



BOARD OF SUPERVISORS
AGENDA LETTER

Agenda Number:

Clerk of the Board of Supervisors
105 E. Anapamu Street, Suite 407
Santa Barbara, CA 93101
(805) 568-2240

Department Name: County Executive
Office
Department No.: 012
For Agenda Of: 10/28/08
Placement: Set Hearing
Estimated Tme: 1.5 hours on November
4, 2008
Continued Item: No
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors
FROM: Michel F. Brown, Ext 3404
Contact Info: Dr. Jason Stilwell, Ext 3413
SUBJECT: County Jail – Northern Branch, Fiscal Analysis Report

Other Concurrence: Sheriff

Yes

Recommended Actions:

That the Board of Supervisors Set a Hearing for an hour and a half on November 4, 2008 to:

1. Receive a presentation and accept a report on the new County Jail – Northern Branch, Fiscal Analysis; and,
2. Direct staff as the Board determines appropriate.

Summary Text:

In March of 2008, the County applied for AB 900 grant funding. AB 900 provides State funding that counties may competitively apply for. The County was awarded conditional funding of \$56.29M, which represents 75% of the projected capital cost of building a 308 bed facility in the North County. In September 2008, the board approved the final conditions of the grant and requested staff return with analysis of the funding options for the project. This hearing will present the Board with a report on funding, financing, and revenue options for the construction and operating costs of the proposed facility.

Background:

The need for additional jail beds in Santa Barbara County has been identified over the years through Court actions, numerous Grand Jury Reports and studies. Currently Santa Barbara County is under a Consent Decree to mitigate jail overcrowding. Over time, the Sheriff's Department has made efforts to

keep jail overcrowding at minimal levels through alternative programs and relaxing of release criteria. However, given the population growth none of these attempts have brought the County near complete elimination of jail overcrowding required by the Courts. According to the Blue Ribbon Commission Report on Jail Overcrowding formed by Sheriff Brown in 2007, the Main Branch Jail facility in Santa Barbara County is currently operating at 120% rated capacity.

While the need was rising for additional beds in Santa Barbra County, the State experienced a similar issue. Consequently, the State enacted AB 900 legislation providing bond funding for State Reentry Facilities and additional county jail beds. The legislation is not currently part of the State FY2008-09 budget due to 'clean-up' items within AB 900 language, but will be part of the Public Safety trailer to be considered for adoption in December of 2008.

The County of Santa Barbara submitted an application for the AB 900 grant funding and was awarded \$56.29M, which represents 75% of the construction cost. The grant funds; however, will place certain legal requirements on the County, including guarantee that the new jail facility constructed will begin operations within 90 days of completion of the project.

Operating cost of the facility is a significant ongoing cost that would require a minimum of 7% reduction from the General Fund Contribution allocation to all county departments. Given the magnitude of the ongoing expenditure required to operate the jail, the County faces a dilemma of accepting the grant to fund 75% of the capital cost and to accept the requirements of the grant or to finance the entire capital expenditure at a greater cost to the County for the one time-portion but to have more flexibility in timing of the project and beginning of operation.

To further the problem, it is currently projected that by the time the jail is expected to begin operations in FY 2013-14, given projected revenues and expenditure needs, the County could be faced with a budget gap of up to \$46.9M not including the added jail expenditure.

In order to balance the budget, the County will be required to either reduce expenditures or generate new revenues.

It is reasonable to believe that the State will expect the County to submit to deliver the Project Delivery and Construction Agreement sometime in the Winter of FY 2008-09. In the event the County executes the Project Delivery Agreement, it will become contractually obligated to transfer title to the property to the state, and construct and operate the new jail. This decision could not be thereafter reversed without breaching the Project Delivery Agreement and exposing the County to a lawsuit if the State seeks to enforce its contractual rights.

Authored by:

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cc:

Sheriff, Bill Brown