).

The County will undoubtedly fill whatever additional jail beds are constructed. So the above “non-bricks and mortar” use of a portion of a combined 1/4-cent sales tax for crime prevention, diversion, treatment, and other non-incarceration programs could be a critical success factor in any County campaign to obtain the necessary two-thirds voter approval of such a sales tax to pay for the capital costs of additional jail beds. Without such complementary programs, the County is likely to find itself facing the same financial and political challenges associated with criminal justice facilities that currently exist 15 years from now.

Note: The above strategy does not include financing for the following projects: Presley Detention Center expansion, Sheriff’s Administration Building, Riverside parking structure, a new maximum security jail in the Coachella Valley, and SWDC expansion.

Recommended Sales Tax Revenue Allocations

Capital Projects (debt service payment)

Below is an example of the amount of debt service (at 6%) that a 1/8-cent sales tax could cover.

Project	Beds	Esc. Cost	15 Years	20 Years	25 Years	30 Years
Hub jail #1	1,200	\$237 million	\$345	\$390	\$437	\$487
Hub jail #1	1,200	334 million	487	550	617	687
Hub jail #1	600	302 million	0	498	558	622
Reserve			(42)	(227)	136	638
Total	3,000	\$873 million	\$790	\$1,211	\$1,748	\$2,434

- A 15-year sales tax would generate enough revenue to pay 95% of the debt service on the first 2,400 beds of Hub Jail #1.
- A 20-year sales tax would generate enough revenue to pay 84% of the debt service on Hub Jail #1 with 3,000 beds.
- A 25-year sales tax would generate enough revenue to pay 100% of the debt service on Hub Jail #1 (3,000 beds) with a reserve of approximately \$136 million for contingencies.
- A 30-year sales tax would generate enough revenue to pay 100% of the debt service on Hub Jail #1 (3,000 beds) with a reserve of approximately \$638 million for contingencies.

Operating Programs

Below is an example of the operating program support that a 1/8-cent sales tax could provide.

Purpose	Percent	15 Years	20 Years	25 Years	30 Years
Hub jail operating costs	85%	\$670	\$1,028	\$1,487	\$2,068
Alcohol & drug treatment	5%	40	61	87	122
Post-incarceration supervision	5%	40	61	87	122
Crime prevention (cities)	5%	40	61	87	122
Total	100%	\$790	\$1,211	\$1,748	\$2,434

- The Sheriff's FY 2005-2006 budget for Corrections operating cost is nearly \$97 million.
- The projected first-year (2012) operating cost for Hub Jail #1 (first 1,200 beds) is \$51 million (inflated at 6% per year). The projected first-year (2015) incremental operating cost for Hub Jail #1 (second 1,200 beds) is \$65 million. The projected first-year (2020) incremental operating cost for Hub Jail #1 (last 600 beds) is \$43 million.
- With inflation, the total jail operating costs for Corrections could be an estimated \$290 million in 2015 and \$430 million in 2020 with existing jails and a fully built-out Hub Jail #1.
- If 85% of the second 1/8-cent sales tax for operating programs is allocated to Hub Jail operating costs, the 2012 sales tax revenue would cover 87% of the projected operating costs of Hub Jail #1 (first 1,200 beds only) in that year; it would cover 89% of the project operating costs (inflated at 6% per year) of Hub Jail #1 over a 25-year period (2012 – 2037).
- The second 1/8-cent sales tax would not cover any of the operating costs associated with the 1,800 expansion beds of Hub Jail #1.

Recommended Criminal Justice Facilities Financing Action Plan

The matrix below provides a 15-month action plan to further develop and implement the financing strategy being recommended to the Criminal Justice Planning Committee.

Timetable	Responsibility	Action Step (Next 15 Months)
March 2006	Dave Schwartz	Present criminal justice facilities financing strategies, rationale, and action plan for adoption by the CJPC.
June 2006	Christopher Hans / Dave Schwartz	Present the CJF financing study final report and the CJPC recommendations to the Board of Supervisors.
June 2006	Christopher Hans	Submit Form 11 for (a) pay-as-you-go financing and (b) lease financing of selected CJF projects for CJPC review and BOS approval.
June 2006	Christopher Hans	Submit Form 11 to authorize programming, land acquisition, and design of major CJF projects that would be financed with revenue bonds for CJPC review and BOS approval.
July 2006	CJPC steering subcommittee	Engage a sales tax campaign consultant and outside legal counsel to prepare the sales tax ballot measure.
July 2006	Dave Schwartz / campaign consultant	Meet with appropriate elected officials and CEO staff from San Diego County to review "lessons learned" in the original passage, court overturn, and subsequent revision of that County's CJF sales tax measure.
August 2005	Dave Schwartz	Arrange and facilitate focus groups of business leaders and County residents to assess viability of CJF financing strategy and to identify likely support/opposition from various elements of the business and residential communities; report results to the CJPC and BOS.
September-October 2006	CEO staff DA staff PD staff Probation staff Sheriff staff	Compile a "Master Plan" to be used as the basis for voter education regarding a proposed 1/8-cent retail transactions and use tax for CJF capital projects and operating programs.
November 2006	CJPC steering subcommittee / Dave Schwartz	Develop final recommendations regarding proposed allocation of the 1/4-cent sales tax revenue for capital projects and operating programs.
November-December 2006	CJPC steering subcommittee / Dave Schwartz	Guide County staff and consultants regarding development and implementation of a voter education and outreach campaign to promote a CJF sales tax.
January-December 2007	CJPC steering subcommittee	Continue County's voter education and outreach campaign to promote a CJF sales tax.
January 2008	Christopher Hans	Submit a resolution for Board of Supervisors approval to put a CJF sales tax measure on the June 2008 ballot (deadline is February 10, 2007).
June 2008 (or November 2008)	CJPC steering committee	Update criminal justice facilities financing strategy and action plan to reflect results of CJF sales tax election.
June 2008 (or November 2008)	Christopher Hans	Prepare/submit Form 11 to authorize additional (or cut back on) CJF CIP expenditures based on the outcomes of CJF sales tax election.