PUBLIC SAFETY AND CRIMINAL JUSTICE COMMITTEE

DATE: April 8, 2015

CALLED TO ORDER: 5:35 p.m.

ADJOURNED: 7:43 p.m.

ATTENDANCE

Attending Members	Absent Members
Mary Moriarty Adams, Chair	Benjamin Hunter
Stephen Clay	
Aaron Freeman	
Frank Mascari	
William Oliver	
Marilyn Pfisterer	
Leroy Robinson	
Christine Scales	
Joseph Simpson	

PROPOSAL NO. 67, 2015 - appoints Elizabeth Eglen to the Domestic Violence Fatality Review Team
"Do Pass" Vote: 8-0

PROPOSAL NO. 68, 2015 - reappoints Caroline Fisher to the Domestic Violence Fatality Review Team
"Do Pass" Vote: 8-0

PROPOSAL NO. 106, 2015 - appropriates an additional $3,500,000 in the 2015 Budget of the Department of Public Safety, Indianapolis Fire Department (IFD General Fund) for the purchase of several fire suppression apparatus
"Do Pass" Vote: 8-0

MARION COUNTY JUSTICE CENTER FISCAL FEASIBILITY ANALYSIS – Bart Brown, Council Chief Financial Officer

PUBLIC SAFETY AND CRIMINAL JUSTICE COMMITTEE

The Public Safety and Criminal Justice Committee of the City-County Council met on Wednesday, April 8, 2015. Chair Mary Moriarty Adams called the meeting to order at 5:35 p.m. with the following members present: Stephen Clay, Aaron Freeman, Frank Mascari, William Oliver, Marilyn Pfisterer, Leroy Robinson, and Joseph Simpson. Councillor Christine Scales arrived shortly thereafter. Councillor Benjamin Hunter was absent. Council Chief Financial Officer, Bart Brown, Fiscal and Policy Analyst, Ryan Kramer, and General Counsel, Fred Biesecker represented Council staff.

PROPOSAL NO. 67, 2015 - appoints Elizabeth Eglen to the Domestic Violence Fatality Review Team

Ms. Eglen stated that she is a family doctor with Community Health Network, conducts research on domestic violence, and is working on providing screenings in primary care clinics.

Councillor Freeman moved, seconded by Councillor Simpson, to send Proposal No. 67, 2015, to the full Council with a "Do Pass" recommendation. The motion carried by a vote of 8-0.

Chair Moriarty Adams asked the committee for consent to rearrange the agenda to allow a board appointee time to arrive to the meeting. Consent was given.

PROPOSAL NO. 106, 2015 - appropriates an additional $3,500,000 in the 2015 Budget of the Department of Public Safety, Indianapolis Fire Department (IFD General Fund) for the purchase of several fire suppression apparatus

Ernest Malone, Chief of Indianapolis Fire Department (IFD), stated that the IFD's current Cumulative Fund that is available to purchase apparatus is $1.2 million per year. An engine is roughly $450,000 and a ladder is roughly $800,000. This allows IFD to purchase two apparatus per year. Currently, IFD has 38 apparatus that are more than ten years old. He stated that the best practice is to have frontline apparatus in place for no more than ten years, then move them to reserves for an additional five years. It is ideal to get on a ten-year rotation to keep the apparatus up-to-date. Chief Malone stated that IFD would like to get on a five-year replacement plan. It is planned that after five years, IFD will not have any apparatus that are more than ten years old in a frontline status, the reserve fleet will significantly increase, and they will be able to continue to purchase apparatus with the allotted money in the Cumulative Fund. He stated that the requested $3.5 million will be added to the $1.2 million, which will be used to purchase five engines, two ladders, two rescue squad units, and one tactical unit.

Councillor Pfisterer asked whether IFD is getting a quantity discount on the number of apparatus that are purchased. Chief Malone stated that they work closely with the Office of Finance and Management (OFM) to find the best prices for apparatus to fit their needs.

Councillor Mascari asked what is done with retired apparatus. Chief Malone stated that the IFD support staff works with various contacts to see where the retired apparatus can best be used.

Councillor Clay moved, seconded by Councillor Oliver, to send Proposal No. 106, 2015, to the full Council with a "Do Pass" recommendation. The motion carried by a vote of 8-0.

PROPOSAL NO. 68, 2015 - reappoints Caroline Fisher to the Domestic Violence Fatality Review Team

Ms. Fisher stated that she is a forensics nurse at St. Francis Hospital and cares for domestic violence and sexual assault victims. She stated that she is passionate about primary prevention, adding that if the Domestic Violence Fatality Review Team (DVFRT) is able to assess the situations and make changes within the system to serve victims better, then it is possible that there will be fewer fatalities.

Councillor Pfisterer asked whether the board can see the outcome of the team. Ms. Fisher stated that more education about domestic violence needs to be done in the schools and the community. Councillor Pfisterer asked whether the DVFRT can put together a Public Service Announcement to run on Channel 16. Ms. Fisher stated that she is willing to do so.

Councillor Simpson moved, seconded by Councillor Oliver, to send Proposal No. 68, 2015, to the full Council with a "Do Pass" recommendation. The motion carried by a vote of 8-0.

[Clerk's note: Councillors Freeman and Simpson left at 5:53 p.m.]

MARION COUNTY JUSTICE CENTER FISCAL FEASIBILITY ANALYSIS

David Rosenberg, Deputy Chief of Staff, Office of the Mayor, and Adam Collins, Deputy Mayor of Economic Development, Office of the Mayor, read through a presentation (attached as Exhibit A), making the following key points:

- The Justice Center will house 37 court rooms, which increases safety and efficiency, and adds to the capacity to move people through the system faster.
- Historical Agency year-end expenditure growth has seen an overall combined compound annual growth rate of 4.9% from 1998 to 2014, with a slowing of growth in the recent recession.
- The current long-term path of growing stakeholder expenditures will soon begin to accelerate due to needed Jail I minimum repairs in 2016 and eventually a new jail-only facility no later than 2035.
- The project is not feasible as a jail alone. Without a consolidated facility, efficiencies gained are offset by increasing costs of transportation. Safety issues for personnel and public are also not addressed.
- Taxable financing presents a viable option. Patchwork tax exempt structures do not provide the same level of protection during the entire ownership period and require pledging of other needed funds.
- City personnel and stakeholders have held over 240 meetings within the last two years.

[Clerk's note: Councillor Scales arrived at 6:00 p.m.]

