

Official Proceedings
Codington County Justice Advisory Committee
Lake Area Technical Institute, Room 430
Watertown, SD 57201
November 14, 2016

The Codington County Justice Advisory Committee (CCJAC) met on November 14, 2016, at Lake Area Technical Institute. Attending were committee members Al Koistinen, Toby Wishard, Megan Gruman, Tyler McElhany, Lee Gabel and Greg Endres. Absent was Larry Wasland. Also present were non-voting members Tom Walder and the Honorable Robert Spears. Meeting called to order by Chairman Lee Gabel at 6:10 p.m.

Agenda Approved

Motion to approve the meeting agenda was made by Ms. Gruman. Motion seconded, all in favor, agenda approved.

Minutes Approved

Motion to approve minutes of the Oct. 11 meeting was made by Gruman. Motion seconded, all in favor, minutes approved.

Review Options 1 (A&B) and 3 (A&B)

The remainder of the meeting was held in telephone conference with Bruce Schwartzman and DuWayne Jones of BKV Group along with Allen Brinkman, independent jail consultant.

BKV has not made any significant changes in the two option plans. Both the city and county are getting appraisals on their respective sites and hoping to receive the figures in mid-December. Mr. Schwartzman recommended proceeding with soil borings on both of the west US 212 and City Auditorium properties. The cost would be approximately \$3400 per site and would confirm that there are no unforeseen soil conditions at either site. Soil borings can be done concurrently with the appraisals and all the information would be available at the December meeting. Ms. Gruman motioned to recommend to the county commissioners that the county proceed with the soil borings at both sites, assuming that the quote received from GeoTek is still valid. Her motion was seconded; all in favor, motion carried.

Discussion was held regarding a tiered ballot to allow voters to choose between construction/bonding options. Gabel is working with the Auditor and State's Attorney to determine whether or not this is possible.

Discussion was held about the possibility of constructing the roof of a future jail to accept an additional story. This would enhance future expandability. Constructing a new building in this way would affect the foundation and the roof joists and decks. HVAC would need to be considered for proper placement.

This might be especially helpful for the auditorium site, because of its downtown location. Mr. Schwartzman estimated a \$150-250K cost impact.

The “Do-Nothing” Option

Short-term and long-term consequences of taking no action on the jail were discussed (see attached). Should the county take no action on updating the jail, it would be prudent to apply American Correctional Association (ACA) standards to the current jail to the degree possible. The ACA floor space standards would reduce jail capacity from 96 to 62 beds (based on Garnos’ report). This would reduce county liability by improving space-per-inmate to be closer to ACA standards. This reduction in capacity, along with an expected increase in average daily inmate population (ADP) of 4 to 6 per year, could have the following consequences:

- Inability to house out-of-county inmates. Estimated loss of \$180K in annual revenue to the county.
- Requirement to house some Codington County inmates out of county at a likely cost of at least \$60-70 per day. Estimated annual cost of \$300K to the county.
- Possible construction cost inflation as long as addressing justice facility issues is postponed. 4% annual inflation is an appropriate figure for planning. This would be rough impact of \$1M per year, to resolve known jail and court facility issues.
- The jail and justice facilities would continue to lack security and safety features exposing the county to liability.
- Judge Spears also noted the societal costs from the impact of backlogged civil trials, which cannot be quantified.

Historical Preservation Considerations

The city auditorium is on the National Register of Historical Places. This adds the requirement to consult with the South Dakota Historical Preservation Office (SHPO) during the design phase. Mr. Gabel is in contact with SHPO. Any construction projects should make a reasonable effort to preserve the historical features. This applies to both courthouse and auditorium. The county has NO INTENT to tear down any historical structures. Should the auditorium site be chosen, the plan is to preserve at least the façade.

Tax Impact

The committee reviewed what Toby Morris of Dougherty & Co. shared at the last meeting regarding tax impact estimates. A video is being made explaining tax impact, to be shown at the next public meeting. Consideration will be given to adding an overview on property tax revenue disbursement.

Housing out-of-county inmates and Options for Cooperation with Other Counties

Discussion was held about the perception among some members of the public that Codington County’s jail problems are caused by housing out-of-county inmates. It is important to emphasize that the county jail is first and foremost meant to meet Codington County’s need to house inmates. However, if space is available, housing out-of-county inmates makes sense. The cost of operating the jail is relatively constant whether or not other counties rent beds in the facility. Renting beds to other counties when space is available generates additional revenue. Furthermore, housing out-of-county inmates, when

possible, enhances public safety and justice regionally, which has a positive impact upon Codrington County. These same principles would apply to a new jail facility.

