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MEMORANDUM

TO: JAIL WORK GROUP
FROM: BRIAN HEINRICH, BELLINGHAM DEPUTY ADMINISTRATOR, TYLER SCHROEDER, WHATCOM COUNTY DEPUTY EXECUTIVE, MIKE MARTIN, LYNDEN CITY ADMINISTRATOR
CC: BELLINGHAM CITY COUNCIL, WHATCOM COUNTY COUNCIL, SMALL CITIES CAUCUS
SUBJECT: PROPOSED JAIL FACILITY USE AGREEMENT
DATE: MAY 1, 2017

In June of 2016, the Whatcom County Council convened the Jail Stakeholder Workgroup and tasked it to provide recommendations to the Whatcom County Council regarding:

1. The financial agreements attendant to development of a new jail, including the cost of the facility; and
2. The funding mechanism for the facility; and
3. The cost sharing allocation for operating expenses among jurisdictions.

Three documents accompany this memorandum. The first is a comparison of the 2015 Jail Facility Use Agreement and the proposed 2017 Jail Facility Use Agreement. The second document is the proposed 2017 Jail Facility Use Agreement (JFUA) itself. The third document is a pro-forma financing model that guides and informs the cost sharing models.

In response to directive #1:

The JFUA describes the financial agreements among jurisdictions including the taxing mechanism, as well as the capital and operating allocations.

The cost of the facility is estimated at \$110M.

In response to directive #2:

The funding mechanism that supports the new Jail facility is a 0.2% sales tax, as identified by RCW 84.14.450, that allows a County or City jurisdiction to levy the sales tax for public safety purposes, such as a jail.

The Jail Stakeholder Workgroup identified the 0.2% sales tax as the funding mechanism for the new facility at its December 15, 2016, meeting.

In response to directive #3:

The distribution of revenue created by the 0.2% sales tax is proposed as follows: 60% to the County, 40% to the Cities on proportional basis, based on population. The 40% of the sales tax revenue shared among the Cities is based on their respective population as follows:

Bellingham	69.55%
Blaine	4.04%
Everson	2.13%
Ferndale	10.86%
Lynden	10.97%
Nooksack	1.21%
Sumas	1.24%

Whatcom County officials estimate the 0.2% sales tax will generate some \$8M in revenue in 2019, and grow at 3% annually thereafter. So, in 2019, Whatcom County would receive almost \$5M in revenue from the sales tax. The Cities would receive some \$3M in sales tax revenue that would be allocated as described above. The sales tax revenue will support the debt service for the new jail, allowing the Cities and County to pay their share of the capital charge as defined below, for the life of the bond. Historical use of the jail guides the percentages used to allocate the capital payments. The payments would be fixed, and the bond will be paid off in 30 years or less.

Bellingham	15.8% (\$1,064,711)
Blaine	0.8% (\$53,533)
Everson/Nooksack	0.6% (\$38,663)
Ferndale	3.2% (\$218,593)
Lynden	1.4% (\$93,683)
Sumas	0.3% (\$17,844)
Whatcom County	78% (\$5,272,183)

Next Steps:

Following discussion and potential action by the Jail Stakeholder Workgroup, the JFUA will be sent to each jurisdiction that is party to the agreement. The legislative body of each jurisdiction would be asked to consider and approve the agreement. Then, in accordance with the resolution creating the Jail Stakeholder Workgroup, the matter would be referred to the November 2017 ballot.