



Justice Project Finance Parameters

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Outline

- 1 Existing agreements and assumptions
- 2 New circumstances
- 3 Scenarios
- 4 Next steps

Purpose: to define contours of framework for reaching consensus on budget ceiling for the jail and behavioral care center

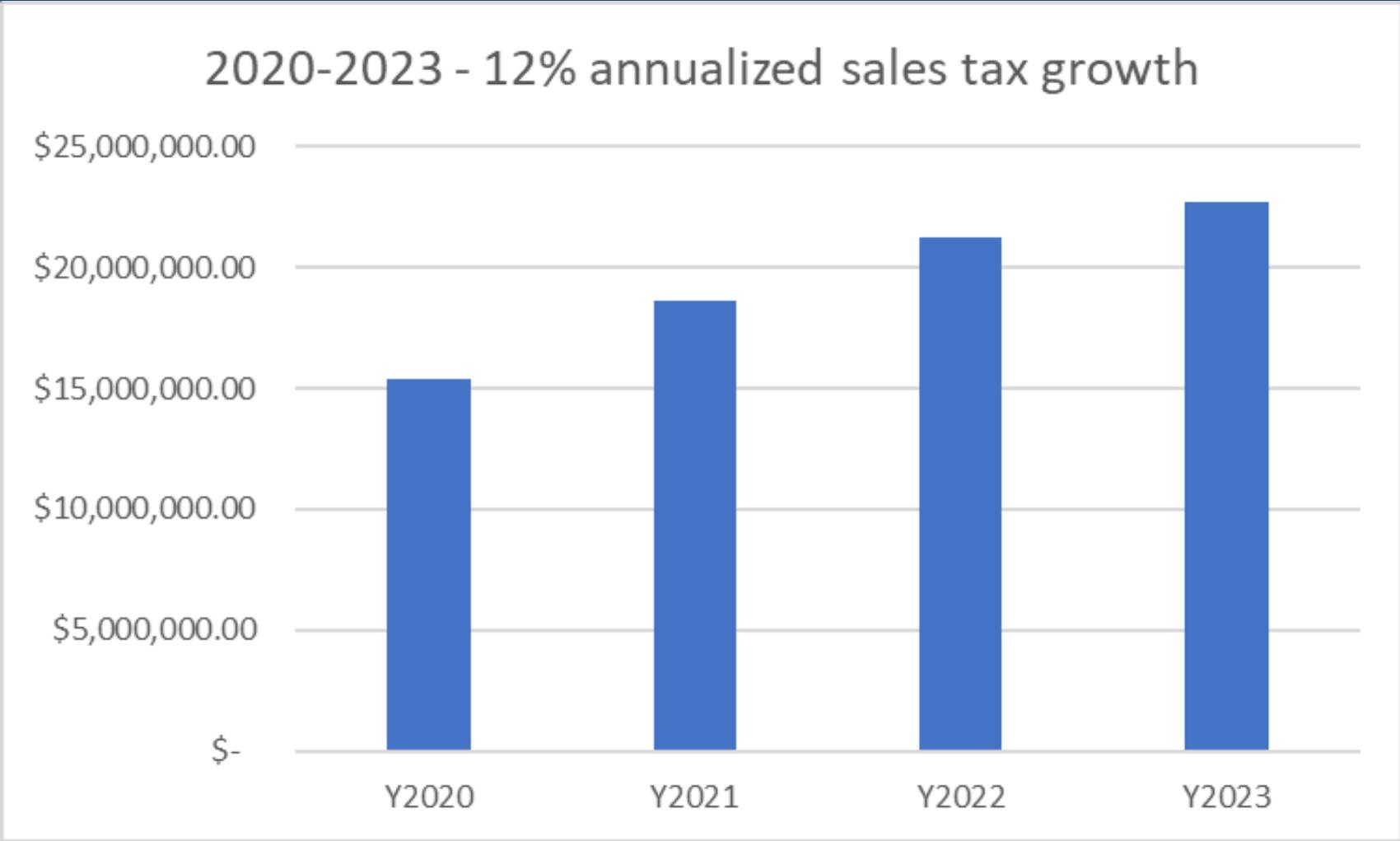


Interlocal parameters and assumptions

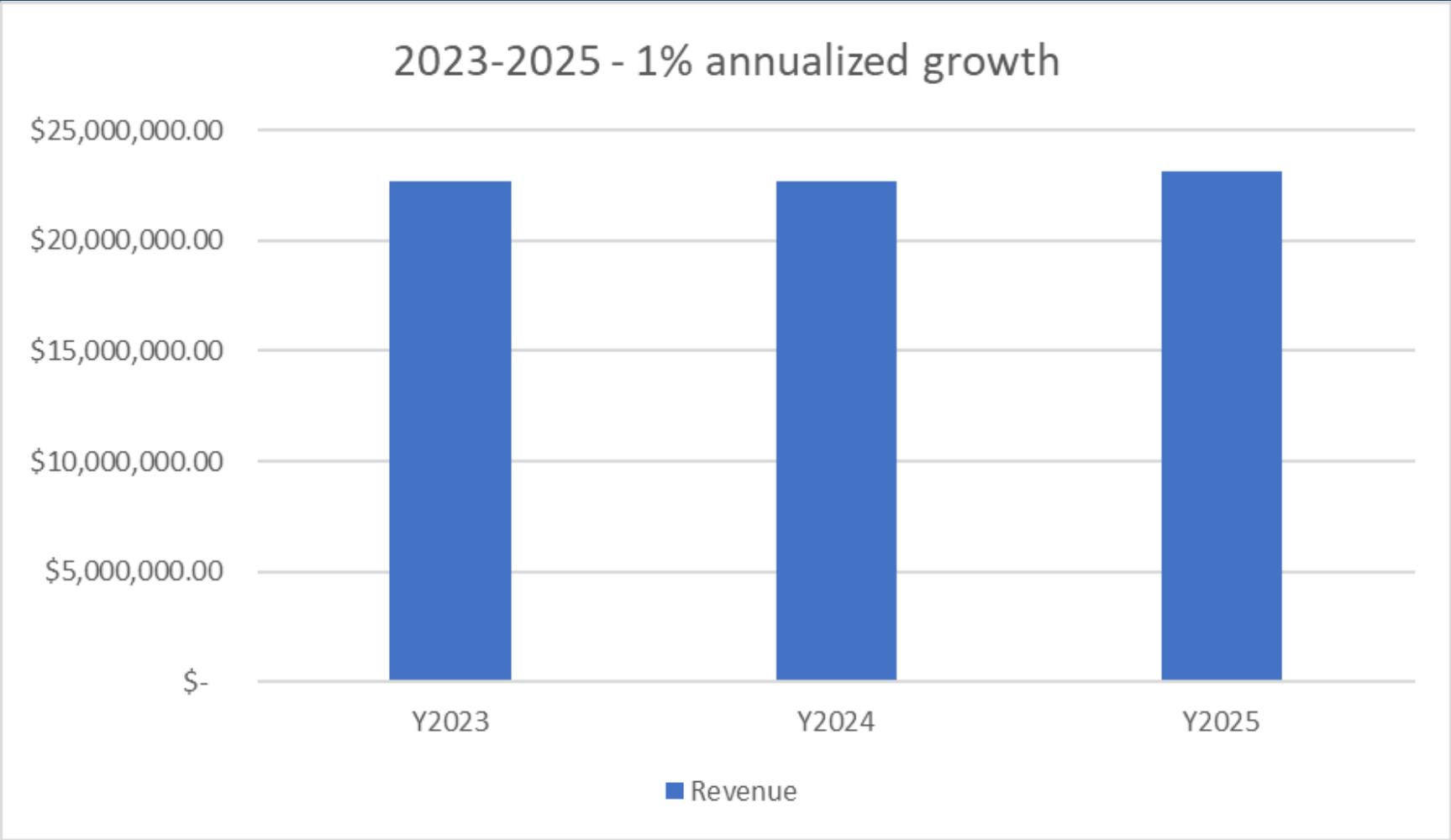
- Cities and County will contribute 75%/100% of sales tax proceeds to capital construction costs for 4-6 years
- Debt service costs after the initial period will not exceed \$6.6 million
- Jail and behavioral care center would cost approximately \$155 million
- A substantial amount of revenue (50%) would be available for community-based services after the initial period of 4-6 years
- Sales tax revenues would increase by 5% in 2024 and by 4% annually thereafter



Interlocal assumptions (perspective)



New circumstances



New circumstances

Two factors have undercut the assumptions made during the initial planning process:

- High inflation has significantly escalated construction costs
- Economic stagnation impacting revenue to date and forcing revision of projected future revenues



Limiting parameters and levers

Two levers can be used to increase the amount of money available from the Justice Project sales tax for capital construction:

- Increasing the County's long-term borrowing for the project
- Extension of the joint County/city contribution framework



Baseline Scenario 2030

- Long-term debt service is capped at \$6.6 million (benchmark in interlocal)
- City contributions end in 2030 (\$22 million total)

