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SUBJECT: **JAIL PLANNING: DISTRIBUTION OF PROPERTY PROCEEDS TO CITIES**

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POLICY ISSUE: Contracts providing jail beds for city misdemeanor inmates at King County and Yakima County expire in 2012 and 2010 respectively. Cities have been working together to plan for secure jail beds for city inmates in the future. The purpose of this briefing is to update Council on a proposed agreement carrying out direction made by the Jail Oversight Assembly last year to distribute proceeds from the sale of the of the jail property to each city for use in securing additional jail capacity. As the lead city designated to maintain and dispose of the property, Bellevue is responsible for making the distribution of the proceeds from the property's sale according to the methodology approved by the Jail Oversight Assembly.

NEEDED FROM COUNCIL: This is an informational item to ensure Council is aware of a proposed agreement to distribute the proceeds from the sale of the jail property in Bellevue to cities. Details are still being worked out in the agreement so that Bellevue, as the lead city, will not incur any greater liability and costs than other cities solely because of its lead role. Staff anticipates bringing the final agreement forward in June or July for Council approval.

BACKGROUND:

Regional Jail Planning and Jail Property

The City of Bellevue has been participating in regional jail planning activities through the JAG (the Jail Advisory Group) since 2002. The JAG was formed after renegotiation of the King County Jail Services Interlocal Agreement (JSA) which calls for a phased reduction in cities' misdemeanor prisoners. The current agreement ends on December 31, 2012, which is the date that all city misdemeanants must be housed in alternate facilities. The JAG provides an organizational structure for coordinating the contract for jail beds with Yakima and King counties and to plan for new local jail beds that would be needed when the King County contract expires.

The full JAG represents thirty seven King County cities and includes an oversight committee composed of elected officials from each city (the Jail Oversight Assembly). A jail needs study was completed in 2006 which identified a total projected an average daily bed need of 1,450 beds for all JAG cities in 2026. In 2007, the cities split into two groups for regional jail planning purposes, SCORE (South County Correctional Entity) and the North East Cities (NEC). Both groups are currently engaged in feasibility or construction planning for new jail facilities.

At the time cities entered into the current JSA with King County, the County transferred ownership of property within the Bellevue city limits to Bellevue to hold on behalf of King County cities. The property, or proceeds from sale of the property, was to be used to help provide funding to cities for new misdemeanor jail capacity. The property transferred to the cities consisted of three parcels abutting 116th Avenue N.E. just north of NE 12th St (tax parcels # 2825059291, 2825059292, and 2825059015).

Based on the anticipated sale of the jointly owned property, on March 26, 2008, the Jail Oversight Assembly authorized distribution of the sales proceeds based on a formula of an average of each King County city's AV (assessed value) and ADP (inmate average daily population). Distribution of the funds would allow cities to utilize the funds to meet the intent of the property transfer. The City of Bellevue's estimated share of the funds is \$965,000 (see Attachment 1).

In March, 2009, the City of Bellevue completed the sale of the jail property to Children's Hospital. Bellevue is holding the proceeds in a designated account pending the completion of the Proceeds Agreements.

Use of the property or proceeds from the property is spelled out in the JSA. The JSA indicates JAG cities will: 1) use the funds to contribute to the cost to construct or contract for secure facilities, and also may use the funds to construct or contract for alternative correction facilities at the discretion of the cities; and 2) the cities will reach the zero target at King County facilities by December 31, 2012. The property transfer agreement and JSA may require Bellevue to return the proceeds to King County should King County prove these provisions have not been met. There is some ambiguity in these documents as to the scope of proceeds that must be returned in this circumstance and exceptions to the zero target. It is Bellevue's position (we believe also shared by other JAG cities) that only proceeds from cities that violate the JSA are at risk for return to King County. However, to protect Bellevue in its lead role from taking on greater liability or costs than other JAG cities, staff is taking the position in drafting the proceeds distribution agreement that all cities must accept an appropriate share of potential liability/costs under various possible scenarios involving King County making a claim against Bellevue for return of proceeds.