Colonel Louis Dezelan, Marion County Sheriff's Office (MCSO), stated that the current jail is in four different locations: the Arrestee Processing Center (APC), Jails I and II, and 139 beds in the City County Building. The total capacity for all of the facilities is 2,507 inmates, having an average of 2,100 inmates per day; however, the jail has had a total of 2,460 inmates at one time. Currently, inmates are moved by transport vehicles and through a tunnel to attend their court hearings and return to the jails. The new facility will decrease the need for internal transport, as well as keep the inmates away from the general population who are in the Center, including judges and witnesses. The center will also house a much needed and updated medical facility, which will cut the costs associated with sending inmates to the hospital.

Councillor Oliver asked whether MCSO is being charged when inmates go to Eskenazi Health. Colonel Dezelan affirmed. Councillor Oliver asked if MCSO receives charges from Indianapolis Emergency Medical Services (EMS) to transport inmates to Eskenazi. Colonel Dezelan responded in the negative.

Councillor Pfisterer asked if there will be enough beds for the inmates. Mr. Rosenberg stated that there will not be an issue with the capacity in the new jail.

Councillor Clay asked for the total cost of construction and occupancy of just the project. Mr. Collins stated that $408 million is the bid price. Councillor Clay asked how active the stakeholders have been in the planning of the project. Mr. Rosenberg stated that the stakeholders have been active and vocal during the process. Councillor Clay asked whether the stakeholders have endorsed the process. Mr. Rosenberg affirmed, stating that they gave their input to the bidders on what is needed from each agency. Councillor Clay asked why the administration chose this process as opposed to utilizing the referendum process. Mr. Rosenberg stated that taxpayers are already paying for the projected amount within the current budget; however, the program will allow the taxpayers to achieve a savings to monetize the inefficiencies within the current system and increase safety within the facilities, while not exceeding the current budget. Mr. Collins stated that a referendum is required when there is a levy increase; however, no levy increase is required for the project.

Chair Moriarty Adams asked if the letters of support (included in Exhibit A) indicate whether the agencies are alright with their budgets being cut each year. Mr. Rosenberg stated that the budgets would not be cut; rather it would shift where facility and operational costs will be paid within existing budgets. Chair Moriarty Adams stated that, within the letters, she specifically needs to see that the stakeholders agree to have their budgets cut.

Barbara Lawrence, Chief Financial Officer (CFO), MCSO, stated that MSCO has pressing capital needs that will cost roughly $35 million over time. She stated that if nothing is done over the next ten years, then the MCSO budget could increase to the $205 million range.

Mr. Rosenberg and Mr. Collins continued their presentation making, the following key points:

[Clerk's note: Councillor Clay left at 6:40 p.m.]

- The project has a 30% local hiring goal.
- The highest rated financial bid is a $46.8 million annual service payment, which is $3.2 million per year under the City's annual affordability limit.
- Highest rated technical bid is $408 million in capital construction cost, which is over $100 million under the City's estimated construction cost.
- There is a fixed budget certainty over the 35-year timeframe.
- The will be a deduction regime mandates performance on the building.
- Appropriations are determined each year by the Council
- The City is responsible for paying the service fee; providing security through the Sherriff's department; food service; utilities costs; laundry services; maintenance and replacement of FFEs, laundry, kitchen equipment, fiber cable infrastructure; soft landscaping and cleaning inmate occupied areas.
- Under the affordability plan, available savings and revenues cover the required Facility Service Payments at an average rate of 109% from 2018-2024 and more across the 35-year period.

Councillor Mascari asked how much has been spent on the project to-date. Mr. Collins said $5.5 million has been spent. Councillor Mascari asked why a contract was signed before the memorandum of

understanding (MOU) was signed. Mr. Collins stated that when they agreed to the contracts they were getting an idea of the project and the costs associated with it. Afterwards the MOU was taken to the parties.

Mr. Rosenberg and Mr. Collins continued their presentation making, the following key points:

- The project will bring a minimum investment of $400 million and an estimated $7 million minimum spent to the area.
- This project will bring approximately 3,600 visitors to the area on a daily basis.
- Increased needs for access will lead to important infrastructure and transit upgrades in the area.
- City residents and contractors will benefit from the 2,200 jobs created, an unprecedented 30% local hiring requirement, and adhere to strict XBE requirements.
- The mission of the project is to provide a safer, more efficient and more humane facility that is geared towards better outcomes for all stakeholders, and reduces the reliance on detention beds as a means to manage the arrestee population.
- Savings for the project have been identified and agreed to by stakeholders over 18 months.
- The Affordability Plan allows for $37.3 million in savings between 2015 and 2024.
- There is a menu of options that exist to allow for additional savings of $5.9 million annually.
- Under the report's worst case scenario with a $37 million shortfall over the project's initial term, the City would save over $204 million over the life of the project.
- Further delay kills this project, fails to address critical public safety issues, and creates financial uncertainty.

Councillor Mascari asked whether the labors unions will be guaranteed the 2,200 jobs for the project. Mr. Collins stated that Community Workforce Agreement has been signed by all of the labor unions.

Chair Moriarty Adams thanked Mr. Rosenberg and Mr. Collins for their presentation. She then asked Bart Brown, Council CFO, to begin his presentation.

Mr. Brown read through a presentation (attached as Exhibit B), making the following key points:

- New revenue will not be diverted to the project because it can be achieved through the savings.
- Savings and revenues should be directly related to project
- Meet with agencies independently of mayor's consultants
- If proposals are not backed up with documentation then they will not be counted. Saying "Trust us" is not an option.
- Guardian Ad Litem costs were $2.85 million in 2013 and $3.79 million in 2014. The 2015 Budget is $2 million. Courts will need an additional appropriation of $3.5 million this year.
- Indianapolis Metropolitan Police Department (IMPD) Staffing: The Council created a Staffing Commission recommendation call for a net of 270 new officers by 2018. A total of 30 new officers were hired in 2014 with transfer from Fiscal Stability Fund. The Public Safety Income Tax increase resulted in a net of 115 new officers. The additional 125 officers will require $15.63 million per year; however, no revenue source has been committed.
- Other unfunded needs include: the 27th pay; IMPD fleet; IFD fleet; deputy salary parity; increase in Crime Prevention Grants; and cost of living adjustment (COLA) for employees.
- There is a high probability that the next Mayor and Council must raise new revenue to meet an obligation to WMB Heartland Justice Partners.

Councillor Robinson asked what is meant by new revenue. Mr. Brown stated that the new revenue can mean fees; however, the most readily available revenue would be for the Council to raise taxes. Councillor Robinson asked if the Public Safety Tax (PST) has been considered as a source of revenue. Mr. Brown stated that the PST is maxed out.