Resulting funds: **approximately \$165 million**



Max Debt Scenario 2030

- Long-term debt service is capped at \$8.7 million*
- City contributions end in 2030 (\$22 million total)

Resulting funds available : **approximately \$200 million**

*Dedicates 100% of anticipated County revenue from this source in 2030 to debt service



Max Debt Scenario 2035

- Long-term debt service is capped at \$10 million*
- City contributions end in 2035 (\$45 million total)

Resulting funds available: **approximately \$224 million**

*Dedicates 100% of anticipated County revenue from this source in 2035 to debt service



Tradeoffs and risks

- Maximum debt scenarios present risks.
- Risks can be mitigated, but that entails creation of reserves or discounting.
- The maximum scenarios are intended for demonstrative purposes.
- Debt-related risks must be balanced against risks associated with compromising on the new facility's quality and/or capacity.
- Any scenario that maximizes allocation of funds to capital construction expenses will leave less money for community-based behavioral care programs.



Tradeoffs and risks

15-Year Totals for Community-Based Services (2024-2039):

- Baseline Scenario 2030 – \$87 million
- Max Debt Scenario 2030 – \$61 million
- Max Debt Scenario 2035 – \$36 million



Next Steps

- Conversations underway with City of Bellingham and Small Cities to consider update of existing interlocal.
- Council decision on project budget need in near future.
- Recommendations from advisory bodies are expected prior to the Council's final deliberations.

Please let the Executive's Office know what information would be helpful for this deliberative process!

