

Itasca County
Local Sales and Use Tax
Request

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Project Background

The current Itasca County Jail was constructed in 1981 and represents the old-style linear correctional model – corridors with jail cells (both multiple and single occupancy) running along the sides constructed out of concrete and steel. This layout is inefficient when it comes to inmate supervision, housing, HVAC operations, staffing and inmate safety.

In 1996 the Minimum Security “General Population” annex project was completed, increasing the correctional facility size by 40 beds. The “Annex” has the same facility failings as the main jail.

The MN Department of Corrections (DOC) acknowledges the efforts put forth by Itasca County to keep our correctional facility in compliance but due to the age of the structure and the major facility failings regarding HVAC, plumbing, and electrical we cannot continue to invest in our current structure. In addition, our current model does not allow for the correct classification and separation of our inmate population.

After receiving our Sunset Letter from the DOC in April of 2018 our Itasca County Sheriff initiated a Jail Task Force. This Jail Task Force consisted of members from the public, the County, and the Courts. The focus of the Jail Task Force was to determine the size of the new Correctional Facility and where this facility should be constructed. After ten-months of meeting the Jail Task Force provided their final report to the Itasca County Board of Commissioners. The 103-page final report can be accessed at the following website: <http://www.co.itasca.mn.us/DocumentCenter/View/5366/Itasca-County---Task-Force-Report>.

The Itasca County Board of Commissioners received the report and requested additional information as well as formulated additional correctional facility options. The Board scheduled regular evening meetings to ensure accessibility for public input and education. To date County Commissioners have scheduled over twenty (20) town hall meetings in their respective districts to ensure the public’s voice is being heard.

The current planned construction is an approximate 200-bed correctional facility complete with DOC required Mental Health/Chemical Dependency programming, recreational, medical, and meeting space. The new facility will include modern styles of design that allow for the efficient supervision of inmates adding to the security of both the population and correctional officers. In addition, the design allows for easy access for facility maintenance, minimizing the interactions with inmates. Lastly, the chosen construction method allows for a long-term solution optimizing material and design for a 50+ year estimated life.

In summary, the Itasca County Board is looking to build the most efficient and longest lasting correctional facility possible, at the same time ensuring the most economical build for the taxpayers. Correctional officer safety, inmate security, rehabilitative programming and positive regional impact are top priorities for the board. Itasca County has been in close communications with the DOC and is committed to continuing our communication strategy with them throughout the project construction and beyond. Itasca County appreciates the assistance of the DOC to this point and look forward to their continued input as we construct a new DOC approved correctional facility.



**ITASCA COUNTY
BOARD OF COMMISSIONERS**

Itasca County Courthouse
123 NE 4th Street
Grand Rapids, MN 55744

Tuesday, January 26, 2021

RESOLUTION 2021-4

**RE: REQUESTING AUTHORIZATION FROM THE STATE TO IMPOSE A LOCAL SALES AND
USE TAX IN THE COUNTY OF ITASCA**

WHEREAS, the Minnesota Department of Corrections has issued a Notice of Deficiency and has 'sunset' the Itasca County Correctional Facility effective May 1, 2023; and

WHEREAS, the County is requesting authorization from the State of Minnesota to impose a Local Sales and Use Tax of 1% for up to thirty years or \$75,000,000 dollars, whichever comes first, to fund the local share of the project cost; and

WHEREAS, the University of Minnesota, in preparing the 2011 Retail Trade Analysis Grand Rapids & Itasca County, has estimated that 55% of the Local Sales Generated would be from Non-Residents of Grand Rapids; and

WHEREAS, the County has provided documentation of the regional significance and impact of the project; and

WHEREAS, Minn. Stat. 297A.99 authorizes the imposition of a general sales tax if permitted by special law of the Minnesota Legislature; and

WHEREAS, Minn. Stat. 297A.99 requires the County to pass a resolution authorizing such a local sales and use tax to obtain Legislative approval prior to approval by the local votes to enact the local tax.

NOW, THEREFORE, BE IT RESOLVED, IN ACCORDANCE WITH M. S. 297A.99 LOCAL SALES TAXES, BY THE ITASCA COUNTY BOARD OF COMMISSIONERS, GRAND RAPIDS, MINNESOTA:

1. The Board of Commissioners hereby requests that the State authorize a Local Sales and Use Tax of one percent (1%); and
2. The revenue from the local sales and use tax will be used to finance the capital and administrative costs of constructing and equipping a new correctional facility and related upgrades to the courts in Itasca County, MN; and,
3. The amount of local sales and use tax revenue utilized for these new facilities would not exceed \$75,000,000 or up to thirty years, whichever comes first; and
4. These facilities are the only projects requested for a local sales and use tax; and,

5. Upon approval of this resolution, the County will submit the adopted resolution and documentation of regional significance to the chairs and ranking minority members of the House and Senate tax committees for approval and passage of a special law authorizing the tax by January 31 of the year that it is seeking the special law; and
6. Upon Legislative approval and passage of the special law authorizing the tax, the County will adopt a resolution accepting the new law, which will be filed with a local approval certificate to the Office of the Secretary of State before the following Legislative session; and
7. The County will put a ballot question on a general election ballot for local voter approval. This will be done within two years of receiving legislative authority; and
8. Upon completion of the requirements, the local sales tax will commence and run for up to 30-years or until a sum sufficient to fund the voter approved project, including related debt costs, is raised, whichever comes first.

RESULT:	APPROVED (5 TO 0)
MOVER:	Commissioner Davin Tinquist
SECONDER:	Commissioner Leo Trunt
AYES:	Davin Tinquist, Terry Snyder, Leo Trunt, Burl Ives, Ben DeNucci

STATE OF MINNESOTA
Office of County Administrator
ss. County of Itasca

I, BRETT SKYLES, Administrator of the County of Itasca, do hereby certify that I have compared the foregoing with the original resolution filed in my office on the 26th day of January A.D. 2021 and that the same is a true and correct copy of the whole thereof.

WITNESS MY HAND AND SEAL OF OFFICE at Grand Rapids, Minnesota, this 26th day of January A.D. 2021.



Administrator



Central Office
1450 Energy Park Drive, Suite 200 | St. Paul, MN 55108
Main: 651.361.7200 | Fax: 651.642.0223 | TTY: 800.627.3529
www.mn.gov/doc

April 23, 2020

Sheriff Victor Williams
Itasca County Sheriff's Office
440 First Avenue NE
Grand Rapids, MN 55744

Mr. Brett Skyles
Itasca County Administrator
Itasca County Courthouse
123 Northeast Fourth Street
Grand Rapids, MN 55744

Sheriff Williams and Mr. Skyles, and County Board members:

Thank you for taking time out of your busy schedules to meet via conference call with Director Thompson and me on Tuesday, April 7, 2020. In these unprecedented times of the COVID-19 pandemic, we are all extremely busy both in our professional and personal lives. Your willingness to make time in your schedules shows a continued commitment to working collaboratively towards a resolution regarding the public safety needs of your community.

During the meeting, Itasca County officials requested a three year extension to the current time frame. If approved, that would push the sunset date to September 2, 2024. We recognize the unsettling times we are all currently managing and many points made during our meeting make sense based on the current situation. But we are unwilling to grant the full requested extension.

Initially you were given approximately 40 months to come into compliance with the rules. While we understand this is a lengthy process, in most instances that is adequate time to complete needs assessments, plan, design, construct a new facility, and transition into the new facility. However, Itasca County does not yet have a confirmed site location and does not have a design. And there has been no formal documentation about what the county intends to do to resolve the deficiencies that led to this process. Again, we understand and appreciate doing due diligence in the process, but at some point the county must decide how they will ultimately move forward to resolve the outlined deficiencies.

As stated above, we recognize the reasoning behind your request for an additional three years. But we believe an extension of that length undermines the critical need to address the deficiencies identified that led to this process.

After several discussions with Director Thompson, the Department of Corrections will, however, grant a shorter extension of the sunset date. We will extend the sunset date to May 1, 2023, with several stipulations and benchmarks that must be met along the way.

First, the county must approve a formal board resolution stating the intentions of how the county intends to resolve the current deficiencies. This formal resolution is due to the Department of Corrections by July 1, 2020.

Sheriff Victor Williams
Mr. Brett Skyles
Page 2
April 20, 2020

Second, if the formal board resolution includes construction of a new/renovated/remodeled facility, the county must have a plan and design submitted to the Department of Corrections for approval by May 1, 2021.

Third, if the county's resolution includes construction of a new facility, it is expected all processes necessary, including transition into the facility, will be completed by the new deadline of May 1, 2023.

Last, the county must continue to provide resources as noted in the "Required Maintenance Plan," dated December 27, 2019, that was submitted to, and approved by, the Department of Corrections. The items in the plan include, but are not limited to, repair of the HVAC system to provide more consistent temperatures throughout the facility, repair of plumbing issues as per the plumbing inspection, repair/replacement of the roof as per the roofing inspection, repair of locks as noted, and painting as needed throughout the facility.

Provided Itasca County meets the benchmarks noted above, the Department of Corrections will extend the sunset authorization period to May 1, 2023. That is a twenty month extension to the current sunset date, and provides adequate time to complete the processes needed for resolving the current facility's deficiencies.