Chair Moriarty Adams asked how much money is being put into financing for federal holds. Mr. Brown stated that he anticipates $1 million. Chair Moriarty Adams asked how much is taken in for MCSO's federal holds. Colonel Dezelan stated that they have up to 99 beds for $75 per federal inmate per day. Chair Moriarty Adams asked how many beds will be needed to maintain. Mr. Collins stated that according to budget assumptions 150 federal inmates per day at a per diem rate of $85 will be needed to maintain. The per diem rate increased because it costs more than $75 per day to house the inmates. Chair Moriarty Adams asked if the City will be in debt the first 11 years of the 35-year term. Mr. Brown affirmed, stating that there will be a shortfall in the first 11 years. Chair Moriarty Adams asked Mr. Collins if he agrees with Mr. Brown. Mr. Collins responded in the negative, stating that during the first four to five years of operation there will be periods of attrition in areas where the full benefit of the savings will not be realized.

Chair Moriarty Adams called for public testimony.

Joslyn Tandy-Adonde spoke against the Justice Center.

Other business

Councillor Pfisterer stated that she is having her annual job fair at Lakeview Church on April 21, 2015, from 10 a.m. until 2 p.m.

Councillor Oliver stated that the Him By Her Foundation is having a youth fundraiser on April 21, 2015 at the Indianapolis Colts Complex.

With no further business pending, and upon motion duly made, the Public Safety and Criminal Justice Committee of the City-County Council was adjourned at 7:43 p.m.

Respectfully submitted,

Mary Moriarty Adams, Chair
Public Safety and Criminal Justice Committee

MMA/slp

Indianapolis

MARION COUNTY JUSTICE COMPLEX

April 8, 2015

Adam Collins / David Rosenberg
City of Indianapolis

Indianapolis

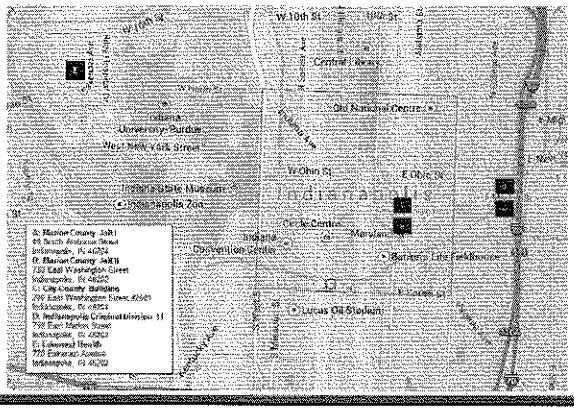
PROJECT BACKGROUND

Project Need & Rationale

Indianapolis

The need for updated criminal justice facilities in Marion County had been studied for over 20 years:

- *Lack capacity.* 37 courts operate in a space designed for 16 courtrooms. Sheriff cannot use every bed because of antiquated and inefficient facilities creating safety risks, especially with youth and female offenders. Jail facilities were already at capacity even prior to a proposed 20% increase in inmates being returned from the State DOC.
- *Are highly inefficient to operate.* The separation of facilities led to unnecessary spending on transportation, redundant contracts, and excess personnel.
- *Are unsafe for users.* Judges, witnesses, victims, defendants, and lawyers all mix in the same corridors.



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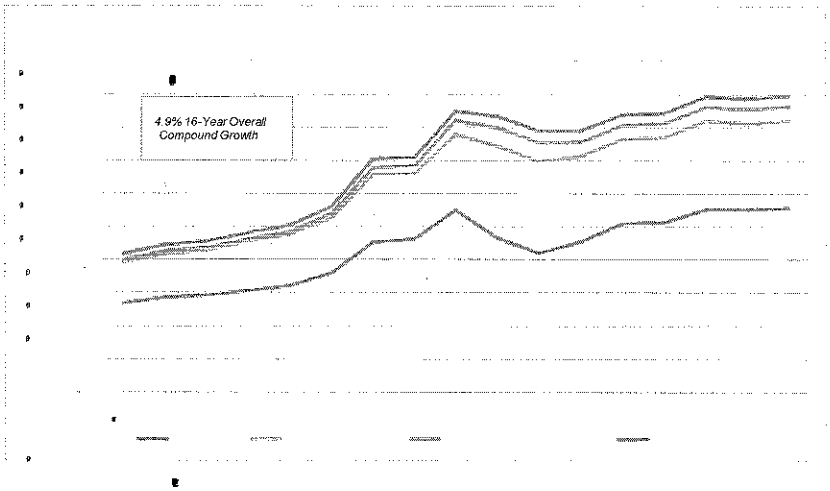
Current Spending: Historical Growth

Indianapolis

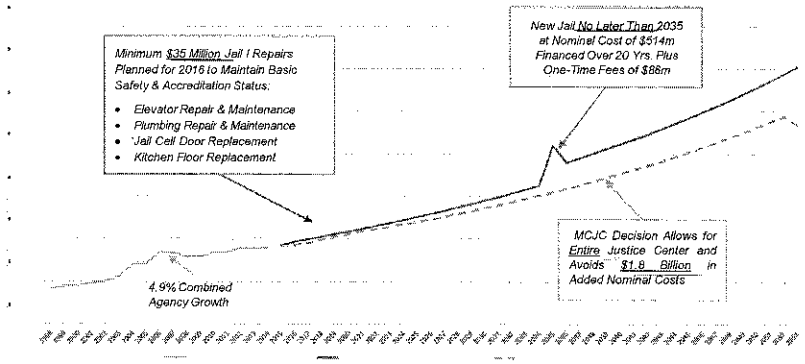
Historical Agency year-end expenditure growth has seen an overall combined compound annual growth rate of 4.9% from 1998 to 2014, with a slowing of growth in the recent recession.



The Cost of "Do-Minimum" Scenario

Indianapolis

The current long-term path of growing Stakeholder expenditures will soon begin to accelerate due to needed Jail I minimum repairs in 2016 and eventually a new Jail-Only facility no later than 2035.



Value for Money – November 2014

Indianapolis

October 2014 Public Sector Comparator versus the WMB Proposal.

