



AGENDA MATERIAL

DATE 12-6-22 ITEM NO. RA 25

MEMORANDUM

Date: December 28, 2022

To: The Honorable Chair and Members
Pima County Board of Supervisors

From: Jan Leshner *Jan Leshner*
County Administrator

Re: Preliminary Overview on the December 6th Board Discussion on the County's Jail Facilities

Background

At the Board of Supervisor's December 6, 2022 meeting, Sheriff Nanos asked the Board to consider passing a sales tax to construct a new jail. Sheriff Nanos cited capacity and staffing issues as well as the age and current structural condition of the existing jail facility.

The Board directed the County Administrator to provide information on funding options through a general sales tax and Jail District Excise Tax in addition to a report on the current condition of the jail, jail capacity and population, and the costs to finance renovations versus the costs for new construction. As I stated during the meeting, this is not an easy fix nor is it one that will happen overnight. Preliminary information requested by the Board is discussed below and I have asked staff to gather additional information to be provided at a later date.

1. Preliminary Funding Options for Counties

During the meeting, the Sheriff requested the Board consider approving a sales tax for the construction of a new jail. Initial estimates provided by the Facilities Management Department and the Sheriff's Department for the construction of a new jail range between \$250 million and \$380 million. Below is a preliminary discussion of possible options to finance renovations at the existing jail or the construction of a new jail.

A. General Sales Tax

Sales tax revenue can be used for a myriad of purposes, which could include the financing of renovations to the existing jail and/or the construction of a new jail facility. Approval of a general sales tax requires a unanimous vote by the Board. The tax would be paid by residents, non-residents and visitors for purchases of goods. A large part of the difficulty in approving a sales tax in the past has been centered around the uncertainty and inability to place restrictions on how the revenue would be used or repurposed in the future. However, I have asked staff to work with our Financial Advisors and Bond Counsel to determine if a portion of the general sales tax could be pledged as collateral, and thus restricted, for future debt payments of renovations and/or construction of a new jail facility.

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All counties in Arizona, except for Pima, Maricopa and Mohave counties, have a half-cent general sales tax. However, it should be noted that Maricopa has a jail facility tax, as well as, a road and health care district tax to offset General Fund costs.

All municipalities within Pima County impose their own sales tax. Below is summary of the current Sales Tax Rates and Collections by Municipality for Fiscal Year 2021-22.

FY2021-22 Municipal Sales Tax Rates and Collections		
Municipality	Municipal Tax Rate	Municipal Collections¹
Tucson	2.60%	\$ 434,284,418
South Tucson	5.00%	3,968,035
Marana	2.50%	50,461,902
Oro Valley	2.50%	30,320,677
Sahuarita	2.00%	13,731,206

¹Sourced from ADOR Annual Report for FY 2022

https://azdor.gov/sites/default/files/media/REPORTS_ANNUAL_2022_ASSETS_fy_22_annual_report.pdf

If the Board approved a half-cent sales tax for Pima County, the revenue generated is currently estimated to be around \$97 million a year. These additional revenues could be used to finance the renovations of the existing jail or the construction of a new jail. Any excess revenues could be used to reduce the County's primary property tax rate.

B. Jail District Excise Tax

By Statute, counties in Arizona also have authority to levy taxes for the purposes of jail costs through a Jail District Excise Tax. Like a general sales tax, a Jail District Excise Tax would be paid by residents, non-residents and visitors. However, unlike a general sales tax, a Jail District Excise Tax requires voter approval.

Seven of the Arizona counties approved a Jail District Excise Tax, whereas, Maricopa County approved a Jail Facilities tax, which is made possible by the size of the population size, and Apache County levies a secondary property tax to fund their jail. By statute, Pima County could impose a Jail District Excise Tax, which would be capped at a quarter-cent tax.

AZ Counties with Jail Tax				
County	Population	Year Jail Tax Approved by Voters	FY 2021 Jail Tax Revenue	FY 2021 Jail Tax Percentage
Coconino	145,101	1997	\$ 18,527,203	0.50 %
Graham	38,533	2014	2,618,861	0.50 %
La Paz	16,557	1995	1,628,865	0.50 %
Maricopa*	4,420,568	1998	206,875,287	0.20 %
Navajo	106,717	2020	5,328,875	0.33 %
Santa Cruz	47,669	2005	4,806,586	0.50 %
Yavapai	236,209	1999	12,438,427	0.25 %
Yuma	203,881	1995	18,007,935	0.50 %

** Maricopa County approved a Jail Facilities Excise Tax due to their population size being greater than 1,500,000*

These counties established a jail tax to offset their General Fund costs for jail services and operations. As would be expected, the revenue generated fluctuates with the economy, and many of the smaller counties struggled through recessions and other market fluctuations when revenues decreased significantly and General Fund monies were not available or set aside for these occurrences.