Each city will need to enter into an agreement with the City of Bellevue to receive the designated amount of funds. It is anticipated that the Proceeds Agreement will be finalized in the coming weeks and that approval to sign the agreements will be sought from Council in June or July.

ALTERNATIVES: N/A

RECOMMENDATIONS: N/A

ATTACHMENTS: (1) Estimate of Property Proceeds Distribution by City

**JAG Property Proceeds Distribution, Methodology Approved by the Jail Oversight Assembly
on March 26, 2008**

Cities	Sale Price	Admin/other costs	Cities' Distribution
	\$13,000,029.75	\$80,668.22	\$12,919,361.53
	Avg. of AV & ADP (1)	Proportionate Share of Costs (2)	Final City-by-City Proceeds Distribution
Algona	\$23,192.12	\$143.91	\$23,048.21
Auburn	\$802,189.19	4,977.77	\$797,211.41
Beaux Arts	\$2,522.77	15.65	\$2,507.11
Bellevue	\$971,632.36	6,029.21	\$965,603.16
Black Diamond	\$13,296.11	82.51	\$13,213.60
Bothell	\$126,884.86	787.35	\$126,097.51
Burien	\$152,788.19	948.09	\$151,840.11
Carnation	\$6,307.71	39.14	\$6,268.57
Clyde Hill	\$42,535.51	263.94	\$42,271.57
Covington	\$66,117.81	410.28	\$65,707.53
Des Moines	\$177,309.96	1,100.25	\$176,209.71
Duwall	\$28,001.81	173.76	\$27,828.05
Enumclaw	\$90,781.35	563.32	\$90,218.04
Federal Way	\$592,395.85	3,675.95	\$588,719.90
Hunts Point	\$18,450.53	114.49	\$18,336.04
Issaquah	\$219,916.15	1,364.63	\$218,551.52
Kent	\$1,167,650.24	7,245.54	\$1,160,404.70
Kirkland	\$425,483.19	2,640.22	\$422,842.97
Lake Forest Park	\$80,831.88	501.58	\$80,330.30
Maple Valley	\$55,773.30	346.09	\$55,427.22
Medina	\$76,693.19	475.90	\$76,217.29
Mercer Island	\$215,280.73	1,335.87	\$213,944.87
Milton	\$1,945.87	12.07	\$1,933.79
Newcastle	\$54,015.80	335.18	\$53,680.62
Normandy Park	\$34,455.16	213.80	\$34,241.36
North Bend	\$26,493.26	164.40	\$26,328.87
Pacific	\$14,072.46	87.32	\$13,985.14
Redmond	\$454,810.48	2,822.21	\$451,988.27
Renton	\$1,003,897.93	6,229.42	\$997,668.51
Sammamish	\$208,370.24	1,292.99	\$207,077.26
SeaTac	\$163,497.69	1,014.54	\$162,483.15
Seattle	\$4,712,179.79	29,240.18	\$4,682,939.61
Shoreline	\$385,800.81	2,383.98	\$383,406.83
Skykomish	\$1,619.58	10.05	\$1,609.53
Snoqualmie	\$67,254.13	417.33	\$66,836.80
Tukwila	\$287,709.84	1,785.31	\$285,924.53
Woodinville	\$86,320.22	535.64	\$85,784.58
Yarrow Point	\$17,407.88	108.02	\$17,299.86
	\$13,000,029.75	\$80,668.22	\$12,919,361.53

NOTES:

(1) The proceeds formula is an average of each city's AV and ADP. Assessed Value (AV) was derived from the King County Assessors Office estimates for 2007. Average Daily Population (ADP) was based on 2005-2007 data provided by cities. This methodology was approved at the March 26, 2008 Jail Oversight Assembly Meeting.

(2) The costs were incurred by the City of Bellevue on behalf of the rest of the cities and are recoupable as provided in Paragraph 7.2 of the Interlocal Agreement. This is a draft tally of costs. The final version may be different.

DRAFT, 4/21/09