$ millions[1]	DBB Traditional Delivery 20-year debt	DBB Traditional Delivery 30-year debt	WMB (as of 11/21/2014)	WMB (as of 4/1/2015)
Service Fee Payment	-	-	$717.6	**$674.5**
Net debt service[2]	$571.6	$573.1	-	-
Operating costs[3]	$217.0	$217.0	-	-
Operating risk adjustment[4]	$60.8	$60.8	-	-
Total Cost of Ownership (NPV @ 5%)	**$849.4**	**$850.9**	**$717.6**	**$674.5**
State tax adjustment[5]	$2.5	$2.5	-	-
Total Cost of Ownership – PBI (NPV @ 5%)	**$851.9**	**$853.4**	**$717.6**	**$674.5**

1. Values shown on an NPV basis at 5.0% to November 1, 2014
2. Net debt service includes total debt service (which is comprised of risk adjusted capital costs) less debt service reserve income and release
3. Operating costs include O&M and lifecycle costs
4. Operating risk adjustment includes O&M and lifecycle risk adjustments; construction risk is included in net debt service
5. The State tax adjustment adds back state tax revenues assumed in the WMB proposal for Indiana's State corporate tax rate
6. While the Value for Money analysis is based on WMB's bid on November 21, 2014, in the intervening period US Treasury rates have dropped. As a result, the fourth column represents what the net present value of the service fees would be if the contract were to be signed on April 1st, 2015.

Project Analysis

Indianapolis

- *Project not feasible as jail alone*
  - Without a consolidated facility, efficiencies gained are offset by increasing costs of transportation
  - Safety issues for personnel and public also not addressed
- *Taxable financing presents a viable option*
  - Important to compare total cost of ownership (construction, capital, O&M, and lifecycle)
  - Patchwork tax exempt structures do not provide same level of protection during entire ownership period and require pledging of other needed funds

Stakeholder Involvement

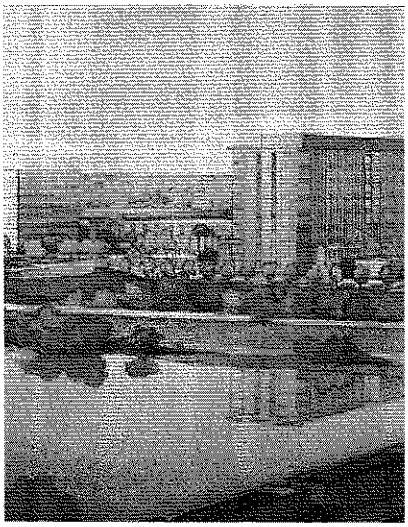
Indianapolis

- City/stakeholders held over 240 meetings*
  - Bi-weekly stakeholder meetings
    - Included representatives from the Sheriff, Courts, Community Corrections, Clerk, Prosecutor, Public Defender, Indy Bar Association, Forensic Services
  - Judges term meetings
    - Executive Committee, Criminal Term, Civil Term, General Term
  - Judges task force meetings
  - Neighborhood task force meetings
  - Transition plan meetings

*Does not include meetings held with stakeholders by advisors

Project Overview

Indianapolis



View of the Courthouse from downtown Indianapolis.

The new Marion County Consolidated Justice Center will be designed, built, financed, operated, and maintained by the selected bidder. The scope of the facility includes:

- 3,000 bed detention facility with on-site medical;
- 960 bed minimum security/ transitional community corrections facility;
- 27 courtrooms and 10 hearing rooms;
- Marion County Sheriff's Department;
- Parking facilities; and
- Space for law office building as a separate development.

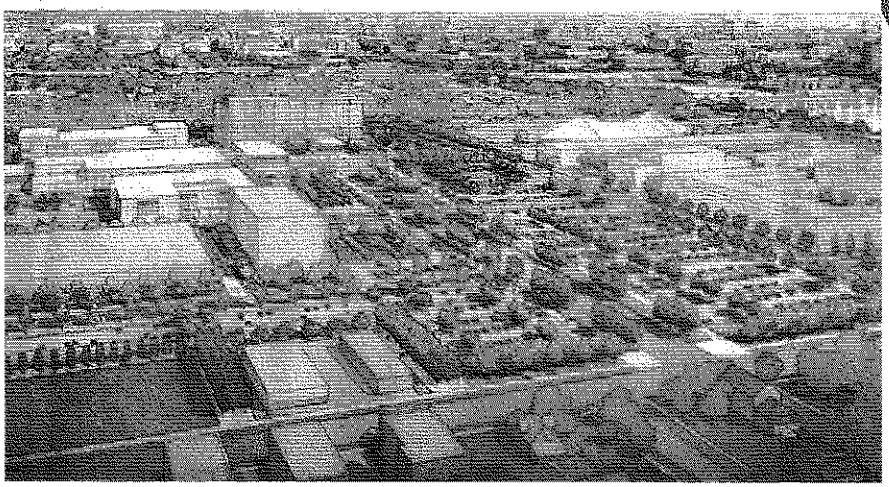
The City had an affordability limit ($50 M annually) that it could afford to spend on an availability payment.

WMB Heartland Justice Partners bid details:

- $408 M construction cost ($100 M under City estimate)
- $46.8 M annual availability payment ($3.2 M per year under affordability limit)
- Fixed credit spreads
- Private placement with brand name US funds

Preferred Bid Rendering

Indianapolis



View of the CJF campus looking north towards the Indianapolis Zoo.

Preferred Bidder

Indianapolis

- WMB Heartland Justice Partners
  - Primary Team Members
    - Walsh Investments, Meridiam Infrastructure, Balfour Beatty Investments
  - Local Team Members
    - Ice Miller - The Hagerman Group
    - Sycamore - IN Strategic Resource Group
    - BAR Communications - Keramida
    - Parsons Brinckerhoff - Cripe
  - XBE and local participation goals are the same as the Eskenazi Health project

WMB Heartland Justice Partners Bid Details

Indianapolis

- **Highest rated financial bid:**
  - $46.8M annual service payment ($3.2M per year under City's annual affordability limit)
    - WMB's investment partners include: New York Life, MetLife, Sun Life Assurance, Massachusetts Mutual Life Insurance
- **Highest rated technical bid:**
  - $408M capital construction cost (over $100M under the City's estimated construction cost)
    - Best site plan, best opportunity for future expansion, best court layout and orientation for views, best community corrections facility, best future arrangement for law office building, and best site use to mitigate environmental concerns

Bid Impact on Other Budget Areas

Indianapolis

- $3.2M per year could fund the following:
  - Return $3.2M to criminal justice agencies for other pressing needs
  - Spend $3.2M per year addressing critical mental health, substance abuse, and homeless issues that plague the justice system
  - Fill over 15,000 potholes annually
  - Provide quality pre-k education for approximately 500 Indianapolis children
  - Put 25 new officers on the street to combat crime