Concerning options for other counties to participate, Gabel reported that the county is working on three options:

1. Join a regional jail compact. If another county wants to permanently guarantee a certain number of beds, it could commit to paying an appropriate portion of the bond for the entire term of the bond. This would guarantee an at (operational) cost bed rate
2. Pay a "non-member" daily bed rate with agreement on the rate that incorporates the cost operations and the cost of the bond.
3. Pay an annual fee to guarantee a desired number of beds. This annual fee would cover both operation and bond expenses, but be discounted in return for agreeing to a whole year.

Mr. Gabel and Sheriff Wishard have talked with the sheriffs of Clark, Hamlin and Deuel counties. Gabel plans to discuss these options with the commissioners of these counties soon.

Public Presentation December 6th

The planned agenda for the Public presentation on Dec. 6 includes criteria matrix and site options, estimated project cost, estimated tax impact, neighboring counties' shared cost, impacts of "do-nothing scenario" and next steps. Parking at the downtown location and questions of what will be done with the existing jail building need to be further investigated and addressed.

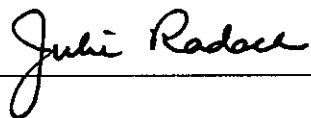
Future Meetings

An additional CCJAC working meeting was added on Wednesday Nov. 30 at 6:10 p.m., LATI, to fine-tune information before the next public meeting.

Public presentations are scheduled for Dec. 6 and Jan. 24, with the possibility to add another one or two if needed.

Unfinished Business, New Business, Open

No further items of discussion were presented. Motion to adjourn the meeting was made by McElhany, motion seconded, all in favor. Meeting adjourned at 7:42 p.m.



Secretary
CCJAC

November 30, 2016

Date Approved



The "Do Nothing" Option

Assumptions:

- Adjust jail capacity to comply with ACA standards: 62 beds per Garnos study to minimize liabilities & improve security and safety.
- ADP (inmate population) will be 75 to 80 (an increase of 4 to 6 / year)
- Construction inflation about 4% / year

Initial Consequences:

- No longer house for Hamlin, Deuel, Clark & other agencies – loss of \$180,000 annual revenue
- Average at least 7 Codrington County inmates house out of county, at \$60 / day with medical and transport cost estimated yearly cost at \$300,000 / year.
- Net loss $\$180K + \$300K = \$480K$ / year

Long-term Consequences:

- ADP increases cause approximately \$170,000 to \$250,000 / year increase.
- Construction cost annual increase of \$1,000,000 on option 1B (single phase) or \$480,000 for phase 1 (jail only) of option 1B.
- Net loss
 - $\$480K + \$170K + \$1M = \$1.65M$ (single phase)
 - $\$480K + \$170K + \$480K = \$1.13M$ (phase 1 only)



Historical Preservation Update

- Legal requirement to consult the SD Historical Preservation Office (SHPO) (SDCL 1-19A-11.1)
- No requirement to comply with SHPO recommendations, but must make a reasonable effort to preserve.
- Would apply to Courthouse and Auditorium
- Important during the design phase (we are in pre-design currently)
- County has no intent to tear down any historical structures



Tax Impact

Levy Assumptions	
Par Amount:	\$33,500,000
Term:	20
Estimated Interest Rate:	3.25%
Avg Annual Levy:	\$2,304,093
2017 Estimated Value:	\$2,435,461,176
Tax Rate per \$1,000	\$0.95

Levy Assumptions	
Par Amount:	\$16,750,000
Term:	20
Estimated Interest Rate:	3.25%
Avg Annual Levy:	\$1,152,046
2017 Estimated Value:	\$2,435,461,176
Tax Rate per \$1,000	\$0.47

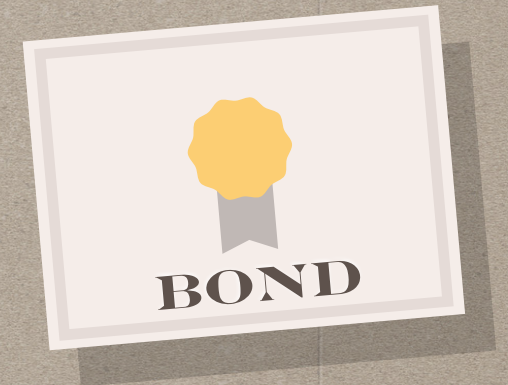
Annual Impact	
<u>Taxable</u>	<u>Impact</u>
\$50,000	\$47.30
\$75,000	\$70.95
\$100,000	\$94.61
\$125,000	\$118.26
\$150,000	\$141.91
\$175,000	\$165.56
\$200,000	\$189.21
\$300,000	\$283.82
\$400,000	\$378.42

