



11/2/22- Jail Finance Committee – Meeting Minutes

Project: Beltrami County Jail
Date: 11/2/22
Meeting Location: County Work Room
Start Time: 2:00 PM

MEETING ATTENDEES: * (Indicates attended remotely via conference call)

<u>Present</u>	<u>Name</u>	<u>Company</u>
X	Craig Gaasvig	Beltrami County
X	Jodee Treat	Beltrami County
X	Samantha Rux	Beltrami County
X	Jarrett Walton	Beltrami County
X	Tom Barry	Beltrami County
X	Ryan Welle	Citizen
	Glen Lindseth	Citizen
*	Bruce Kimmel	Ehlers
X	Ben Matson	Construction Engineers
	Kirsten Carolin	Construction Engineers
	Donny Wilcox	Construction Engineers
	James Hand	Construction Engineers

1. Philosophies of the Finance Committee

- A. **1/19/22** - *The committee decided that that a role of this committee should be to help the budget drive the project strategy, instead of having the project strategy drive the budget*
- B. *Don't use levy money and/or existing debt service to fund the project*
- C. *Use sales tax only to finance construction*
- D. *Utilize contracts to fund any added operational costs*

2. Financing Options

- A. **1/19/22** - *The committee discussed the variety of Financing Options to help fund a potential project including but not limited to Grants, Regional Contracts, Existing Revenue and Future Revenue. It was noted that the Finance Committee should have a role in determining other financial options.*
- B. **2/9/22** – *Jarrett W ran through the following list of options that was assembled since the last meeting:*
 - *Leasing 20 Beds to Cass County*
 - *Leasing 50 Beds to Mahnomen County (Possible 10-15 Yr. Agreement)*
 - *DOC Furlough Program (Possibly up to 40 beds at \$60/Day)*
 - *Beds for US Marshalls (currently done with Douglas County and pays \$65/Day)*
 - *Stauber Grant*
 - *USDA Grant or Loan*

- State Level Funding

- Tribal funds (Carlton County has done something which will be investigated)

10/5/22 – It was discussed that the LOST may ultimately be the sole source of funding for the construction of a facility. Tom B noted that engaging a lobbyist might be an option but considering the history of success in getting state financing for other county jails the likelihood of success is small and the Commission may not want to spend money in this area. It was noted that there may be a new funding specialist that could assist. Other sources of information at a federal level may be NACO or NIC. The biggest source of funding for the operations will likely be bed rentals. Modeling should be run to determine potential additional revenue and expense from bed rentals.

10/19/22 – Tom B confirmed that based on discussions with neighboring county administrators and NACO that pursuing financing at the State level is a dead end. Justice Planners should still be followed up with to see if they have any resources at NIC.

11/2/22 – Ben M noted that he had followed up with Justice Planners and confirmed that NIC does not have any financing resources.

3. Financing Scenarios

10/5/22 – Based on the recommendation from Justice Planners and the feedback at the 9/22/22 Commission meeting it is believed that there will be support for a new facility, but not a regional facility or an addition to the existing facility. Based on the anticipated Square Foot needs and other potential project costs (i.e., land acquisition, demolition) the logical next step to take is to put together the necessary paperwork to allow the Commission to pass a resolution requesting the State approve a LOST ballot measure. Bruce K indicated that in all cases the Maximum numbers being considered should be utilized and language with “up to” be written into the documents as figures can be reduced later, but they can’t go over without financing through the General Fund. With a site undetermined and other factors such as inflation in play there needs to be some cushion in the figures that are run. The committee ultimately determined that Bruce K should run numbers for the LOST application requesting \$80 Million to be paid back over 30 Years at an assumed 0.75% tax increase. (The state will only allow sales taxes in 1/8 cent increments so if .0625% works that figure could also be utilized.)

10/19/22 – Bruce K ran through the LOST financing scenario that were requested at the previous meeting. (Attached). The committee discussed the amount of contingency built into these figures and ultimately decided that the values as decided at the previous meeting are sufficient. Jarrett W will create a financial model of the potential revenue/expenses that can be assumed by bed rentals in a new facility. If passed at the 0.625% increase calculated in the scenario the new tax rate would total 8.5%.

