

MONTGOMERY COUNTY JAIL COMMITTEE MINUTES
January 13, 2009

The Montgomery County Jail Committee met Wednesday, January 13, 2010, at 6:00 p.m. in the Basement Meeting Room of the Courthouse. The meeting was called to order by Chairman Donna Robinson. Those present were committee members Brad Wright, Donna Robinson, Drue Powers, Ken Rech, Margaret Stoldorf, Roger Ehmke, Jon Young, Clint Rubey, Jim Sifford, and Sheriff Joe Sampson. Ron Brown arrived late. Also present were Prochaska Associates' (for purposes of these minutes, PA) representatives Don Prochaska, Scott Lundberg, and Steve Riley; Smith Hayes (for purposes of these minutes, "SH") representatives Blaine Spady and Andy Snyder; and Supervisors Steve Ratcliff and Karen Blue. Clerk Joni Ernst arrived after returning from a class in Des Moines.

Motion by Sifford, second by Rubey to approve the agenda. All in favor. Motion carried.

Motion by Wright, second by Emke to approve the minutes of the December 14, 2009 Jail Committee Meeting. All in favor. Minutes stand approved.

The Chair called for public comment. No public comment.

Chairman Robinson announced the main focus of the meeting was "funding options" and gave the floor to Smith Hayes who distributed packets of information. They gave a company overview, then stated that bonding and powers of the county will be covered. SH has been writing bonds since 1985; offices Omaha, Lincoln, and Columbus, Nebraska; 54 brokers. SH would do an analysis of limitations with solid legal footing to protect county and bond underwriters. Important to not bring unrealistic expectations, so they feel communications is important. Project continuity would be provided because Prochaska and SH have done jail bond issues in past. SH tells Prochaska how much can be bonded, then turn it over to Prochaska.

Build America bonds are more cost effective than normal tax exempt bonds. SH directed attention to debt service sheet noting coupon rates (market rates) and suggested a 20-year Build America bond (serial bond); 20-1 year bonds takes advantage of yield. 35% subsidy, government would send payment to issuer when payment due. Would like to see bonds issued by 2011, but may be extended.

Second sheet with 35% subsidy (top), over 20 years Federal Government proposing to pay back \$850m, SH would propose non-rated, non insured bond – would work with local banks. Would not spend extra money to rate or insure (Montgomery Co bonds).

Spady/SH directed attention to Powerpoint slide pages; he said the projection is that rates will be steady. Municipal market place hit 40 year low last year and has maybe gone up 20 basis points. Feds at 0% so only place to go is up. He suggested now is a good time to build because materials are low and contractors are hungry. He described several options to enable Montgomery County to build jail. The ability to do bonds is in state statutes. General obligation bonds provide best interest rates and go through vote. Spady/SH spoke of reverse referendum if 10% of voters from last election sign petition it forces a referendum, if no one or less than 10% sign petition it goes forward. He did not know timeframe but Nebraska is 30 days. Another option Spady/SH discussed is for the city and county to form a JPA (Joint Public Agency) operated by a board from city and county with funds out of operational budget. Lincoln (Nebraska) was an example where it worked. Revenue Bonds – would need a pro forma on revenues generated by facility for housing out of county prisoners but would require contracts from other agencies). Lease purchase was presented for investors willing to build, then county would fund annual payments (subject to annual appropriations); this is not as secure as ability to levy taxes (for bond investors). Build America bonds probably would not apply to lease-purchase.

Sifford asked whether private individual can do a Lease Purchase of a jail. Ernst said it is not an option. Spady/SH said he has been talking to Dorsey Whitney (law firm) in Des Moines. He said securities law has no difference in accredited investor and institutional investor, but there may be a statute against it. Build America is a pledge of the Federal Government according to attorneys – trades like treasury (35% subsidy). Government supposedly funded program that was successful.

A traditional tax exempt bond holder pays no Federal tax on income vs. Build America taxable bond where government sends the 35% back to the County which is a better deal for the issuer. Expands the market because some investors may get out of corporate bond market.