Staff from the Inspection and Enforcement unit are available to assist you and your staff with the planning process and with other operational and physical plant concerns that you may have moving forward.

If you have any questions or concerns please feel free to contact me at 651-361-7234.

Again, your time and input during our meeting was much appreciated and wish you all the best of luck moving forward.

I hope you and your families continue to do well and stay healthy!

Sincerely,



Curtis Shanklin, Deputy Commissioner
Minnesota Department of Corrections

C: Paul Schnell, Commissioner of Corrections
Tim Thompson, Inspection and Enforcement Unit Director
Chris Thoma, Inspector
Lucas Thompson, Itasca County Jail Administrator
Itasca County Jail file (S-drive)

Project Description

Impact of a New Correctional Facility

1. Design/Style:

The current correctional facility that is being closed on 05-01-23 is designed in the correctional layout of linear. This style/design was outdated in the mid-eighties.

The concept that Itasca County has developed for the new correctional facility uses two modern styles of design. The design will be both direct supervision and indirect supervision. Two 60 bed units will be direct supervision, so the staffing ratio is one staff to sixty inmates. The staff is in with the inmates which greatly increases the safety level of the units. Two forty bed units will be indirect supervision, so the staffing ratio is one staff to forty inmates. This style of unit allows for great flexibility in classification by the use of sub-dayrooms in each area making them very flexible.

The total design concept is around 74,000 square feet and approximately 200 beds.

2. Functional Programming Space:

The concept that Itasca County has developed for the new correctional facility has three primary program areas. These areas will be used for chemical dependency treatment, GED training, parenting classes, religious services, Alcoholics Anonymous, Narcotics Anonymous, Al-Anon, Native American Programming, Celebrate Recovery, Reentry Services, and other volunteer services or groups.

Reentry Services will be a key part of the new design / concept. The Reentry Program works on eliminating barriers that inmates normally face at time of release. Some of the barriers the program targets are chemical dependency, mental illness, employment, housing, cognitive skills, budgeting, transportation, and any other barriers that individual inmates experience.

Outside of the primary program areas, the concept has a small program room on each of the 4 units. This room will be used for programming when the primary rooms are not available and for smaller or individual groups. These program areas allow great flexibility and allow for more services to be performed within the facility.

3. Classification/Separation of Inmates:

The new design/concept will address all levels of classification and all units are built as swing units. This means each unit can house any level of classification. By not building specific units to house specific classifications of inmates, this greatly increases the flexibility of a facility. This flexibility allows the facility to change or adapt to its population as the trends or inmate population changes over time. This is a key component to longevity of a facility.

4. Mental Health:

The Itasca County Jail is the largest locked mental health facility in Itasca County. This is not by design but by the lack of options for mental health stabilization of persons in crisis in the community. Adding co-occurring disorders or dual diagnosis such as chemical dependency to the equation only complicates the matter. Frequently, the only option for

the officer/deputy is to arrest the subject and take them to jail for whatever crime was committed. If substance abuse was part of the equation they will detox or go through withdrawals while in the correctional facility and then the nurse and mental health professional will aid in their stabilization and recovery. If they are at a point where a Rule 20 (competency to aid in defense) is ordered, they will need to be housed appropriately.

The concept that Itasca County has developed for the new correctional facility addresses this systematic problem as best a correctional facility can. The design has a 10-bed mental health step down unit that is modeled off the Massachusetts Correctional Mental Health Project. An inmate in mental health crisis is placed in a single cell that is physically in the line of sight of a deputy station. There is a mental health office next to the unit and the mental health staff will check on the inmate more frequently. As the inmate's mental health stabilizes, they will be moved to a two-person cell and start programming with the mental health professional on staff. Once the inmate has entered recovery, they will be moved to a 4-bed dorm style unit where they experience interactions with other inmates at a higher level. The goal is to work with this population at a higher level of services and get them stable and if possible, move them back into the general population of the facility.

5. Staffing:

The concept that Itasca County has developed for the new correctional facility is very efficient and allows for doubling the capacity we currently have for inmates, with adding minimal staff. Staff cost are the longer-term burden to the local taxpayers and with this design it will limit that burden.

Itasca County has taken a hard stance on mental health in corrections and authorized the hiring of a clinical level mental health professional. This staff member will be able to perform diagnostic assessments, individual therapy, Dialectic Behavior Therapy in a group setting, cognitive skills training, day treatment, coping skills, and many other functions. The goal of this position is to lower recidivism by stabilizing mental health and chemical dependency before an inmate returns to the community.

6. Equality:

The concept that Itasca County has developed for the new correctional facility looks at the female inmate population and how best to serve that population. Female numbers in the local correctional facility have increased drastically over the last ten years. To address this concern, the new facility will allow for swing cells. The swing cell concept means Itasca County will have all levels of classifications for female inmates just like the male inmates. The county will have the ability to move one segment of inmate out of a cell and transfer another into that cell within thirty minutes. Making the new jail very flexible. The additional program space will allow for female specific programming such as parenting and domestic violence groups. The female population will have all the same opportunities that the male population will have.

7. Inmate Safety and Care:

The concept that Itasca County has developed for the new correctional facility is driven by safety for inmates and staff. The direct supervision units are proven to reduce assaults on both inmates and staff and 120-beds are direct supervision. The 80-beds remaining are indirect supervision, but the post is in line of sight with the unit, so inmates are in view

at most times. This design is vastly safer than the linear design Itasca County currently has and will increase safety across all spectrums.

The new design has a medical unit that will have the ability to treat traditional medical issues along with a mental health professional to treat mental illness. The design incorporates 4 medical beds in the intake area for medical observation, along with the 10-beds for mental health. The level of care provided will increase across all medical areas with the new design.

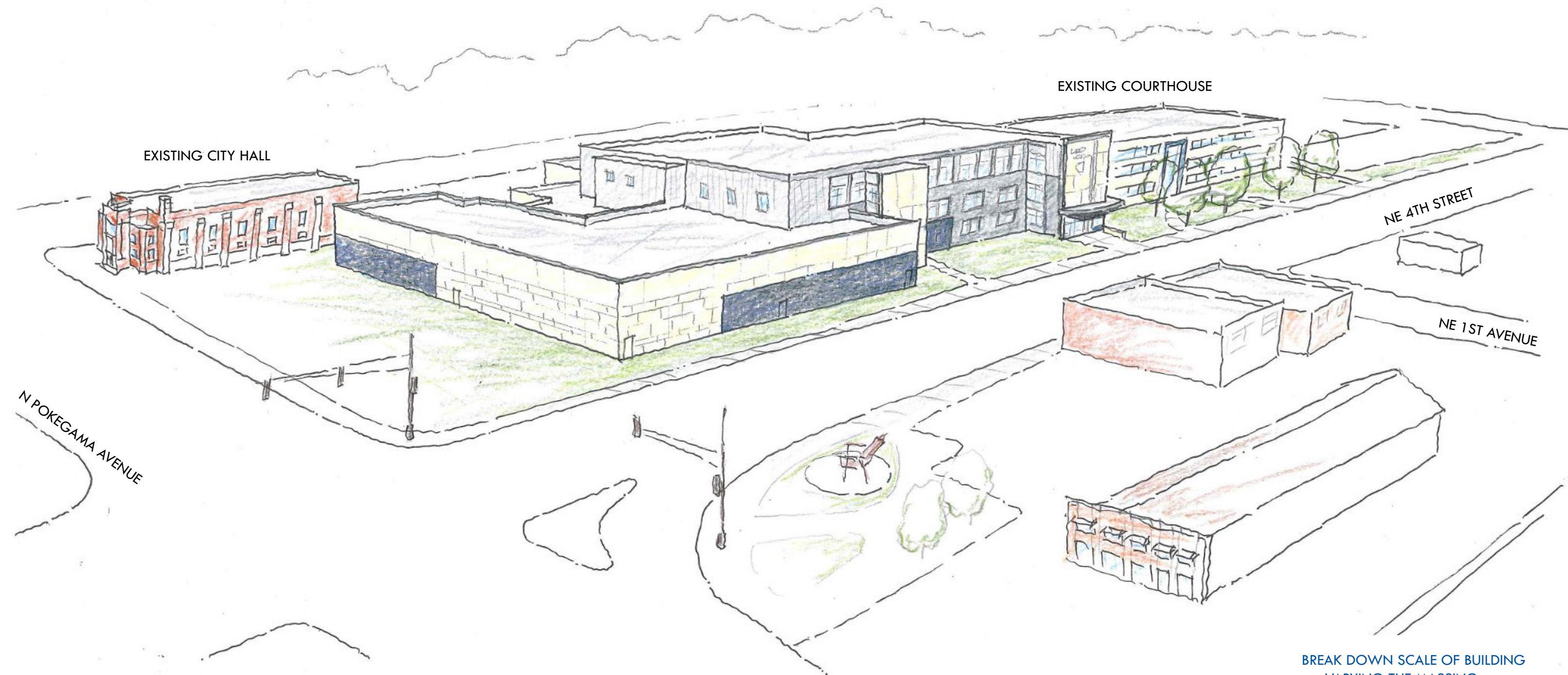
8. Conclusion:

The concept and design that Itasca County has in place for their new correctional facility addresses all the areas where the thirty-seven-year-old jail has failed. This includes safety, security, welfare, medical, mental health, classification, programming, and reentry to name a few. The design will allow the new facility a fifty-year life cycle to lessen the burden on the taxpayers.