11/2/22 – It was clarified that a new tax rate would be 8.5% in Bemidji but 8% outside of the city limits. The committee also decided that the financial model reviewing bed rental could be done in the future and that the entire committee might explore that topic.

4. Communications

10/5/22 – CEI has begun working on draft documents for the LOST resolution. They discussed some assignments with the Steering Committee at their meeting earlier today. The Finance Committee needs to work with Ehlers to finalize portions pertaining to the Financing Options and Bond Pricing/Debt Service. Bruce K indicated that he could have the scenario outlined above completed prior to the next meeting on 10/19.

10/19/22 – Ahead of the November 15th County Commission Meeting the group needs to develop a 1-page summary sheet regarding the LOST to give to the Commissioners as a Finance Committee recommendation. Bruce K will develop this document. In addition to the LOST Financing there should also be a fact sheet developed indicating a few additional positives not currently calculated into the LOST model. Items include: Interest income; reduction in County Costs related to transportation/bed rental (\$1 Million/yr.); income due to potential bed rental. Negatives needing to be addressed include potential property taxes coming off the books for any newly purchased county property.

11/2/22 – Bruce K presented a draft of the fact sheet noted at the previous meeting. A few minor items were discussed and added, but it was received as a covering things thoroughly yet concisely. The group discussed needing to get Chamber support for a potential sales tax vote. Tom B has a meeting scheduled with them later this week.

5. Previous Discussions

A. 10/19/22 - Tom B noted that he had looked at the allocation from a LOST by in-county residents vs. out-of-county residents. He is going to take a training course that will educate him in how to get the data from the State.

11/2/22 – Tom B reported that the training course option was not an option. He has a meeting with U of M Extension scheduled next week to potentially engage them to do a study for the County. Timing of the study would be targeted to be completed by April.

B. 10/19/22 – Ben M reviewed some of the survey data that was presented to the Commission at their 10/18 meeting. The results to date show a favorable response to the sales tax question and much lower support for a property tax increase.

11/2/22 – Ben M noted that the survey has now been closed and many additional responses were received in the last 2 weeks. Even with the numerous additional responses the sentiments haven't changed noticeably and the bulk still agree with the sales tax option over a property tax increase.

- C. **10/19/22** – Glen L inquired what the back-up plan will be if a vote doesn't pass. There is no easy answer, but once the state approves the question can be asked multiple times.
11/2/22 – Not Discussed.

6. Open Discussions/New Business

None Discussed

7. Items Closed this meeting

10/5/22 – *Timing of the sales tax vote was discussed. There are multiple state statutes regarding elections and the approval of a LOST by the voters. Jodee T had discussed Statute 375.25 with the County Attorney. Statute 297A.99 addresses specifics of Local Taxes and states that a vote must take place at a "general election." Bruce K will ask experts in bond council about the definition of "general election" and will get back to the committee.*

10/29/22 – Bruce K reported that he had independently spoken to two different bond councils, and they had both separately concluded that November 2023 will be a "General Election" and a sales tax question can be the only thing on the ballot at that time. – **CLOSED**

10/19/22 – It was decided that the Finance Committee should meet again in 2 weeks to firm up what should be presented to the Commission at their 11/15 meeting. 11/2 at 2:00 will be the next meeting.

***7/27/22** – James Hand and Kirsten Carolin from Construction Engineers attended the meeting to observe and gather information to help them formulate a Communications Plan for the Jail Project.*

***8/24/22** – The committee focused on how to format the financial information from the Feasibility Study into presentable items that will be on the County website and available to the public. The Survey questions and project fact sheets need express the figures that can be financed with LOST and those which will be fully financed through Levy dollars for each of the 7 options. Ben M will take the chart from Page 82 of the Feasibility Study and will add a couple of columns to split costs between Capital Improvements and Levy funded items to provide information for the presentable items. James H will then get these items finalized for the Survey to go live by the end of the day tomorrow (8/25/22).*

Next Jail Finance Committee Meeting – Next Meeting is 12/1/22 at 1:00 PM. (County Work Room)

Attachment(s): None