The Jail District Excise Tax statutes require the County to continue its existing "maintenance of effort" to support the jail facility. However, the new Jail District Excise Tax revenue can be used to:

- Finance new construction or renovation of adult and juvenile detention facilities.
- Enhanced maintenance and operations of the adult and juvenile detention facilities, which includes staffing.
- Fund new programs that reduce the expense of jail facilities, such as implementing an integrated criminal justice information system, expanding pretrial release supervision, enhancing substance abuse evaluation and programming, and other programs designed to reduce jail costs. Funds can be used to fund new programs under our Justice Services Department that are targeted at reducing the jail population. (Coconino County uses their funds for robust programming for inmates, particularly for education, substance abuse and life skills. Programs addressing recidivism are priorities given their role in reducing jail inmate costs).

Some counties use the Jail District Excise Tax revenue to offset the costs of their local jurisdictions paying the County for jail services. For most counties where new jails were constructed, bonds or other loans, cobbled together with other funding sources were used to finance construction. The Jail District Excise Tax revenue was then used to pay the debt service or for repayment of loans. In other cases, the revenue was used for expansion and/or renovation of facilities, staffing and programming.

Some of the jail districts arose out of citizens committees created to assess the need for new jail facilities, establishing jail districts and educating voters on the issue. Coconino County, for example, created a Blue Ribbon Committee to assess the county's jail services and operations. Based on their findings, they recommended that the Board move forward with a jail district tax to address the issues found. Other counties were under a judicial order or review.

II. Condition of the Jail Facility

Based on the Sheriff's discussion on the jail, the Board asked that an engineer-based assessment be done to determine the current condition of the jail. This would allow us to determine if the issues at the jail are related to deferred maintenance or are structural in nature.

The Facilities Management Department looked at historical information on jail renovations, repairs and maintenance, as well as more recent assessments and repairs. The Department reported that three recent specific third party structural assessments were done in 2021 at the request of Sheriff Nanos identifying specific conditions in several areas of the jail. The reviews took from three to four months to complete and found the identified areas of concern were not structural in nature, but either a lack of maintenance, improper maintenance, operational deficiencies or issues specific to an area of the facility, such as flooding that occurred and an improperly installed truss. All reviews included numerous recommended repairs and changes to mitigate the problems found, which Facilities has completed all except for one that is still in progress.

The Facilities Management Department estimates that an engineer-based assessment for the entire building can take anywhere from 12 to 18 months to complete, depending on the scope and extent of assessment. A range of possible estimated costs will be provided.

III. Jail Capacity and Staffing Levels

There is a direct correlation between the facility space itself and staffing levels. There are two areas to the jail, one being the older part of the jail and the expansion completed in the early 2000s. The newer expansion area included the intake and booking area, medical unit,

the mental health pods, and the women's unit. The older part of the jail contains most of the general population housing, including the "towers" which hold administrative segregation units.

Safety and oversight requires efficient staffing levels of Correction Officers. The jail has capacity for around 2,100 to 2,300 inmates. When the County applied for the MacArthur grant in 2014, jail population was averaging 2,100 with occasional cresting over 2,300. That was a critical point that begged the question at the time of whether to build a new jail or find ways to reduce the population.

Below is a table that shows the Average Annual Jail Population between Fiscal Years 2013 and 2022.

Average Annual Jail Population

<u>Fiscal Year</u>	<u>Average Jail Population</u>
2013	2,000
2014	2,061
2015	1,863
2016	1,862
2017	1,863
2018	1,868
2019	1,853
2020	1,781
2021	1,531
2022	1,681

Source:

Pima County Sheriff's Department, Corrections Bureau

Per initial information from our Justice Services Department, the jail averaged between 1,500 and 1,600 inmates throughout the calendar year in 2021. Today (Fiscal Year 2023), estimated inmate data shows the numbers increasing. This calendar year, the average has risen to 1,600 to 1,700 earlier this year, to 1,700 to 1,800 by the summer. During this same period, the numbers have crested over 1,900 a couple of times.

Further assessment is needed on current staffing levels and impacts to operations and current jail conditions, which can also help determine what initial steps can be taken to mitigate some of these issues now.

IV. Costs to finance renovations versus the costs for new construction

As stated above, preliminary estimates provided by Facilities Management and the Sheriff's Department for the construction of a new jail ranged from \$250 million to \$380 million. To determine the cost of renovations versus new construction, a detailed engineer-based assessment for the entire building would need to occur. This can take anywhere from 12 to 18 months to complete, depending on the scope and extent of assessment.

Conclusion

Staff will continue to review the taxing options available with the Financial Advisors and Bond Counsel. In addition, the Facilities Management Department will work with the Sheriff's Department to initiate an engineer-based assessment for the entire facility to determine structural integrity of the jail and the associated costs of renovations vs. new construction. The Justice Services Department will work with the Sheriff's Department to provide to the Board additional information on the inmate population and jail staffing levels.

JKL/mp

c: The Honorable Chris Nanos, Pima County Sheriff
Carmine DeBonis, Jr., Deputy County Administrator
Francisco García, MD, MPH, Deputy County Administrator and Chief Medical Officer
Steve Holmes, Deputy County Administrator
Diana Durazo, Senior Advisor, Pima County Administrator's Office
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