Bid Details

Indianapolis

- **Guaranteed Bid**
  - Each year for the next 35 years, the City/County knows exactly how much it will pay to WMB.
    - Unlike other projects, the risk of overruns is on the private entity; construction overruns on the Library or issues after construction like on Lucas Oil demonstrate projects where the risk is on the City/County.
- **Lifecycle and Handback**
  - At end of 35 years, City will get building back with 5 - 10 years of additional useful life.
- **Deduction regime mandates performance**
- **Appropriation determined each year by Council**

WMB Heartland Justice Partners Structure

Indianapolis

Description

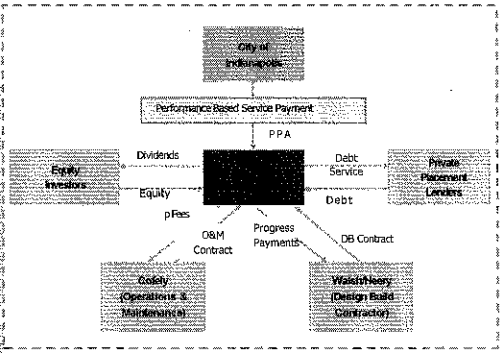
- A Project Company (WMB) is formed for the express purpose of operating the junior center
- WMB is capitalized by equity from Meridiam, Walsh Investors and Balfour Beatty
- WMB receives revenue through the performance based service payments from the City upon achieving occupancy readiness of facility

Equity and Lenders

- WMB contributes cash upfront and receives dividends only once debt is serviced and O&M costs are paid
- Private placement lenders provide debt funding with principal and interest repayment contingent upon WMB's performance
- Private placement lenders have step-in rights to ensure performance and have performed significant due diligence during bid development (ratings, lender technical advisor)

D/B and O&M

- WMB has a design-build contract with the Walsh/Heery, which will include a security package to ensure performance
- WMB will also have a contract with Cofely for O&M; Cofely accepts the risk of performance



Major Terms of the Public-Private Agreement

Indianapolis

Responsibilities

The City is responsible for:

- Paying Service Fee
- Providing security through the Sheriff's department
- Food service
- Utilities costs
- Laundry services
- Maintenance and replacement of FFE, laundry, kitchen equipment, fiber cable infrastructure
- Soft landscaping
- Cleaning in inmate occupied areas

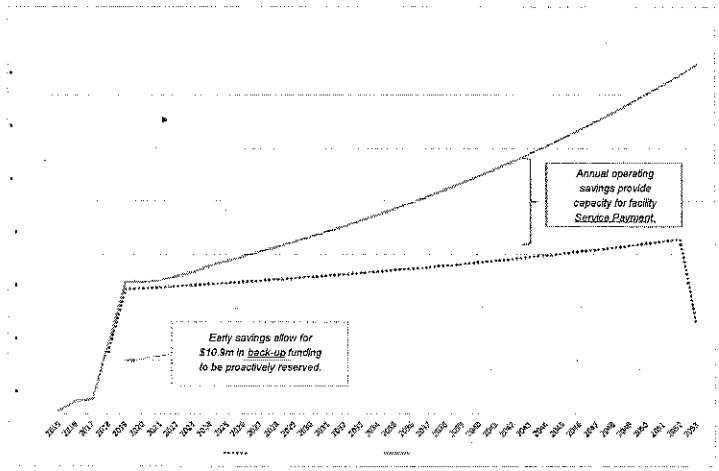
WMB is responsible for:

- Design
- Construction
- Finance
- Plant Services
- Environmental Issues
- Lifecycle Replacement and Refurbishment Services
- Help Desk Services
- Emergency Management Services
- Utilities Management Services
- Environmental and Sustainability Services
- Cleaning Services (areas not occupied by inmates)
- Roads and Grounds Maintenance Services (excluding soft landscaping)
- Waste Management & Recycling Services
- Pest Control Services
- Parking Operations

35-Year Outlook: Affordability Plan

Indianapolis

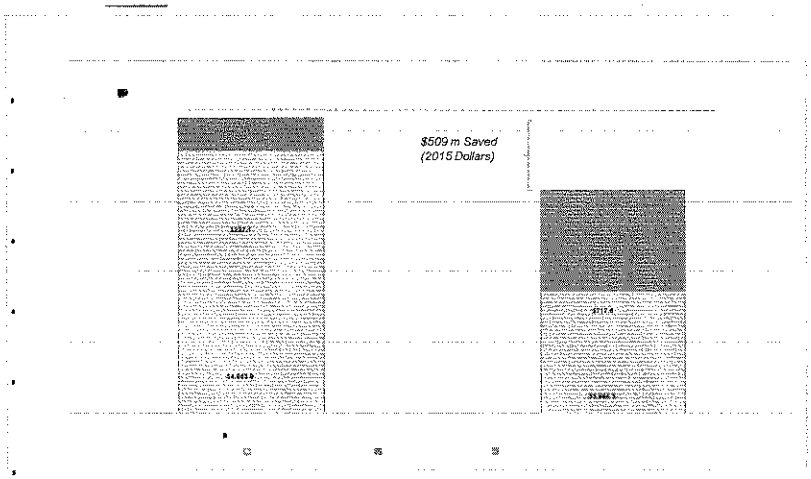
Under the affordability plan, available savings and revenues cover the required Facility Service Payments at an average rate of 109% from 2018-2024 and more so across the 35-year period.



35-Year Outlook: Current Decision

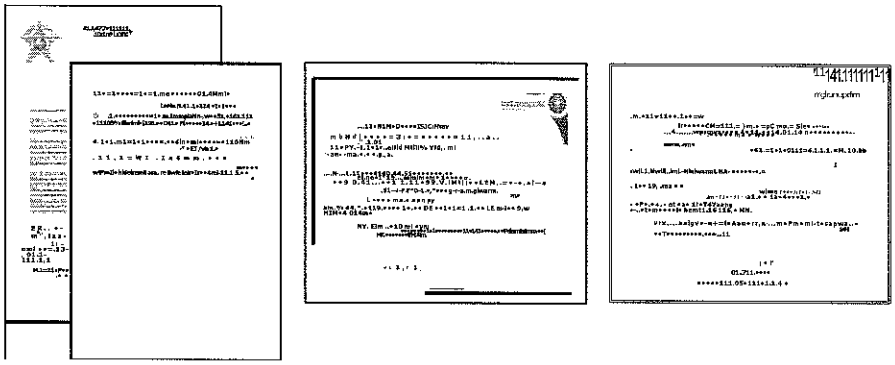
Indianapolis

The current path of 2016 minimum jail repairs and 2035 jail replacement results in high operating costs, while the adjusted path of building the new facility under the PPA allows for more than $500 million saved in today's dollars.