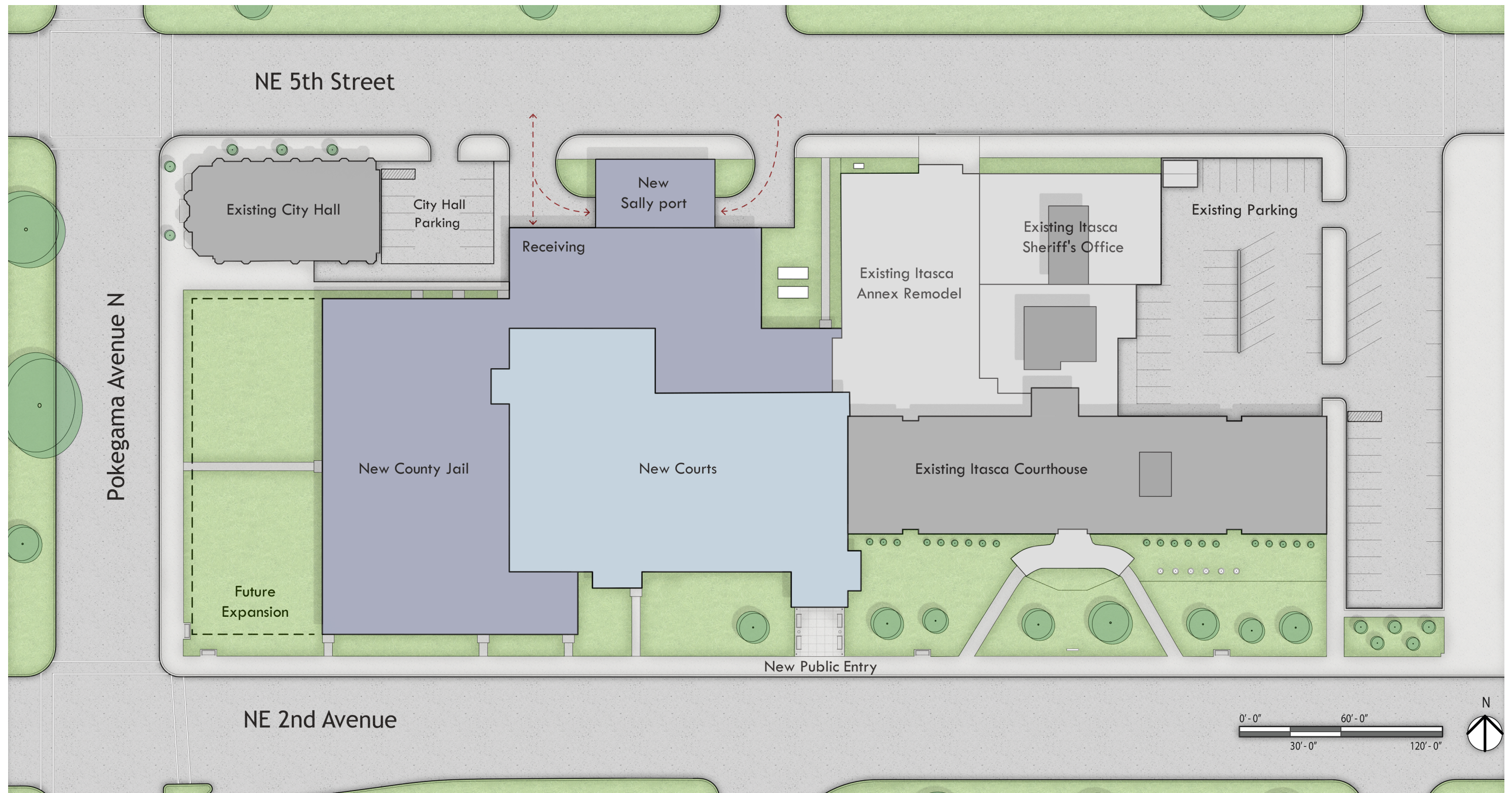
Following please find renderings of a new correctional facility including proposed floor plan for an approximately 200 bed facility to include modern inmate supervision housing models, planned programming and recreational space as well as the necessary ancillary services such as food service and medical.

