

497

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



FROM: Executive Office

SUBMITTAL DATE:
February 27, 2007

SUBJECT: Capital Project Priority

RECOMMENDED MOTION: That the Board:

- 1) Declare the construction of a hub jail as the county's highest capital-improvement priority.
- 2) Direct the Executive Office to assemble financing options for building and operating the hub jail, and return with a financing package for consideration in the FY 07/08 budget process.
- 3) Delay consideration of any programs requiring additional net-county-cost commitments to support operations, until the FY 07/08 budget process.

BACKGROUND:

Under the capital-improvement program (CIP), capital projects are evaluated, categorized and presented to the Board. The Board recently directed staff to schedule a CIP workshop for May 21, 2007 and to prioritize the county's most important projects, buildings and equipment. That work is under way but the most important capital construction project identified to date is adding jail beds.

Bill Luna
Bill Luna, County Finance Director

FINANCIAL DATA	Current F.Y. Total Cost:	\$ 0	In Current Year Budget:	No
	Current F.Y. Net County Cost:	\$ 0	Budget Adjustment:	No
	Annual Net County Cost:	\$ 0	For Fiscal Year:	

SOURCE OF FUNDS: General fund, tobacco settlement revenue	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

[Signature]

Consent
 Policy
 Consent
 Policy

Dept's Recomm.:
 Per Exec. Ofc.:

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 RECEIVED RIVERSIDE COUNTY

Prev. Agn. Ref.: | District: | Agenda Number: **3.21**

The Board has committed additional resources for Sheriff's patrol and special-assignment personnel, as well as for prosecution and indigent-defense. But a jail-bed shortage has thrown the justice system out of balance. Federal restrictions on jail population force the Sheriff to release felons and misdemeanants before serving their full sentences. The lack of jail capacity limits the effectiveness of the added personnel and also limits sentencing options.

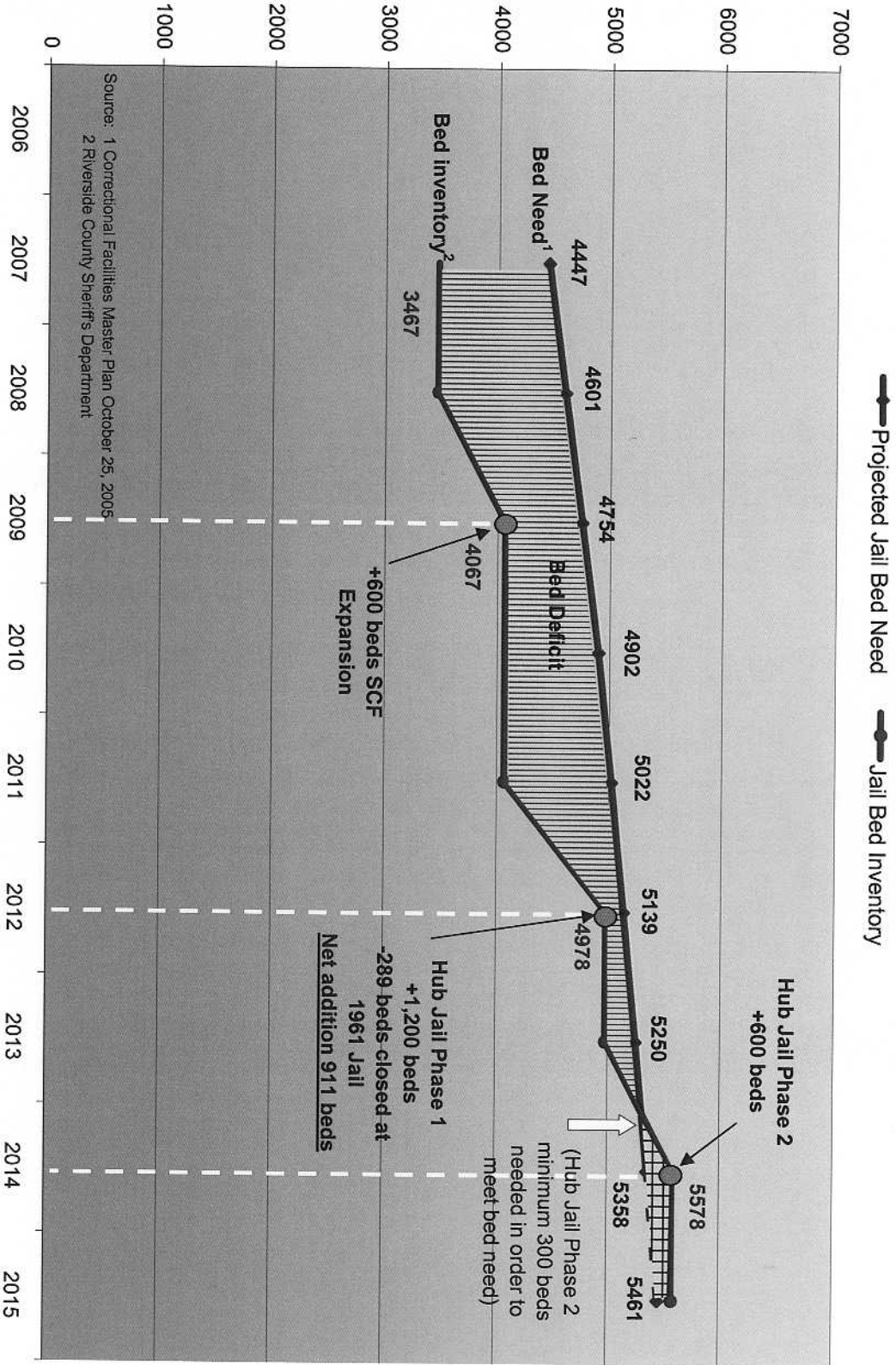
In June 2006, the Board received a hub-jail feasibility update from the Criminal Justice Planning Committee. At that time, the estimated cost for a 1,200-bed hub jail with administrative and support space was \$255 million to \$284 million. From authorization to occupancy, the project could take five years. Operations could cost \$56 million to \$69 million annually.

