



Best Practices for Developing Jail Expansion, Renovation, and New Construction Projects



Developing a Strategic Approach Plan for Project Success

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Initial Steps

- Engage professionals to assist with problem assessment and desired outcome determination
- Engage a financial advisor and/or bond counsel to ascertain the County's financial capacity and options available to fund the TBD need
- Conduct the mandatory *Regional Jail Study* while completing a formal "needs assessment"
- Seek proposals and/or engage design professionals to assist with existing/alternative site assessments and design development concepts

Pre-Construction Phase Steps

- Working with the Professional team and the Owner as they position the project for financing, develop the anticipated project budget requirements and budget validation throughout the project development process
- Ascertain the impact of proposed improvements upon the County's anticipated operational efficiencies and operational/maintenance costs going forward
- Validate the constructability of proposed architectural and engineering design concepts as they are being drafted
- As a team, develop the most appropriate site design and utilization, material selections, equipment, and construction methods
- Make recommendations for corrective action **at any point** the anticipated cost to construct the design appears to exceed the project budget

Pre-Construction Phase Steps

- Divide the project into individual prime contracts, preparing an estimated cost of each anticipated prime contract with supporting detail, with the goals of scope of works for each package crafted to be:
 - (A) promote bidding interest
 - (B) afford maximum opportunity to “local” bidders
 - (C) achieve the very best financial value for County Taxpayers
 - (D) reduce opportunities for change orders

Pre-Construction Phase Steps

- Prepare a construction schedule providing the following:
 - Components of work
 - Milestone dates indicating the start and finish dates for each phase of the project
 - Required start and finish dates for each prime contractor
 - Milestone dates for the ordering and delivery dates of long lead items
 - Detailing the requirements of the Owner
- Expedite and coordinate the delivery of long lead items
- Coordinate surveyors, consultants, and testing services

Pre-Construction Phase Steps

- Once updated construction phase drawings are complete, revise and affirm the construction cost estimate – pre-bid
- Solicit bidders to develop bidding interest, draft and issue a bidding schedule, issue bid documents, conduct a pre-bid conference
- Assist architect and engineers with responses to bidders
- Receive bids, prepare bid analysis sheet to compare bids for best value selection, and make recommendations to the Owner

Pre-Construction Phase Steps

- **Complete the Project's financing, selling the bonds, etc.**
- Assist the Owner in the preparation of prime contracts
- Obtain building permits and special permits as required
- Issue construction contracts plus give formal notice-to-proceed

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Funding Strategies for Consideration

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Local Income Tax (LIT) – Correctional and Rehabilitation Facilities – The Basics

- Authorized under IC 6-3.6-6-2.7
- May be used to pay the costs of correctional and rehabilitation facilities
 - Capital and/or operating costs are eligible
- Maximum rate of 0.20%
 - Increments of 0.01%
 - Considered a component of a county's "Expenditure" LIT rate which has a maximum total rate of 2.50% (2.75% in Marion County)

Correctional and Rehabilitation Facilities LIT - Mechanics

- Imposed by County Council ordinance following a public hearing
- Revenues are dedicated to the county for the authorized purpose only, no distribution to other taxing units
- May be pledged to repay bonds or leases to fund eligible facilities
- Maximum term of the tax is 20 years
- Timing of imposition:
 - Ordinance adopted prior to August 31, 2019:
 - Effective date of October 1, 2019
 - First revenues in 2020
 - Ordinance adopted September 1-October 31, 2019:
 - Effective date of January 1, 2020
 - First revenues in 2020
 - Ordinance adopted November 1-December 31, 2019:
 - Effective date of October 1, 2020
 - First revenues in 2021

Jail Projects – Funding Considerations

- **Big Picture**
 - How does the jail project fit into your county's overall capital plans?
 - What are your county's outstanding financial obligations?
 - How does your county fund capital and operating expenses?
 - What are the financial trends in your county?
- **Project**
 - What is the financial scope of your proposed project?
 - What is the timing of your project?
 - What are your available financial resources?
 - Correctional/Rehab LIT
 - Expenditure LIT rates
 - Property taxes
 - Other resources (TIF, grants, etc.)
 - How will the new facility's operations be funded moving forward?



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NEW OPTIONS; NEW REQUIREMENTS

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Regional Jail Study

Newly enacted IC 36-1-8-19 requires a regional jail study:

- Prior to beginning the construction or reconstruction of a county jail
- Prior to submission of final jail plans or specifications to the Indiana Department of Correction for approval

When not required:

- If prior to July 1, 2018, County Commissioners has voted on or otherwise approved a proposal or contract for construction or reconstruction of the county jail

Regional Jail Study

Required Information

A projection of the county's future jail needs

- Includes the number of inmates
- Includes the characteristics of the inmates

Regional Jail Study

Required Information

Determine feasibility of housing inmates in another county or a multicounty jail

- Solicit interest of immediately adjoining counties in regional jail facility
- Determine excess capacity in neighboring counties
- Examine inmate transportation and processing logistics
- Explore allocation of governance and fiscal responsibilities

Regional Jail Study

Required Information

Financial impact of alternatives

- The estimated costs, including construction and operations
- Debt service amount to finance all or a portion of such costs
- Tax rates necessary to cover the debt service and operating costs; either property tax rates or income tax rates or both

Regional Jail Study

Approval Process

- Board of Commissioners only body required to approve the regional study
- Public hearing and opportunity for public testimony required prior to approval

Regional Jail Agreements

General Authority

- A County may enter into an agreement for the construction, maintenance, or operation of a regional jail
- The new statutes supplements, but does not limit, the County's existing authority to enter into interlocal agreements
- The agreement may be with another political subdivision, the State of Indiana, another state, or a federal agency
- County Commissioners may not enter into the agreement unless first approved by the County Council and the County Sheriff

Regional Jail Agreements

Required Terms

A regional jail agreement must contain the following terms, in addition to those generally required in an interlocal agreement:

- the location of the regional jail
- the acquisition, construction, leasing, maintenance, repair, operation, termination, of operations and administration of the regional jail
- the manner of determination of each entity's proportionate share of funding
- the standards that will apply to the regional jail
- The method of determining the inmate programs

Regional Jail Agreements

Required Terms

- The method of determining the inmate programs, activities, and services to be provided
- The method of resolving disputes among participating entities
- The manner in which any per diem or other reimbursement from the State for costs of incarceration or medical care expenses will be used by the participating entities
- Any pledge of local revenue that will be required to carry out the regional jail agreement or to pay bonds issued or leases entered into by a participating entity

Questions