ITASCA COUNTY JAIL AND COURTS - SCHEMATIC DESIGN CONCEPT STUDY GRAPHICS

EXTERIOR IMAGE AND SITE DEVELOPMENT

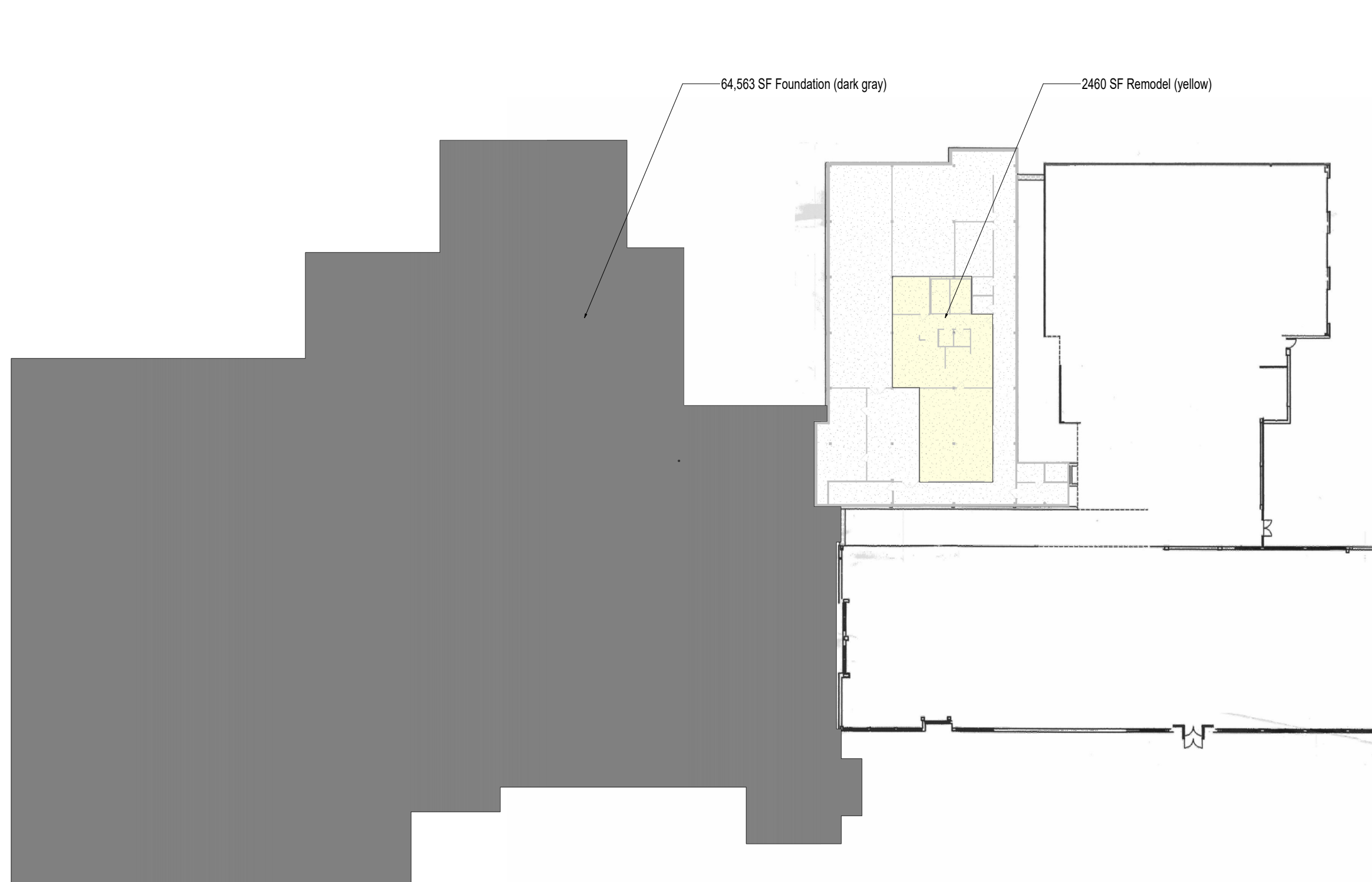


- BREAK DOWN SCALE OF BUILDING
- VARYING THE MASSING
 - DIFFERENT COLORS/ MATERIALS



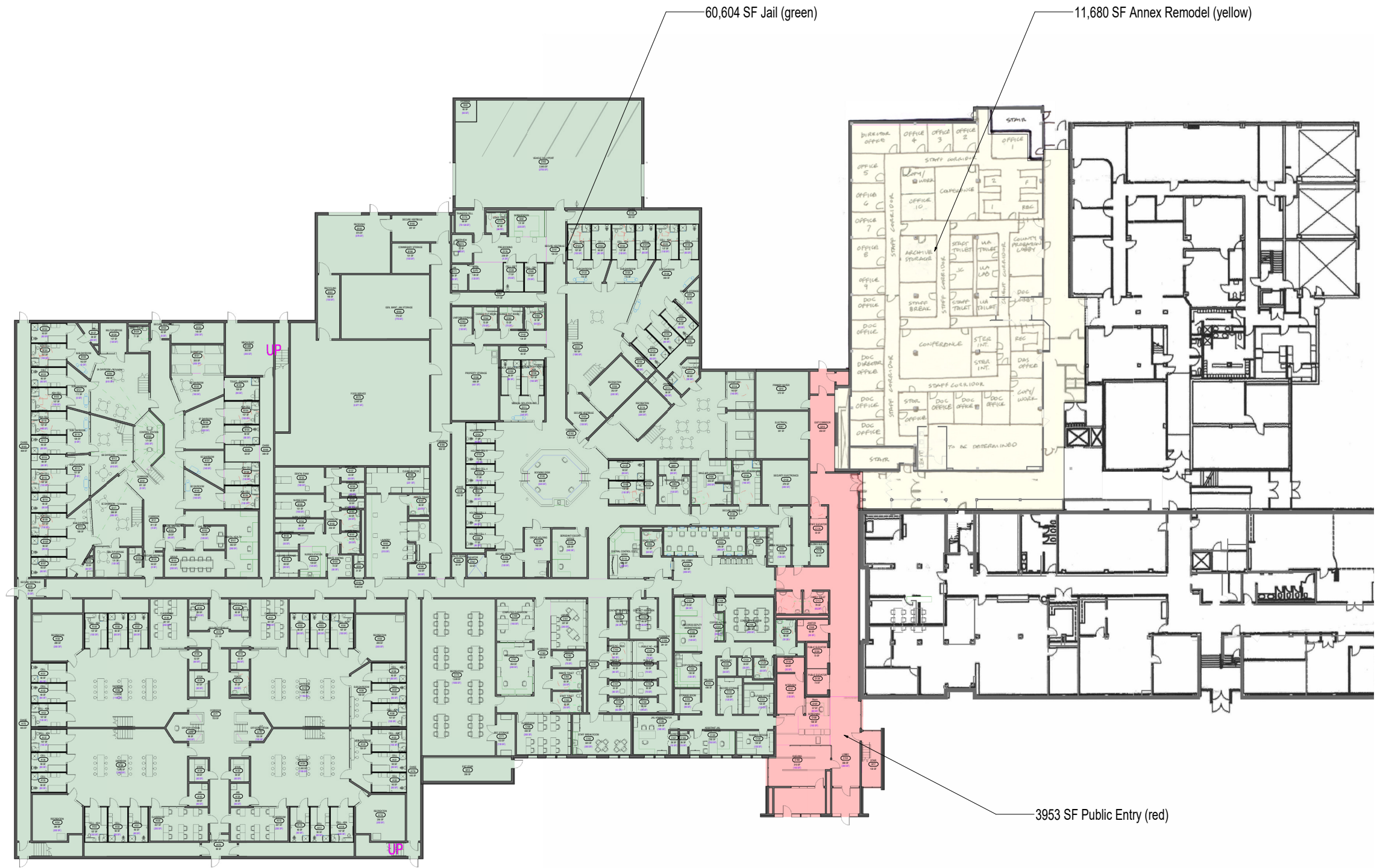
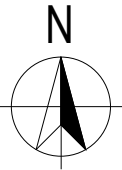
ITASCA COUNTY JAIL AND COURTS - SCHEMATIC DESIGN CONCEPT STUDY GRAPHICS

BASEMENT LEVEL - FLOOR PLAN



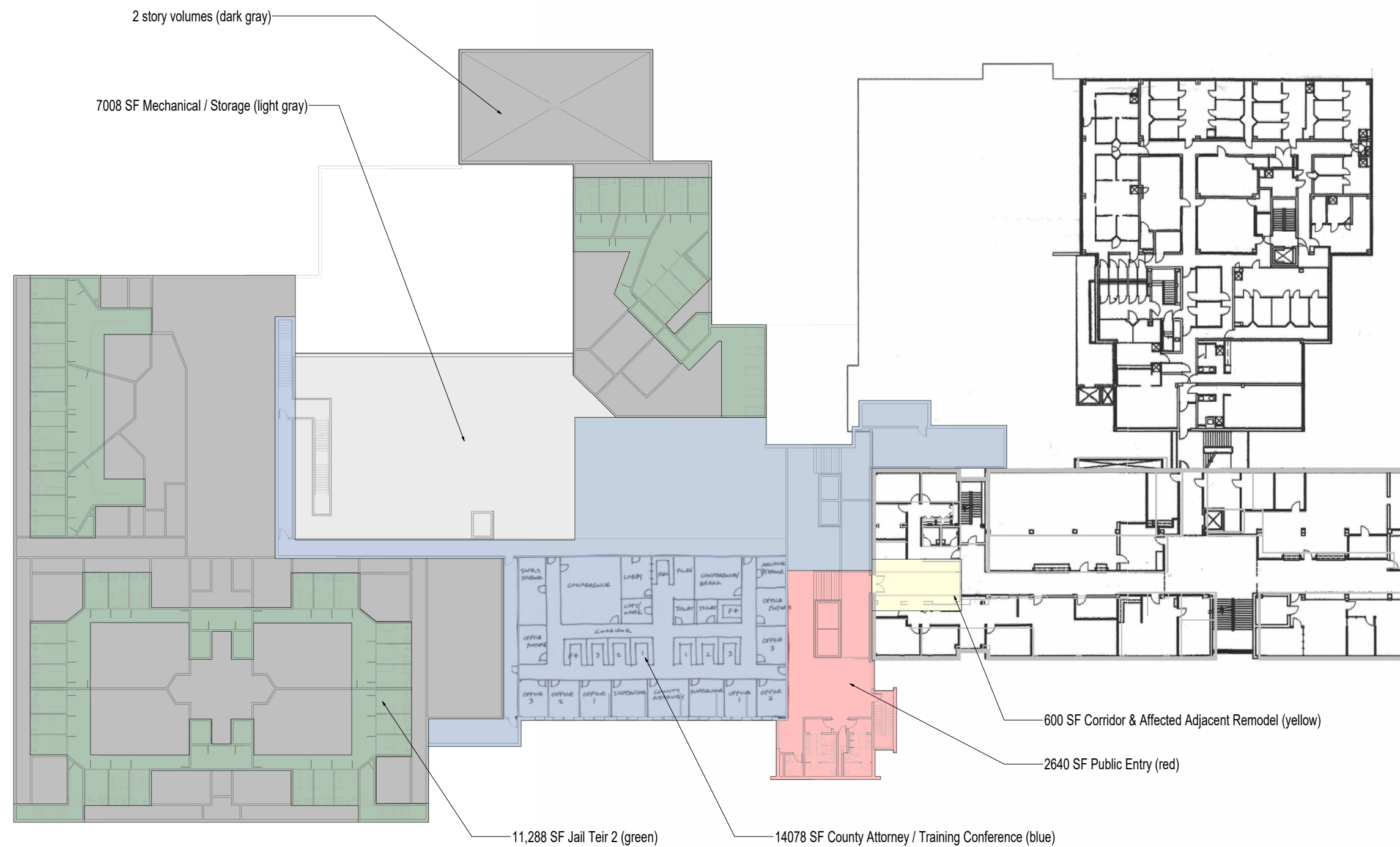
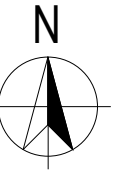
ITASCA COUNTY JAIL AND COURTS - SCHEMATIC DESIGN CONCEPT STUDY GRAPHICS