In the committee's feasibility report, the option of increasing the sales tax to finance hub jail construction was considered but not adopted. Staff was directed to evaluate other financing mechanisms, maximize use of existing resources, and prepare to expand the Smith Correctional Facility (SCF). The Board has since initiated a 600-bed project at SCF. Architectural and environmental-document services agreements have been executed. We expect to complete the design and present a mitigated negative declaration in August. We plan to advertise for construction bids in August, break ground in September 2007 and complete construction in September 2009.

In response to the high priority the Board places on additional jail capacity, and directives to evaluate alternate financing for a hub jail and to prioritize CIP projects, the Board should:

- 1) Declare the hub jail as the highest construction priority.
- 2) Develop construction-funding capacity by considering securitizing tobacco-settlement revenue (TSR). This transaction would exchange a future revenue stream for current construction capital. TSR is presently assigned to the Riverside County Regional Medical Center. A securitization structure that accommodates the RCRMC debt service could be developed. Operationally, RCRMC finances are performing well and the net impact to operations would be evaluated. The alternative to securitization, as indicated in your June 2006 workshop, is to delay, reduce in scope, or delete existing capital projects, with the intention of redirecting debt capacity into a jail, and raise our debt limit above the current 7 percent cap. Redirection would affect CIP existing projects and unfunded CIP projects in various planning stages, for a decade. Raising the debt limit may also affect our financial health.
- 3) Direct a report on current jail cost estimates, timelines, financing program feasibility and options for consideration in the FY 07/08 budget.
- 4) Sequester money annually to staff the 600 bed Smith Correctional Facility expansion and phase-in of hub-jail operations. \$10 Million is planned for FY 07/08, but more financial capacity needs to be developed.
- 5) To build financial capacity, programs that require a new net-county-cost commitment to support operations should be deferred until the budget process. Capital projects reaching decision points requiring additional NCC will be presented for Board policy decision, but until we identify funding for jail construction and operations, new costs are discouraged.

Jail Bed Deficit to New Construction



Source: 1 Correctional Facilities Master Plan October 25, 2005
 2 Riverside County Sheriff's Department