Rubey asked if we could close the subject on lease purchase. Spady/SH said he was looking for any way to pay for a jail. SH anxious to work with Montgomery County and would bring in Dorsey Whitney.

Robinson thanked SH for coming and grateful for reading material. She proceeded with agenda item #7 and asked Don Prochaska for input. Per Prochaska, we can spend lots of time making plans but if the plans aren't fundable there is no need to proceed. Riley/PA spoke about the 4 options – what is obvious but may not be to some. He handed out information "Build a New Jail", then went on to discuss referendum date. He spoke of August 3 election, then back-up 90 days to May timeframe, which is comfortable to meet project schedule. The project schedule recommends bi-weekly meetings. Interview of stakeholders has begun with meetings with Sampson and Powers. The options, after some input, will be ranked; by mid-February some numbers could be applied. He suggested there could be a link on the County's website to begin communications; Prochaska would develop graphics. Looking through schedule would have a pre-final estimate by early April and would have Department of Corrections review before Board of Supervisors.

Lundberg/PA explained color drawings and looked at the 4 options: (1) build a new jail, (2) repurpose existing building, (3) renovate existing jail, or (4) update to holding facility with transport of prisoners. A modern facility would have new surveillance and meet housing requirements. Listed separations: male/female minimum security, male/female medium security, male/female maximum security, special needs, administration. Really 3 primary criteria, will have costs in future. Past studies ranged from 24-70 beds; current population shows 8-13 prisoners with peaks of 18-19. Shows little growth over last 10 years. Best to design for moderate growth. Site plan is based on 24 bed jail; if alley is closed, could have drive through sallyport.

Wright asked if existing Sheriff's office would be used. Lundberg/PA said it is best to show taxpayers a plan to use existing buildings. Wright requested verification of plan to demolish existing jail and future expansion. Some discussion continued about usage of ground where jail currently stands. Lundberg/PA said they planned expansion for best use of dollars and suggested a cell could be used as a dayroom to maximize use.

Wright brought back expansion of law enforcement center and said there is no room for police; Lundberg/PA said there would have to be addition of law enforcement in area on drawing marked jail facility.

Lundberg/PA said the best scenario is to have a jail connected to the courthouse, but acknowledged that is not possible as land is not available. The existing site makes sense since it is diagonal from the courthouse. Rubey asked how much ground the County owns south of alley – confirmed only the redemption center building (Washington Annex).

Lundberg/PA clarified that the drawing is to scale but from Google map so may not show all buildings if some are hidden by trees. Prochaska/PA noted the bottom projection is probably 20. Young asked what is square footage; answer was 4,000 sf. Young asked is that a \$4m project? Prochaska/PA

said they could determine the per-bed-cost, add 4 beds to get true cost. Prochaska/PA said the highest count is probably 28 beds, and advised the \$4m is hypothetical.

Lundberg/PA said they could start to put figures/budget together, and that the final goal is to provide something the public can “see”. Repurpose of an existing building is one of the more difficult options; they are working on one in Nebraska that was a former armory (drawing distributed). The key is a large space clearspan; at the center is a master control 24/7 occupied space to observe cells where prisoners are locked in at night. The largest spaces are dayrooms and they plan to have 5-6 dayrooms. The armory was not originally built as a secure building and must provide light (could be skylights); make exterior walls secure and would use steel cells. There are pluses and minuses – space-wise it works but may not be cost effective.

Robinson asked consensus to eliminate consideration of existing building. Rubey suggested modification of page to remove armory drawing and replace it with the No Frills building and keep obstacles list. Jail Standards in Nebraska said zero of seventy (existing building transformations) have worked.

Rubey suggested a motion that renovation of existing building is not feasible – Prochaska/PA suggested the committee look at other options. Stoldorf asked if Rubey made a motion and Rubey said yes; motion died for lack of a second.

Prochaska’s team suggested that renovation of the existing jail – because of the area requirements – does not work because it is just not sufficient for 24 bed jail (drawing shows jail superimposed on drawing).