FIRST LEVEL - FLOOR PLAN



ITASCA COUNTY JAIL AND COURTS - SCHEMATIC DESIGN CONCEPT STUDY GRAPHICS

SECOND LEVEL - FLOOR PLAN



KLEIN
MC CARTHY

ARCHITECTS

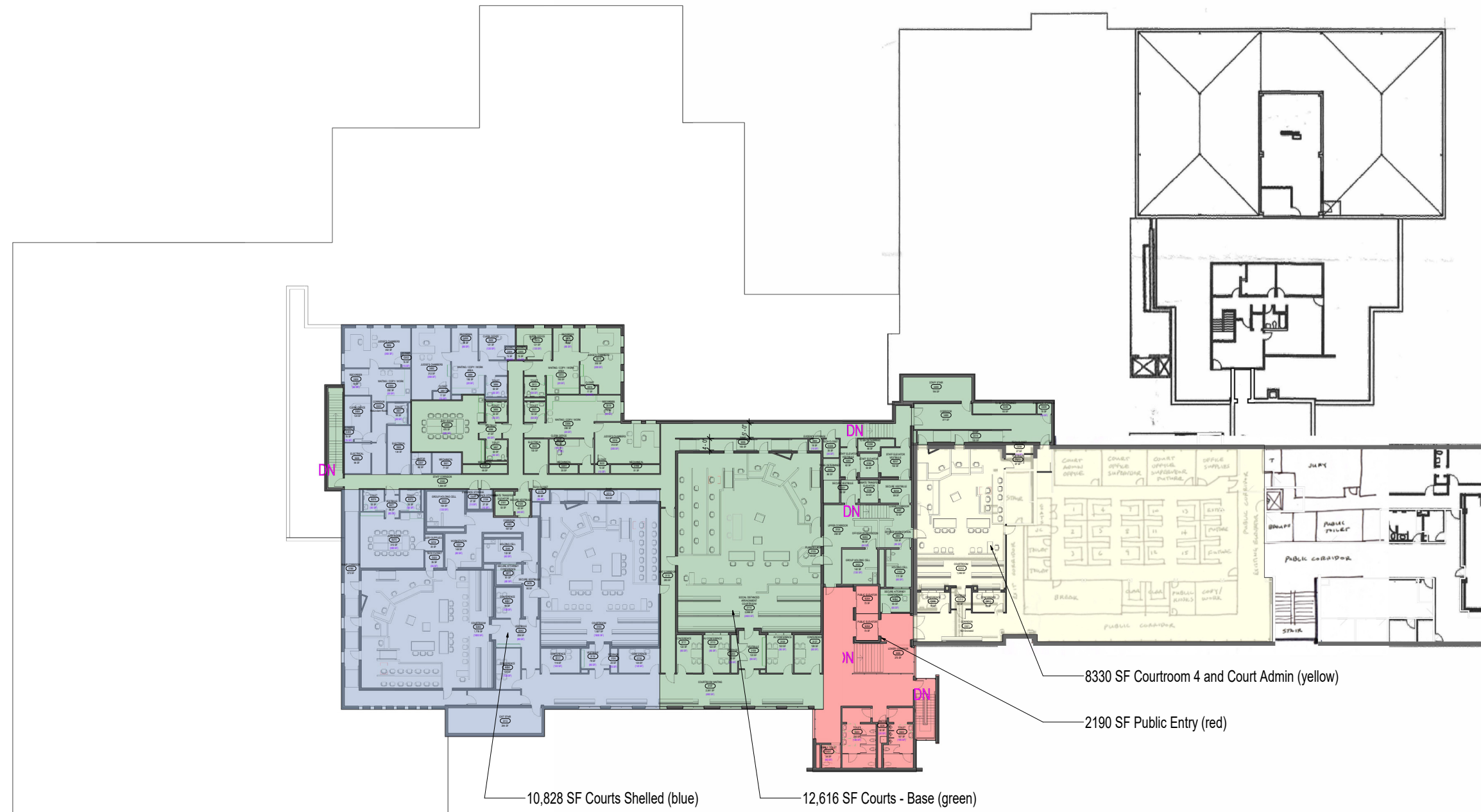
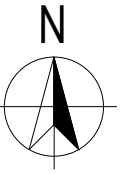
952.908.9990
www.kleinmccarthy.com

SCALE: $3/64" = 1' - 0"$

ITASCA COUNTY JAIL AND COURTS
12-3-20

ITASCA COUNTY JAIL AND COURTS - SCHEMATIC DESIGN CONCEPT STUDY GRAPHICS

THIRD LEVEL - FLOOR PLAN



Regional Significance and Impact of a New Itasca County Correctional Facility

One of the key points that gets overlooked when the topic of regionality comes up is the sheer size of Itasca County. Itasca County is 2,928 square miles, compared to Hennepin and Ramsey Counties which are 607 square miles and 170 square miles, respectively. The 7 metro counties combined total 2969 square miles. The land mass that needs to be covered makes Itasca County its own region. There are 7 police departments that operate within Itasca County along with the Minnesota State Patrol, DNR enforcement officers, BCA agents, and Tribal Police. All these agencies use the local correctional facility when they affect an arrest in their jurisdiction.

The statute language we are addressing:

Subd. 1a. Requirements. Local sales taxes are to be used instead of traditional local revenues only for construction and rehabilitation of capital projects when a clear regional benefit beyond the taxing jurisdiction can be demonstrated. Use of local sales tax revenues for local projects decreases the benefits to taxpayers of the deductibility of local property taxes and the state assistance provided through the property tax refund system and increases the fiscal inequities between similar communities.

(3) documentation of the regional significance of each project, including the share of the economic benefit to or use of each project by persons residing, or businesses located, outside of the jurisdiction.

Benefits Beyond the Taxing Jurisdiction

The new correctional facility will allow other jurisdictions in the state to use the facility. Itasca County will look to fill the current void of female specific housing space in northern MN. Itasca County's new facility will have up to 25 female beds to house out of county inmates to alleviate pressure from jails that are low on female space. Female specific programming will be offered, to include mental health, parenting, CD treatment, and reintegration skills. The newly acquired skills will be deployed back into the county/jurisdiction that the person lives in after release.

Itasca County will be looking to the Department of Corrections to house local supervised release violators. The state has reached out in the past and requested this from local jails. Itasca County does not currently have the ability to perform this function. The goal is to house this population and work on reentry into the local community they are returning to. This type of transitional planning is key to success and will become the norm in the future. Getting the subject employment, housing, medical, and other services before returning to the community.

Until Itasca County's jail population increased drastically, we were housing in boarders from the Nett Lake Reservation and will continue to do so in the new facility. Nett Lake is only equipped with a 72-hour holding cell and cannot house their own inmates. They need other jurisdictions to aid in this capacity.

Jail Population Held for Other Authorities

More than 8 in 10 jails hold individuals for other corrections and law enforcement agencies, and 22% of all people in jail are being held for another authority. This practice is most common in rural jails, which typically hold individuals for other local jails and the state prison system. The urban jails that do hold large number of individuals for other authorities tend to be near federal court houses and hold people facing federal charges.

In a review of all the inmates in custody in the Itasca County Correctional Facility on 01-12-21 the following inmates are being held for other jurisdictions:

- 2 – St. Louis County warrants
- 2 – Cass County warrants
- 1 – Mille Lacs County warrants
- 1 – Carver County warrants
- 1 – Beltrami County warrants
- 1 – Mahnomen County warrants

There were 8 inmates who have a supervised release hold (parole) in place by the state.

Out of the total inmate population of 61 in the Itasca County Correctional Facility on 1-12-21, 16 inmates, that's 26.2% of the daily population, has a direct impact on jurisdictions from outside of the taxable area, outside of Itasca County.

Regional Impact on County, State, and Federal Jurisdictions

Itasca County provides relief for other jurisdictions in our region who are experiencing over capacity issues in their correctional facilities. Several counties in the region are experiencing over capacity issues and must look towards the metro to find adequate space to house inmates. St. Louis and Beltrami Counties are examples. Cass and Koochiching Counties are close to the life expectancy of their correctional facilities and may choose in the future to house inmates in other jurisdictions versus building a new facility. One correctional facility built in a key location such as Itasca County would aid other counties north, west, and east of Itasca County.

Federal impact is in the form of available housing close to the Bois Forte/Nett Lake Reservation. Itasca housed for Nett Lake in the past. Nett Lake is a class one facility and can only hold inmates for up to 72 hours. Itasca County had to suspend housing for Nett Lake when our own capacity overtook the available beds Itasca County had. The new Itasca County facility would allow for housing options for Nett Lake.

State impact would be in available bed space in the northern region for state supervised release violators (parole).

How much of an impact could Itasca County potentially make on the neighboring jurisdictions? The plan submitted for review for the sales tax is around 200 beds. Itasca County's average daily population from the last three years is 107 inmates, this equates to 75 open beds to be used to relieve the housing pressure felt by the other

jurisdictions. This also equates to lower liability for the other jurisdictions as they will have less distance to travel with inmates.

The open bed space could be used to help state, federal, or county governments that are facing severe housing issues. This impact would be felt across all levels of government.

Regional Impact on communities outside of the jurisdiction:

Itasca County could contract with the Department of Corrections for a set number of Regional Revocation Center beds. The traditional supervised release violator (parolee) would be housed in Itasca County for 45 days where they receive chemical dependency treatment, cognitive skills group, and work release options. The concept is to aid any supervised release violator (parolee) who is returning to any jurisdiction in the State of Minnesota to achieve a smoother transition with key components in place before they are transitioned/released back into the community.

A key component of the new facility is programming space and services delivered. With adequate program space Itasca County will focus on expanding the current reentry program. This program will allow for services to be completed inside the facility to lower the traditional barriers a person faces when transitioning/released back into society. Program participants will complete a diagnostic assessment, chemical dependency evaluation, cognitive skills training, medical assistance form, bridges/coordinated housing, transportation, employment, therapy, medication management, case management, and ARMS is in place before an inmate is released from custody back into any community in the state.

Itasca County has a portion of the Leech Lake Reservation within the county. This translates into 20% to 30% of the jail population being Native American. The current facility lacks any programming space as mentioned above. The new facility will be program heavy and focus on Native American specific programming. The goal would be to add several culturally specific programs to address chemical dependency, mental health, and religious services.

Focusing on recovery for both mental health and chemical dependency for the whole population in the correctional facility will lower the overall rate of recidivism. Up to 80% of the current jail population suffers from chemical dependency or mental health issues. 40% of the current jail population suffer from dual diagnoses/co-occurring disorders. These inmates return to the local community, adjacent jurisdictions, and other states. Any recidivism reduction will reach much further than the local jurisdiction and further than just the local region. The impact would be statewide.