Transition Plan Stakeholders **Indianapolis Li**

Stakeholders below have indicated their support and ***ownership of*** *the Affordability & Transition Plan,* ***demonstrating*** *their commitment to a* ***successful implementation and diligent monitoring of it.***



Sheriff's Office Superior Courts Community Corrections

Project's Estimated Economic Impact

Indianapolis

- The project will bring a minimum of a $400,000,000 investment and estimated $7,000,000 minimum spend to the area
  - In addition to this project, this project will provide opportunities for adjacent commercial development (specifically retail and office uses)
- This project will bring approximately 3,600 visitors to the area on a daily basis
  - Number represents 2,500 employees and 1,100 unique visitors
- Increased needs for access will lead to important infrastructure and transit upgrades in the area

Project's Job Totals

Indianapolis

- **2200 total jobs during 3 year construction period**
  - 1700 construction trade workers
  - 500 Local trucking, suppliers, & vendors
  - Hundreds of additional jobs during 35 year O&M period
- XBE goals
  - 15, 8, 3, 1 (same as Eskenazi Health project)
- Local Hiring
  - 30% requirement
  - First public project to ever hold this requirement

Project Mission

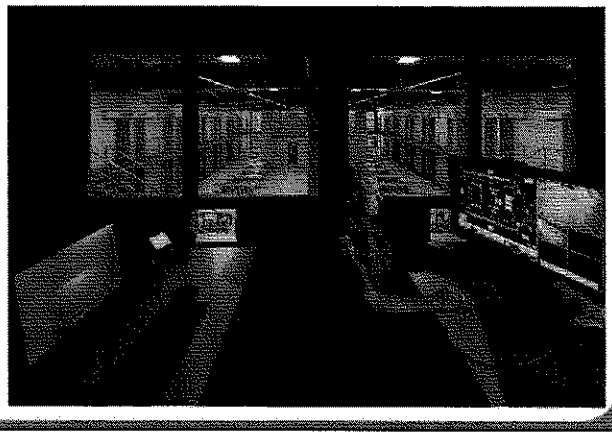
Indianapolis

- Identify a Long-Term and Permanent Facilities Solution to Solve or Mitigate the Chronic Issues Suffered by Indianapolis/ Marion County Public Safety Services, and Advise on the Budget, Timing and Implementation of Project.
- Provide a Safer, More Efficient and More Humane Facility that is Geared Towards Better Outcomes for all Stakeholders, and Reduces the Reliance on Detention Beds as a Means to Manage the Arrestee Population.
- Provide more Options for Arrestees that Need Mental Health Intervention.

Safety First

Indianapolis

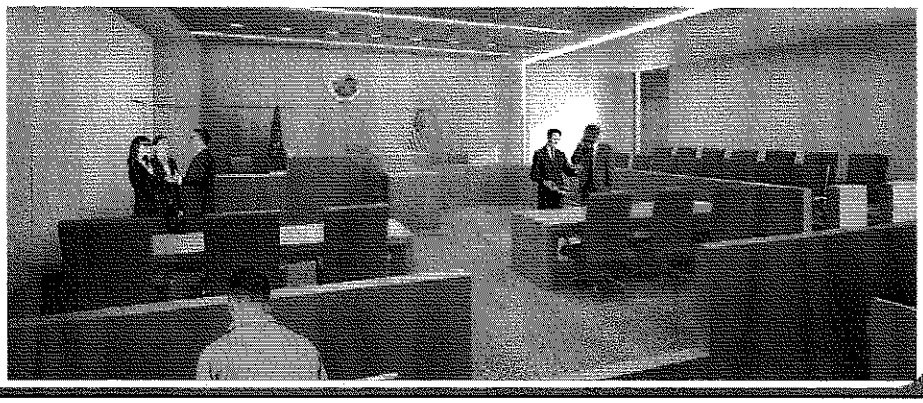
- Better Staff to Inmate Ratio
- Modern, Efficient Intake and Processing
- Fewer Points of Entry and Exit
- Dedicated Secure Pathways
  - Judges and Staff
  - Public
  - Volunteers
  - Inmates



Access to Justice

Indianapolis

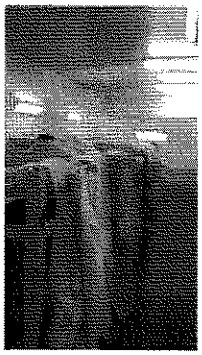
- Attorney/ Client Spaces
- Coordination of Services
- Set up for Speedy Hearings and Trials
- Improved Ability to Manage Inmates



Humane Treatment for All

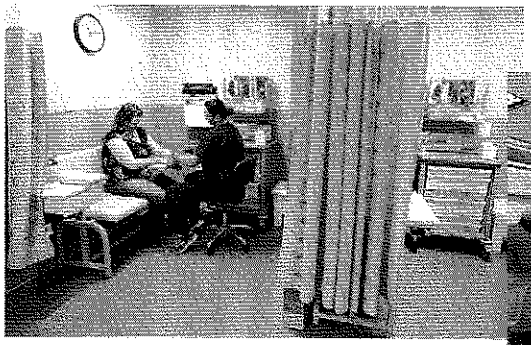
Indianapolis

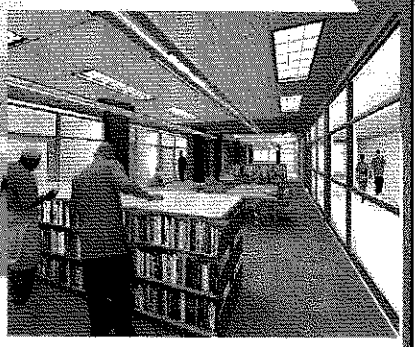
- More Effective Classification
- Therapeutic Environment with Continuum of Care
- Protection From Cruel and inhuman Treatment
- Access to Constitutionally Minimum Care