Riley/PA said that Derek Oneal called Prochaska’s office and suggested that he would be interested in building (old jail) but would not get in the way of the County tearing building down. Riley/PA said it may bear consideration – and asked if there is any interest? Rubey said “that would be a relief”. Wright asked why would we allow that? Prochaska said it may eliminate pushback from the public about tearing down the jail building and would put it back on the tax rolls.

Wright said he has no idea what they would do with this building – his vision is for the jail to be gone and improve the entrance to downtown. Sifford said no one would have more interest in the downtown gateway than Earl and Derek.

Lundberg/PA said they would start looking at parking needs after they information from JFSCO. Rech had enough problems around the library. Lundberg/PA said it has to work for the city and for neighbors.

Rech wanted clarification as to whether Oneal would come to us and asked “wouldn’t the buyer have to purchase the jail before the committee could consider?” Conversation continued about Oneal’s proposal versus public hearing to sell public property. Rech was not comfortable because of the requirement for a public hearing to sell public buildings. Prochaska/PA suggested the direction the committee is going is to allow for existence of jail; the consideration would be a “sale” and committee could take credit for repurposing the building or considering a proposal to upgrade an existing building. Prochaska/PA suggested this would be a good consideration. Rech said he is concerned with all these buildings that go this way and the County would have to find the money to demolish it if, after a few years, the performance bond failed.

Robinson said we should extend an invitation to hear them (Oneal). Sifford asked if they have toured the building? Rubey doesn’t see the downside of listening to them and we could save some money by not tearing it down if we have teeth in the contract. Robinson said we have to represent taxpayers and listen.

Rubey wanted to move to the next option. Rubey wanted to rename “do nothing” so taxpayers don’t get the idea that do nothing costs nothing. The term “hold and transport” was discussed as descriptive for having a holding facility and transporting prisoners out-of-county.

Lundberg/PA went through the drawing. The option to use the existing jail as a holding facility, but there are lots of problems – electrical, etc. Lundberg/PA would have to restore old jail in its entirety whether all the space was needed. Holding facility is not as expensive as a whole jail, but would still have some considerations. Prochaska/PA said it is a costly long term solution.

Lundberg/PA wants to show cost projections for 30 years. Rubey asked for clarifications on transport of prisoners versus 35% Build America bond. Wright suggested the Committee consider all options and not take formal action or eliminate any options.

Wright was concerned about parking. Wright inquired if there was any consideration for inside parking of law enforcement vehicles, and that the cost would offset the cost for vehicles running to get the frost off the windows. There was discussion about the public perception of inside parking. Sallyport would be enclosed. Lundberg/PA suggested that perhaps a metal building could be built later to house cars.

Ernst had reviewed information and advised that a Lease Purchase is an option through the General Fund but is limited to \$400,000 total project costs.

Wright was frustrated when options are presented and are not actually options. Robinson inquired about expectations when we meet again with numbers and expansion of site plan like No Frills building on drawing. Lundberg/PA said we will spend time on one option, flush others out. Rubey asked if they can come up with credible numbers on hold and transport? Prochaska/PA will apply litmus test.

Prochaska/PA spoke about prospective buyers and suggested the Committee will have intuitions. Wright was concerned that the Committee will deny options while other may like their proposal. Robinson would like them to know condition of building.

Rubey are we thinking about joint law enforcement? We talk about it, then it goes away. Are we thinking about where to add space? Then do we know how to share costs (City of Red Oak to County)? Jail? Wright said that’s a County cost – Sampson said not until after they see magistrate. Wright said whatever the County does applies to all county residents.

Rubey mentioned a letter to the editor (Red Oak Express) that made the point that renters don’t pay property tax because it is part of the rent.

The next meeting was set for January 27, 2010, Wednesday at 6:00 p.m.

Motion by Emke to adjourn, seconded by Powers.

DONNA ROBINSON, Chairperson

Margaret Stoldorf, Acting Clerk