Itasca County has been running a RAP (release advanced planning) program for the last 5 years. Itasca County has seen a reduction in recidivism that has equated to a savings of \$170,000 a year. The reduction was based off days in jail two years prior to the program and two years after the program. The program is a 90 day wrap around service model. The only inmates that qualified for the current program are those returning to Itasca County and are currently sentenced. This really limited the number of inmates we could connect to services. The plan in the new facility would be to allow any

inmate to apply and receive the services of the program. This will multiply the savings ten-fold and allow Itasca County to work with inmates returning to areas outside of our local jurisdiction.

The local correctional facilities have become a defacto mental health and chemical dependency facility. Until legislation or society finds a better alternative, this practice is the future. The new jail in Itasca County will address this by adding in-house chemical dependency treatment from a local provider and designing a mental health unit that will aid in an inmate's stabilization process. Itasca County has made the commitment by adding a clinical level therapist to the correctional facilities staff. This highly trained and specialized position will work with all inmates in the facility. This again benefits any jurisdiction or region the inmate returns to, not just the local one.

Other Economic Factors:

The building of a new correctional facility would create approximately 150 construction jobs, many of which will be pulled from surrounding counties in Minnesota.

As Itasca County is a regional mecca for tourism and recreation, bringing in nearly \$400 million in sales tax annually for the State of MN, having a safe and secure correctional system is an important factor in our continued growth.

Lastly, as Itasca County is a tourism hub in northern Minnesota, the estimate from the state is 60% of the people that pass through the county are not from this taxing jurisdiction.

Letters of Regional Support

Please find enclosed letters of support from Beltrami County, Koochiching County, St. Louis County, and the State Department of Corrections.



Office of **SHERIFF OF BELTRAMI COUNTY**

613 Minnesota Avenue NW
Bemidji, Minnesota 56601

Ernie Beitel, Sheriff

Phone (218) 333-9111

Fax (218) 333-8325

January 15, 2021

Sheriff Vic Williams
Itasca County Sheriff's Office
440 NE 1st Street
Grand Rapids, MN 55744

Dear Sheriff Williams,

I am writing you in support of Itasca County in its efforts to provide a safe and secure jail facility for our region. As a criminal justice partner, we are all well aware of the difficulties each of us faces to meet our communities' needs for incarcerating criminals through the responsible use of taxpayers' dollars.

These difficulties, year after year, have been exponentially compounded by additional regulations placed upon county and regional jails by the Minnesota Department of Corrections that they themselves are not required to follow. These regulations have limited the ability of County and Regional Jails to keep those incarcerated in their own facility, which unnecessarily places a larger burden on our taxpayers that could be avoided if they had their own safe and secure facility.

Since 2016, Beltrami County has averaged 42 incarcerated persons, per day in facilities other than our own. Compounding the cost of housing in other facilities is the costs associated with transporting these individuals, often times on multiple occasions for the necessary court appearances, hearing and trials.

If I can be of further help or support of your efforts please do not hesitate to call upon me.

Sincerely,

A handwritten signature in blue ink, appearing to read "Ernie Beitel", is written over a horizontal line.

Ernie Beitel
Beltrami County Sheriff

KOOCHICHING COUNTY SHERIFF'S OFFICE

Perryn Hedlund

Sheriff



Law Enforcement Center

715 4th Street

International Falls, MN 56649

Phone: (218) 283-4416

Fax: (218) 283-7004

Email: perryn.hedlund@co.koochiching.mn.us

Sheriff Williams,

I appreciate the phone call yesterday and our discussion on your new jail facility being built. As I mentioned in our call, the Koochiching County Sheriff's Office would definitely look to utilize your new facility to house some of our inmates in the event we could not house them locally due to lack of beds. Our proximity to you, while still great, is much closer than many other jails that we would have to look to should lack of bed space arise. I am also encouraged to hear that you will have some beds devoted just to inmates with mental illness. Mental illness is a huge issue in all County jails and your new jail with dedicated beds could potentially be another way in which we could collaborate. Thank you for reaching out to me and I wish you all the best as you proceed with your new facility.

Sincerely,

A handwritten signature in blue ink, appearing to read "P. Hedlund", followed by a long horizontal line extending to the right.

Sheriff Perryn Hedlund

Koochiching County Sheriff's Office



Saint Louis County

Sheriff's Office • 100 N. Fifth Ave. West, Room 103 • Duluth, MN 55802
Phone: (218) 726-2340 • Fax: (218) 726-2171

Ross Litman
Sheriff

January 20, 2021

Dear County Administrator Skyles and County Board Chair Ives,

Recently, in conversation with Sheriff Williams, I was updated on the planning of and future plans for your proposed jail. It is my understanding from our conversation that it is possible your new jail might have capacity to accept remanded inmates from other counties. Our county's overall jail population for the past two years (even prior to the COVID-19 Pandemic) has been reasonable and we have been able to accommodate most of the detainees remanded to my custody. We have, although experienced a shortage of female and special management beds. Dependent upon our future inmate populations, I would consider the new Itasca County jail as an option for housing our detainees. I wish you and your county well in the planning and development processes. If I can assist in any way, please feel free to contact me.

Sincerely,

Ross Litman
Sheriff

CC: Sheriff Vic Williams

Reply to:

<input type="checkbox"/> Administrative Offices 100 N. 5 th Ave. W., Rm. 103 P.O. Box 16187 Duluth, MN 55802 Phone: (218) 726-2340 Fax: (218) 726-2171	<input type="checkbox"/> County Jail 4334 Haines Rd. Duluth, MN 55811 Phone: (218) 726-2345 Fax: (218) 725-6134	<input type="checkbox"/> Emergency Management 5735 Old Miller Trunk Hwy. Duluth, MN 55811 Phone: (218) 625-3960 Fax: (218) 625-3965	<input type="checkbox"/> Sheriff's Office 300 S. 5 th Ave. Virginia, MN 55792 Phone: (218) 749-7134 Fax: (218) 749-7192	<input type="checkbox"/> Sheriff's Office 1810 12 th Ave. E. Hibbing, MN 55746 Phone: (218) 262-0132 Fax: (218) 262-6334
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"An Equal Opportunity Employer"



January 19, 2021

It is my pleasure to write a letter of support for the Itasca County Jail construction project. To keep it short and simple, we are currently using the jail to provide programming in the areas of cognitive skill building programs and domestic violence programming. The Minnesota Department of Corrections is hoping to expand on these efforts once construction of the new jail has been completed. We are hoping to be able to partner with local providers and expand programming offered in the jail in the areas of mental health and addiction.

The Minnesota Department of Corrections is also looking to partner with local jails to expand programs available to clients who have been released from prison and are in jeopardy of returning due to poor decisions. By doing this, we are hoping to offer these clients the structure of incarceration while we identify local supports to assist them in addressing the problematic behavior prior to release.

I have been in conversations with the Itasca County Jail Administrator who has expressed a great deal of interest in developing the programming referenced above. I am both hopeful and optimistic that this will allow all entities involved to better support the clients whom we have in common.

Mark Smith
District Supervisor-Grand Rapids



Financial Summary

Itasca County is seeking authorization for a 1% Local Sales and Use Tax for a projected \$75 million correctional enforcement facility – to be fully funded and the sales tax ending within 30-years.

Please find the following two documents:

PFM Financing Options for Jail and/or Law Enforcement Center – This document was prepared during the summer of 2019 to provide the Jail Task Force debt ceiling and payment options. This memo illustrates Itasca Counties fiscal conservative history relating to debt and details our remaining limit of net debt to be over \$164 million; and

Bond Pricing and Debt Service – This document provides an amortization schedule for the payback of bond proceeds through a 1% Local Option Sales and Use Tax.



July 11, 2019

Memorandum

To: Jeff Walker, County Auditor
Itasca County, Minnesota

From: Arcelia Detert and Chuck Upcraft, PFM Financial Advisors LLC
Tel: (612) 371-3749 and (612) 371-3731
deterta@pfm.com and upcraftc@pfm.com

RE: Financing Options for Jail/Law Enforcement Center

Dear Jeff:

It is our understanding that the County is beginning to discuss the options around building a new jail annex in the approximate amount of \$65 million within the next two to four years.

Outlined below are public financing options available to the County:

Financing Option 1 - General Obligation Capital Improvement Plan Bonds

The County can opt to amend its Capital Improvement Plan to include the jail annex project. This will allow to issue capital improvement plan bonds and receive the lowest interest rates in the public market. The following bullet points summarize the legal requirements to issue this type of debt:

- The Bonds are issued pursuant to Minnesota Statutes Section 373.40
- These bonds are general in purpose allowing for the acquisition or improvements of County courthouses, administrative buildings, health and social service facilities, correctional facility, jail, law enforcement center, hospital, morgue, library, park, qualified indoor arenas, roads and bridges, public works facilities, fairground buildings, records and data storage facilities
- Requires following the Capital Improvement Plan Process, which includes the completion of a five-year capital improvement plan, publication of a notice of intention to issue bonds, and holding a public hearing
- Subject to reverse referendum
- ***Principal and interest due in all outstanding CIP Bonds in any year can't exceed 0.12% of the County's Estimated Market Value.*** The County's maximum annual debt service would be approximately \$6.1 million including the \$65 million proposed bond issue. The limit for issuing CIP bond under the current 2018/19 Estimated Market Value is \$6.8 million.