Reversing the Trends of Incarceration

Indianapolis



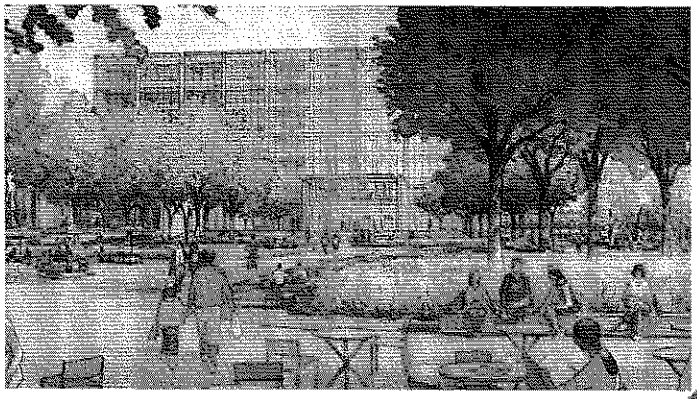


- Effective Screening and Treatment at Intake
- Better Access to Courts
- Medical/ Mental Health Treatment Facilities
- Diversion to Community Corrections
- Programs, Education and Treatment

Commitment to the Community

Indianapolis

- Center of New Neighborhood Development
- Local Jobs for Construction and Operations
- Meridiam Foundation to Fight Recidivism, Illiteracy and Homelessness
- Campus can Accommodate Future Alternative Treatment Facilities



Indianapolis

CONCLUDING REMARKS

Umbaugh Report

Indianapolis

- **Value for Money Analysis**
  - Artificially low discount rate
    - Assumes no inflation or other macroeconomic influences
  - Incomplete and unverifiable construction costs
    - Contingencies and other standard DBB costs are omitted
  - Assumes no risk in design, construction, or operation
  - O&M and lifecycle costs are not achievable by Building Authority
  - Does not take into account practical issues
    - No construction cost increase due to escalating costs
    - No risk of inflation for rising interest rates and 12-18 months lag in financing
    - No site or funding for associated increase in costs

Umbaugh Report

Indianapolis

- **Affordability Analysis**
  - Savings identified and agreed to by stakeholders over 18 months, not consultants or the administration
  - Affordability Plan allows for $37.3 million saving between 2015 and 2024
  - Menu of options exist to allow for additional $5.9 million in savings annually
  - Even under report's worst case scenario with a $37 million shortfall over the project's initial term, the City would save over $204 million over the life of the project

Concluding Remarks

Indianapolis

The City has spent significant time and resources evaluating the most effective solution

The City and its advisors have engaged stakeholders and the user community at unprecedented levels over an 18 month period consisting of over 240 individual meetings

The City received the benefit of an aggressive market, with five market leaders participating in a transparent and competitive process

The City has a hard, committed bid from an experienced and credible team that incentivizes performance, provides fixed budget certainty, and saves the City money year over year

The City will benefit from the economic development potential of this project, both in the neighborhood and downtown

City residents and contractors will benefit from the 2,200 jobs created, an unprecedented 30% local hiring requirement, and adhere to strict XBE requirements

The City will solve a problem that has plagued the community for over 30 years without burdening current or future taxpayers

Further delay kills this project, fails to address critical public safety issues, and creates financial uncertainty

CONSOLIDATED JUSTICE FACILITY:

FISCAL FEASIBILITY ANALYSIS

COUNCIL STAFF REPORT
TO
THE PUBLIC SAFETY & CRIMINAL JUSTICE COMMITTEE
APRIL 8, 2015

COUNCIL INSTRUCTIONS

THE CITY-COUNTY COUNCIL OF INDIANAPOLIS AND MARION COUNTY

The following are requests made by several Councilors as we looked into the affordability of this project.

- Were all options vetted?
- Interested only in 100% Guarantees
- Make sure there is at least 110% coverage
- Savings and revenues should be directly related to project
- Meet with agencies independently of mayor's consultants
- If it's not backed up with documentation don't count it – "Trust us" not an option

AFFORDABILITY ANALYSIS - SHERIFF

THE CITY-COUNTY COUNCIL OF INDIANAPOLIS AND MARION COUNTY

Numbers are based on 2019

In $millions

SHERIFF - ADMINISTRATION					
			HOK/KPMG		Council Staff
Char. 1	TOTAL		$1.90		$1.90

SHERIFF - JAIL					
			HOK/KPMG		Council Staff
Char. 1	Personnel		$5.0		$5.0
Char. 3	Contractual Costs				
	CCA	$19.7		$19.3	
	Rent	$5.70		$4.80	
	Eskenazi*	$3.60		$0.00	
	Total Char. 3		$29.0		$24.1
Revenue	Medicaid Recovery*		$2.30		$0.00
Revenue	Federal holds		$2.50		$1.00
	TOTAL		$38.8		$30.1
			DIFFERENCE		($8.7)

* These savings/revenues are not related to efficiencies from consolidation

AFFORDABILITY ANALYSIS
COURTS, CLERK & COMMUNITY CORRECTIONS

THE CITY-COUNTY COUNCIL OF INDIANAPOLIS AND MARION COUNTY

COURTS					
			HOK & KPMG		Council Staff
Char. 1	Personnel (net)		$0.30		$0.30
Char. 3	CCB Rent		$2.00		$1.70
Char. 3	Community Court Rent*		$0.20		$0.20
Char. 3	Traffic Court Rent		$0.20		$0.20
	TOTAL		$2.70		$2.40

CLERK					
			HOK & KPMG		Council Staff
Char. 1	Personnel		($0.10)		($0.10)
Char. 3	Rent		$0.00		$0.00
	TOTAL		($0.10)		($0.10)

COMMUNITY CORRECTIONS					
			HOK & KPMG		Council Staff
Char. 3	Rent		$0.20		$0.20
Revenue	Increase from DOC		$0.20		$0.00
	TOTAL		$0.40		$0.20
			DIFFERENCE		($0.20)

AFFORDABILITY ANALYSIS – OTHER

THE CITY-COUNTY COUNCIL OF INDIANAPOLIS AND MARION COUNTY

In $millions	HOK & KPMG	Council Staff
PARKING REVENUE	$4.70	$3.60
BACKFILL OF CCB SPACE	$1.40	$1.00
UTILITIES	($1.80)	($1.80)
TOTAL	$4.30	$2.80
DIFFERENCE		($1.50)

Project	Date Approved by Council/MDC	Revenue from Sale of Land	Progress	Expected completion	Note
Mass Ave Project	Jun-13	$0, land was contributed as part of incentive package	2 years later, still no construction and no property tax revenue	Late 2016, Early 2017	
MSA	Mar-14	0$, land was contributed as part of incentive package	1 year later, construction just started	Early to Mid 2017	
Cummins	Fall of 2014	Cummins bought property for $4.3M*	Construction started	Late 2016, early 2017	70% of Cummins property taxes abated for 10 years, $3.3M from TIF
21C Hotel	Early 2015	0$, land was contributed as part of incentive package	No construction yet	Late 2017, Early 2018	$9M loan from TIF, does not pay property taxes