Annual Impact	
<u>Taxable</u>	<u>Impact</u>
\$50,000	\$23.65
\$75,000	\$35.48
\$100,000	\$47.30
\$125,000	\$59.13
\$150,000	\$70.95
\$175,000	\$82.78
\$200,000	\$94.61
\$300,000	\$141.91
\$400,000	\$189.21

**FOR THE SAKE OF ARGUMENT,
ASSUME THE "WORST CASE":**

- **\$33.5M BOND PRINCIPLE**
- **20 YEAR TERM**
- **3.25% INTEREST RATE**

**IN 2017,
THIS WOULD MEAN A LEVY OF
95¢ PER THOUSAND**



IF THE TAXABLE VALUE OF MY PROPERTY IS:	MY ADDITIONAL TAX WOULD BE:	
	ANNUALLY	MONTHLY
\$100,000	\$94.61	\$7.88
\$200,000	\$189.21	\$15.77
\$300,000	\$283.82	\$23.65



Working with other Counties

Jail Bond Options	MONTHLY LOAN PAYMENT
	\$90,751

INPUTS	KEY STATISTICS
Purchase Price \$16,000,000	Monthly Loan Payments \$90,751
Interest Rate 3.3%	Total Monthly Payments* \$0
Duration of Loan (in months) 240	Total Loan Payments \$21,737,112
Loan Amount \$16,000,000	Total Interest Paid \$5,737,112
Loan Start Date 1/1/18	

Assumptions	
Avg Annl Bed Days (71.23 ADP)	26,000
Annual Jail Op Cost	\$ 2,000,000
Operation Cost/Bed Day	\$ 77
CIP cost/Bed Day	\$ 42
Full Cost/Bed Day	\$ 119

[Go to Amortization Table](#)

Annual Total \$ 1,089,016

		Participation Options						
		Option 1			Option 2		Option 3	
		Membership in Regional Jail Compact			Non-Member Contract		Annual Guaranteed Bed Contract	
		Participate directly in Bond, pay at cost bed rate			Pay a bed rate the includes CIP portion		Annually Purchase guaranteed beds at a discount rate	
#Beds	%ADP	Bond Share / year	Bed cost @ \$77/day	Est Annl Cost	Est Annl Cost Bed @ \$119/day	Pay ahead discount	Annl Cost	Est Cost Bed day
1	1.4%	\$ 15,246	\$ 28,077	\$ 43,323	\$ 43,365	6.0%	\$ 40,763	\$ 111.68
2	2.8%	\$ 30,492	\$ 56,154	\$ 86,646	\$ 86,730	7.5%	\$ 80,225	\$ 109.90
3	4.2%	\$ 45,739	\$ 84,231	\$ 129,969	\$ 130,095	9.0%	\$ 118,387	\$ 108.12
4	5.6%	\$ 60,985	\$ 112,308	\$ 173,293	\$ 173,460	10.5%	\$ 155,247	\$ 106.33
5	7.0%	\$ 76,231	\$ 140,385	\$ 216,616	\$ 216,825	12.0%	\$ 190,806	\$ 104.55
6	8.4%	\$ 91,477	\$ 168,462	\$ 259,939	\$ 260,190	13.5%	\$ 225,065	\$ 102.77
7	9.8%	\$ 106,724	\$ 196,538	\$ 303,262	\$ 303,555	15.0%	\$ 258,022	\$ 100.99
		Terms			Terms		Terms	
		Member pays at cost bed rate.			No obligations to use CC jail.		Contract County gets corresponding discount rate for whole year, even if pay ahead amount is expended.	
		Member sits on board to set bed rate			Pay full cost rate		Contract County agrees to roll over left over amount year to year.	
		Member guaranteed comensurate number of beds					If guaranteed bed contract is renewed, rollover funds are expended at renewed discount rate.	
							If guaranteed bed contract isn't renewed, rollover funds are expended at full-cost rate.	
							Contract County guaranteed comensurate number of beds.	



Public Presentation December 6th

- Moderator
- Draft Agenda:
 - Videos
 - Housing for Neighboring Counties & Shared Cost
 - Criteria Matrix results and Suggested Site Options
 - Estimated Project Cost
 - Estimated Tax Impact Analysis
 - Impacts of “Do Nothing” Scenario Next Steps
- Key Current Questions



CCJAC Process Status