- The Bonds are subject to debt limit
- Payable from debt service levy
- Eligible to participate in the Public Facilities Authority County Credit Enhancement Program, which serves as an additional guaranty for repayment of the Bonds

Financing Option 2 – General Obligation Jail Bonds

The County can issue general obligation bonds without a referendum or public hearing by using this authority. Based on the County's Estimated Market Value for collection year 2019, the maximum annual debt service can't exceed \$5,624,209 per year. Below you will find the specific legal requirements:

- The Bonds are issued pursuant to Minnesota Statutes Section 641.23
- This type of issue is specific to the erection of a county jail, sheriff's residence, or both
- ***The annual debt service cannot exceed 0.09671% of the County's Estimated Market Value***

Financing Option 3 – Law Enforcement Center Lease Revenue Bonds

The County may issue Lease Revenue Bonds through the Housing and Redevelopment Authority of Itasca County or the City of Grand Rapids Economic Development Authority or Housing and Redevelopment Authority. The County issued this type of Bonds for the issuance of the Lease Revenue Bonds of 1996 for the construction of a juvenile detention center. The following bullet points summarize the legal requirements to issue this type of debt:

- The Bonds are issued pursuant to Minnesota Statutes Section 641.24
- These types of Bonds are specific to the construction of a jail or other law enforcement facilities for the county sheriff, deputy sheriffs, and other employees of the sheriff and other law enforcement agencies
- Statute authorizes either the County HRA or a city within the County to issue on behalf of the County; the County then enters into a lease agreement with the HRA or City to provide security for the Bonds
- The County's lease payments are made from an annual unlimited tax levy



- The County board may sublease any part of the jail property for purposes consistent with the maintenance and operation of a county jail or other law enforcement facility, e.g. city law enforcement agency
- ***The annual debt service (rental payments under the lease) cannot exceed 0.10% of the County's Estimated Market Value.*** Based on the County's Estimated Market Value for collection year 2019, the maximum annual debt service can't exceed \$5,815,540 per year.
- Eligible to participate in the Public Facilities Authority County Credit Enhancement Program, which serves as an additional guaranty for repayment of the Bonds
- The Bonds can't be issued until plans have been approved by the Department of Corrections

Financing Option 4 – Certificates of Participation

The County may issue Certificates of Participation (COP's). The COP's will be issued by a corporate trustee (e.g. US Bank) which will also be the lessor in a lease agreement with the County. The trustee will acquire the jail in this case with the proceeds of the COP's and lease it to the County. The lease payments will match the debt service payments on the COP's. At the conclusion of the lease term the County will own the facility. The County will have the right to cancel the lease at the end of any fiscal year by failing to appropriate the funds for the lease payments. Because of this feature, the COP's are not general obligations of the County therefore will have a lower credit rating and higher interest rates than for general obligation bonds. The COP's will be sold publicly by taking bids just as would be the case for general obligation bonds.

The following bullet points summarize the legal requirements to issue this type of debt:

- The Bonds are issued pursuant to Minnesota Statutes 465.71
- Requires a Trustee



Limit on Net Debt

Minnesota Statutes, Chapter 475, as amended, provides that the County shall not incur or be subject to a net debt in excess of 3% of the estimated market value of taxable property in the County.

2018/2019 Estimated Market Value	\$ 5,815,540,700
Limitation	<u>3.0%</u>
Itasca County Limit on Net Debt	\$ 174,466,221
Outstanding Debt Subject to Debt Limit (as of June 1, 2019)	
G.O. Capital Improvement Bonds, Series 2011 (QECBs)	\$ 1,513,937
G.O. Capital Improvement Refunding Bonds, Series 2015B	2,070,000
G.O. Capital Improvement Refunding Bonds, Series 2017A	<u>6,740,000</u>
Total Outstanding Debt Subject to Debt Limit	\$ <u>10,323,937</u>
Remaining Limit on Net Debt	\$ <u>164,142,284</u>

Definition of Net debt.

"Net debt" means the amount remaining after deducting from its gross debt the amount of current revenues which are applicable within the current fiscal year to the payment of any debt and the aggregate of the principal of the following:

(1) Obligations issued for improvements which are payable wholly or partly from the proceeds of special assessments levied upon property specially benefited thereby, including those which are general obligations of the municipality issuing them, if the municipality is entitled to reimbursement in whole or in part from the proceeds of the special assessments.

(2) Warrants or orders having no definite or fixed maturity.

(3) Obligations payable wholly from the income from revenue producing conveniences.

(4) Obligations issued to create or maintain a permanent improvement revolving fund.

(5) Obligations issued for the acquisition, and betterment of public waterworks systems, and public lighting, heating or power systems, and of any combination thereof or for any other public convenience from which a revenue is or may be derived.



(6) Debt service loans and capital loans made to a school district under the provisions of sections 126C.68 and 126C.69.

(7) Amount of all money and the face value of all securities held as a debt service fund for the extinguishment of obligations other than those deductible under this subdivision.

(8) Obligations to repay loans made under section 216C.37.

(9) Obligations to repay loans made from money received from litigation or settlement of alleged violations of federal petroleum pricing regulations.

(10) Obligations issued to pay pension fund or other postemployment benefit liabilities under section 475.52, subdivision 6, or any charter authority.

(11) Obligations issued to pay judgments against the municipality under section 475.52, subdivision 6, or any charter authority.

(12) All other obligations which under the provisions of law authorizing their issuance are not to be included in computing the net debt of the municipality.

SOURCES AND USES OF FUNDS

Itasca County, Minnesota
\$75MM of G.O. Bonds for Jail Project
Based on Current Market Rates + 50bps of Market Volatility
Preliminary Schedules as of January 21, 2020

Dated Date 02/01/2021
Delivery Date 02/01/2021

Sources:

Bond Proceeds:	
Par Amount	75,000,000.00

	75,000,000.00
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Uses:

Project Fund Deposits:	
Project Fund	74,700,000.00

Delivery Date Expenses:	
Cost of Issuance	150,000.00
Underwriter's Discount	150,000.00
	<hr/> 300,000.00

	75,000,000.00
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BOND DEBT SERVICE

Itasca County, Minnesota
\$75MM of G.O. Bonds for Jail Project
Based on Current Market Rates + 50bps of Market Volatility
Preliminary Schedules as of January 21, 2020

Dated Date 02/01/2021
Delivery Date 02/01/2021

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
08/01/2021			1,073,936.25	1,073,936.25	
02/01/2022	1,755,000	1.550%	1,073,936.25	2,828,936.25	3,902,872.50
08/01/2022			1,060,335.00	1,060,335.00	
02/01/2023	1,785,000	1.600%	1,060,335.00	2,845,335.00	3,905,670.00
08/01/2023			1,046,055.00	1,046,055.00	
02/01/2024	1,810,000	1.650%	1,046,055.00	2,856,055.00	3,902,110.00
08/01/2024			1,031,122.50	1,031,122.50	
02/01/2025	1,840,000	1.700%	1,031,122.50	2,871,122.50	3,902,245.00
08/01/2025			1,015,482.50	1,015,482.50	
02/01/2026	1,870,000	1.750%	1,015,482.50	2,885,482.50	3,900,965.00
08/01/2026			999,120.00	999,120.00	
02/01/2027	1,905,000	1.800%	999,120.00	2,904,120.00	3,903,240.00
08/01/2027			981,975.00	981,975.00	
02/01/2028	1,940,000	1.850%	981,975.00	2,921,975.00	3,903,950.00
08/01/2028			964,030.00	964,030.00	
02/01/2029	1,975,000	1.900%	964,030.00	2,939,030.00	3,903,060.00
08/01/2029			945,267.50	945,267.50	
02/01/2030	2,015,000	2.000%	945,267.50	2,960,267.50	3,905,535.00
08/01/2030			925,117.50	925,117.50	
02/01/2031	2,055,000	2.200%	925,117.50	2,980,117.50	3,905,235.00
08/01/2031			902,512.50	902,512.50	
02/01/2032	2,100,000	2.300%	902,512.50	3,002,512.50	3,905,025.00
08/01/2032			878,362.50	878,362.50	
02/01/2033	2,145,000	2.400%	878,362.50	3,023,362.50	3,901,725.00
08/01/2033			852,622.50	852,622.50	
02/01/2034	2,200,000	2.500%	852,622.50	3,052,622.50	3,905,245.00
08/01/2034			825,122.50	825,122.50	
02/01/2035	2,255,000	2.800%	825,122.50	3,080,122.50	3,905,245.00
08/01/2035			793,552.50	793,552.50	
02/01/2036	2,315,000	2.900%	793,552.50	3,108,552.50	3,902,105.00
08/01/2036			759,985.00	759,985.00	
02/01/2037	2,385,000	2.950%	759,985.00	3,144,985.00	3,904,970.00
08/01/2037			724,806.25	724,806.25	
02/01/2038	2,455,000	3.000%	724,806.25	3,179,806.25	3,904,612.50
08/01/2038			687,981.25	687,981.25	
02/01/2039	2,525,000	3.100%	687,981.25	3,212,981.25	3,900,962.50
08/01/2039			648,843.75	648,843.75	
02/01/2040	2,605,000	3.150%	648,843.75	3,253,843.75	3,902,687.50
08/01/2040			607,815.00	607,815.00	
02/01/2041	2,690,000	3.200%	607,815.00	3,297,815.00	3,905,630.00
08/01/2041			564,775.00	564,775.00	
02/01/2042	2,775,000	3.250%	564,775.00	3,339,775.00	3,904,550.00
08/01/2042			519,681.25	519,681.25	
02/01/2043	2,865,000	3.300%	519,681.25	3,384,681.25	3,904,362.50
08/01/2043			472,408.75	472,408.75	
02/01/2044	2,960,000	3.350%	472,408.75	3,432,408.75	3,904,817.50
08/01/2044			422,828.75	422,828.75	
02/01/2045	3,060,000	3.400%	422,828.75	3,482,828.75	3,905,657.50
08/01/2045			370,808.75	370,808.75	
02/01/2046	3,160,000	3.450%	370,808.75	3,530,808.75	3,901,617.50
08/01/2046			316,298.75	316,298.75	
02/01/2047	3,270,000	3.500%	316,298.75	3,586,298.75	3,902,597.50
08/01/2047			259,073.75	259,073.75	
02/01/2048	3,385,000	3.550%	259,073.75	3,644,073.75	3,903,147.50
08/01/2048			198,990.00	198,990.00	
02/01/2049	3,505,000	3.600%	198,990.00	3,703,990.00	3,902,980.00
08/01/2049			135,900.00	135,900.00	
02/01/2050	3,630,000	3.650%	135,900.00	3,765,900.00	3,901,800.00
08/01/2050			69,652.50	69,652.50	
02/01/2051	3,765,000	3.700%	69,652.50	3,834,652.50	3,904,305.00
	75,000,000		42,108,925.00	117,108,925.00	117,108,925.00