SUMMARY OF AFFORDABILITY ANALYSIS

THE CITY-COUNTY COUNCIL OF INDIANAPOLIS AND MARION COUNTY

High Risk and Not Related

	HOK/KPMG	Council Staff
Eskenazi	$3.60	$0.00
Medicaid Recovery	$2.30	$0.00
Increase from DOC	$0.20	$0.00
Difference	$6.10	

Moderate to High Risk but Related

Sheriff Rent	$5.30	$4.80
Federal Holds	$2.50	$1.00
Backfill CCB	$1.40	$1.00
Parking	$4.70	$3.50
Difference	$3.60	

In $millions

	HOK & KPMG*	COUNCIL STAFF	DIFFERENCE
Total Availability of Savings/ Revenue	$48.00	$37.30	$(9.70)

* Does not include proceeds from land sales

STAGE 2: AFFORDABILITY ANALYSIS – WMB ESTIMATED FEES

THE CITY-COUNTY COUNCIL OF INDIANAPOLIS AND MARION COUNTY

In $Millions	WMB Yearly Fee	Council Staff Estimate Available	Less Sheriff Attrition	Adj. Council Staff Avail.	Shortfall
2018	$21.90	$17.15	($2.91)	$14.24	($7.66)
2019	$44.30	$37.30	($3.11)	$34.19	($10.11)
2020	$44.66	$38.05	($0.52)	$37.53	($7.13)
2021	$45.02	$38.81		$38.81	($6.21)
2022	$45.78	$39.58		$39.58	($6.20)
2023	$46.17	$41.27		$41.27	($4.90)
2024	$46.58	$43.00		$43.00	($3.58)
2025	$49.19	$44.76		$44.76	($4.43)
2026	$49.62	$46.56		$46.56	($3.06)
2027	$50.07	$48.39		$48.39	($1.68)
2028	$50.53	$50.25		$50.25	($0.28)
	Cumulative Shortfall				($55.24)

Notes
1. Available council staff estimate adjusted up by 2% per annum
2. 2018 includes one time reduction of $1.5 million for fiber cable run from CCB
3. APC debt retired in 2022
4. Sheriff has made "No Layoffs" pledge to achieve Char.1 savings
5. Sheriff Attrition rate assumes 5 deputies per month starting in July 2018
6. WMB yearly fees are based on 30 year Treasury = 2.42%

CITY AND COUNTY FUNDING NEEDS – OPPORTUNITY COSTS

THE CITY-COUNTY COUNCIL OF INDIANAPOLIS AND MARION COUNTY

- Guardian Ad Litem
  - Costs were $2.85 million in 2013 and $3.79 million in 2014
  - 2015 Budget = $2 million
  - Current estimate: Courts will need additional appropriation of $3.5 million this year
- IMPD Staffing
  - Council created Staffing Commission recommendation call for net 270 new officers by 2018
  - 30 new officers hired in 2014 with transfer from Fiscal Stability Fund
  - Public Safety Income Tax increase resulted in net 115 new officers
  - The additional 125 officers require $15.63 million per year
  - No revenue source has been committed
- Other Unfunded Needs: 27th pay, IMPD Fleet, IFD Fleet, Deputy Salary Parity, Increase in Crime Prevention Grants, COLA for employees

PROSECUTOR AND PUBLIC DEFENDER

THE CITY-COUNTY COUNCIL OF INDIANAPOLIS AND MARION COUNTY

Table 7-20

Projected Space Need and Cost

	Net Square Footage	Gross SF Current Estimate	Estimated Gross Square Feet Needed	Estimated Cost Low-Rise Outside of Downtown[1]	Estimated Cost High-Rise Downtown[2]
Sheriff					
Consolidated Detention Center[3]	557,892	697,365	962,500	$336,900,000	$409,100,000
Arrestee Processing Center	30,000	37,500	53,000	$18,600,000	$22,500,000
Subtotal	587,892	734,865	1,015,500	$356,500,000	$431,600,000
Courts					
Courts	185,496	231,870	231,000	$80,900,000	$98,200,000
Public Defender	51,066	57,740	63,000	$22,500,000	$27,600,000
Prosecutor	77,615	86,239	92,000	$34,000,000	$41,200,000
Subtotal	315,077	375,849	386,000	$137,700,000	$167,000,000
Coroner and Crime Lab	46,000	51,111	75,000	$26,300,000	$31,900,000
Grand Total	**948,969**	**1,161,825**	**1,483,500**	**$519,500,000**	**$630,500,000**
Estimated Annual Debt Payment[4]				**$37,700,000**	**$45,800,000**

[1] Estimated at $350 per square foot
[2] Estimated at $425 per square foot
[3] Calculated at 275 gross square feet per bed with 3,000 beds
[4] Assumes 30 Years Level Debt Service at 6% Interest
Source: GIPC

PROSECUTOR AND PUBLIC DEFENDER

THE CITY-COUNTY COUNCIL OF INDIANAPOLIS AND MARION COUNTY

- Total estimated space needs = 162,000 sq. ft.
- Construction costs adjusted to 2015 = $63,928,000
- Finance $64 million for 30 years at 3.75% = $3,570,000 annual debt service
- O&M at $9 per sq. ft. = $1,458,000 per year
- Minimum annual requirement = $5,028,000

Available Adjusted for 2019		
Prosecutor		$1,545,000
Public Defender		$1,324,000
	TOTAL	**$2,869,000**

CONCLUSION

THE CITY-COUNTY COUNCIL
OF INDIANAPOLIS AND
MARION COUNTY

There exist a high probability that the next Mayor and Council must raise new revenue to meet an obligation to WMB

MARION COUNTY JUSTICE FACILITY

Value for Money Assessment

Umbaugh VfM

$ millions			
	D-B-B	D-B	WMB
Availability Payments	NA	NA	$903.8
Net Debt Service (1)	$656.7	$528.8	NA
Operating cost ($6.31 Sq. ft.)	152.3	152.3	-
Lifecycle cost ($1.77 Sq. ft.)	32.2	32.2	-
Operating risk adjustment	-	-	-
Cost before state tax adjustment	$841.2	$713.3	$903.8
State Tax Adjustment	-	-	-
Total cost	$841.2	$713.3	$903.8

Pricing for structure is $546, $440.1 and $408 million, respectively in each of the models.