BOND SUMMARY STATISTICS

Itasca County, Minnesota
 \$75MM of G.O. Bonds for Jail Project
 Based on Current Market Rates + 50bps of Market Volatility
 Preliminary Schedules as of January 21, 2020

Dated Date	02/01/2021
Delivery Date	02/01/2021
Last Maturity	02/01/2051
Arbitrage Yield	3.154859%
True Interest Cost (TIC)	3.170414%
Net Interest Cost (NIC)	3.216211%
All-In TIC	3.186016%
Average Coupon	3.204795%
Average Life (years)	17.519
Duration of Issue (years)	13.068
Par Amount	75,000,000.00
Bond Proceeds	75,000,000.00
Total Interest	42,108,925.00
Net Interest	42,258,925.00
Bond Years from Dated Date	1,313,935,000.00
Bond Years from Delivery Date	1,313,935,000.00
Total Debt Service	117,108,925.00
Maximum Annual Debt Service	3,905,670.00
Average Annual Debt Service	3,903,630.83
Underwriter's Fees (per \$1000)	
Average Takedown	
Other Fee	2.000000
Total Underwriter's Discount	2.000000
Bid Price	99.800000

Bond Component	Par Value	Price	Average Coupon	Average Life	PV of 1 bp change
Bond Component	75,000,000.00	100.000	3.205%	17.519	94,153.35
	75,000,000.00			17.519	94,153.35

	TIC	All-In TIC	Arbitrage Yield
Par Value	75,000,000.00	75,000,000.00	75,000,000.00
+ Accrued Interest			
+ Premium (Discount)			
- Underwriter's Discount	(150,000.00)	(150,000.00)	
- Cost of Issuance Expense		(150,000.00)	
- Other Amounts			
Target Value	74,850,000.00	74,700,000.00	75,000,000.00
Target Date	02/01/2021	02/01/2021	02/01/2021
Yield	3.170414%	3.186016%	3.154859%

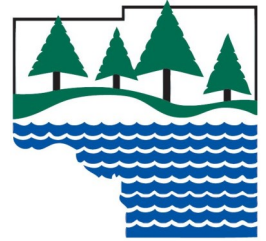
BOND PRICING

Itasca County, Minnesota
\$75MM of G.O. Bonds for Jail Project
Based on Current Market Rates + 50bps of Market Volatility
Preliminary Schedules as of January 21, 2020

Bond Component	Maturity Date	Amount	Rate	Yield	Price
Bond Component:					
	02/01/2022	1,755,000	1.550%	1.550%	100.000
	02/01/2023	1,785,000	1.600%	1.600%	100.000
	02/01/2024	1,810,000	1.650%	1.650%	100.000
	02/01/2025	1,840,000	1.700%	1.700%	100.000
	02/01/2026	1,870,000	1.750%	1.750%	100.000
	02/01/2027	1,905,000	1.800%	1.800%	100.000
	02/01/2028	1,940,000	1.850%	1.850%	100.000
	02/01/2029	1,975,000	1.900%	1.900%	100.000
	02/01/2030	2,015,000	2.000%	2.000%	100.000
	02/01/2031	2,055,000	2.200%	2.200%	100.000
	02/01/2032	2,100,000	2.300%	2.300%	100.000
	02/01/2033	2,145,000	2.400%	2.400%	100.000
	02/01/2034	2,200,000	2.500%	2.500%	100.000
	02/01/2035	2,255,000	2.800%	2.800%	100.000
	02/01/2036	2,315,000	2.900%	2.900%	100.000
	02/01/2037	2,385,000	2.950%	2.950%	100.000
	02/01/2038	2,455,000	3.000%	3.000%	100.000
	02/01/2039	2,525,000	3.100%	3.100%	100.000
	02/01/2040	2,605,000	3.150%	3.150%	100.000
	02/01/2041	2,690,000	3.200%	3.200%	100.000
	02/01/2042	2,775,000	3.250%	3.250%	100.000
	02/01/2043	2,865,000	3.300%	3.300%	100.000
	02/01/2044	2,960,000	3.350%	3.350%	100.000
	02/01/2045	3,060,000	3.400%	3.400%	100.000
	02/01/2046	3,160,000	3.450%	3.450%	100.000
	02/01/2047	3,270,000	3.500%	3.500%	100.000
	02/01/2048	3,385,000	3.550%	3.550%	100.000
	02/01/2049	3,505,000	3.600%	3.600%	100.000
	02/01/2050	3,630,000	3.650%	3.650%	100.000
	02/01/2051	3,765,000	3.700%	3.700%	100.000
		75,000,000			

Dated Date	02/01/2021	
Delivery Date	02/01/2021	
First Coupon	08/01/2021	
Par Amount	75,000,000.00	
Original Issue Discount		
Production	75,000,000.00	100.000000%
Underwriter's Discount	(150,000.00)	(0.200000%)
Purchase Price	74,850,000.00	99.800000%
Accrued Interest		
Net Proceeds	74,850,000.00	

Itasca County



Department of Corrections Issues Sunset Authorization

“Based on the limitations of the current facility, physical plant deficiencies, increasing inmate populations, facility operations and inspection deficiencies...The Itasca County jail will be

approved to operate with a ‘Sunset Authorization.’ As such, the sunset date for the Itasca County Jail shall be September 1, 2021.”

Source: DOC Letter, April 25, 2018

Jail Population

28%

Non-County Residents

30%

Grand Rapids Residents

42%

Remainder of Itasca County Residents

6%

Projected amount that the in-custody rate increases yearly

35

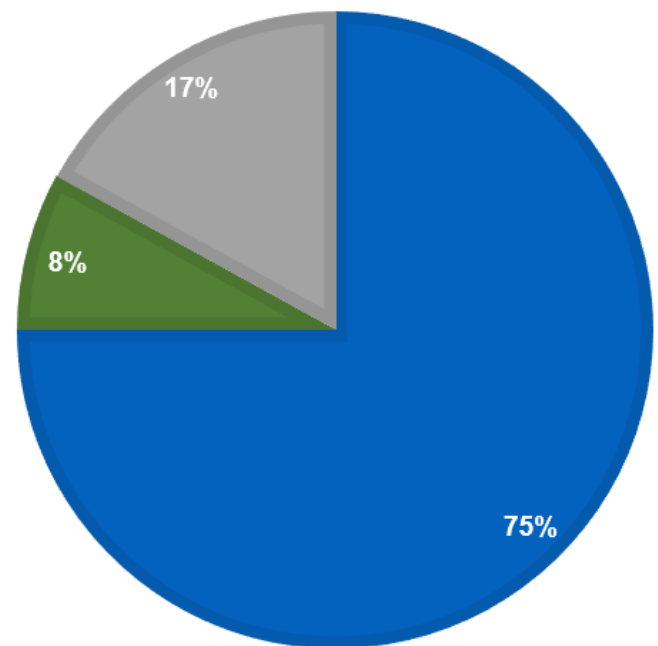
Number of inmates housed out per day

Number of Survey Responses Received

1266

Constituent Support

■ Sales Tax ■ Property Tax ■ Other



Timeline

1981 | Itasca County Jail Built

1997 | Itasca County Jail Annex Built

2018 | Sunset Notice Received

Jail Taskforce Created

2019 | Jail Taskforce Present Final Report

2020 | Sales & Use Tax Application Submitted

Taxpayer Burden: Decreases in state assessed utility values, Boswell Energy closing two power generating lines, Blandin down to one paper line, Blandin conservation easement devaluation, mining has not resumed, and a vast majority of land in Itasca County is publicly owned.