

## **ANTICIPATED TIMELINE OF WALSH CONSTRUCTION**

- A) **February 10, 2017:** RFP issued to Walsh to create proposal to complete Gratiot jail site.
- B) **February 15, 2017:** Wayne County Commission to consider stipend agreement with Walsh.
- C) **May 3, 2017:** Walsh proposal due back to Wayne County
- D) **May –June, 2017:** Administration reviews and decides whether to enter into Design-Build contract with Walsh to finish Gratiot jail (subject to Wayne County Commission and Wayne County Building Authority approvals)\*
- E) **Fall/Winter 2017:** If approved, Walsh begins work to complete jail on Gratiot site, estimated to take between 30 and 36 months.\*\*
- F) **Fall 2020:** Walsh completes construction of Gratiot jail, assuming County chooses this path.\*\*

*\*County could pause or stop Walsh proposal at any point.*

*\*\*Dates subject to change pending final Walsh proposal and the approval process with County Commission/Building Authority.*

## **ACTIONS REQUESTED TODAY**

The Administration submitted to the County Commission, the following recommendations for consideration at an upcoming Committee of the Whole meeting.

- 1) Approve a stipend agreement of up to **\$500,000** with Walsh Construction to prepare a proposal in response to the RFP, which was issued on Feb. 10.
- 2) Modify the contract with Carter Goble Associates LLC (“CGL”) to allow for analysis of Rock Ventures proposed jail site. **No cost.** *[NOTE: The Commission and Building Authority previously approved a contract restricting CGL’s analysis to the Gratiot site].*
- 3) Approve a contract with CGL to assist in vetting the programming and operations of the detention facilities provided in Rock’s proposal. **Up to \$59,440**
- 4) Approve a contract with the National Center for State Courts to assist in vetting and analyzing the programming of the court and sheriff and prosecutor offices provided in Rock’s proposal. **Up to \$37,600 for due diligence and up to an additional \$118,200 if County proceeds with Rock’s proposal (total contract not to exceed \$155,800).**
- 5) Approve a legal services contract with Zausmer, August and Caldwell to assist in legal issues related to the Rock proposal. **Up to \$50,000.**

## **FREQUENTLY ASKED QUESTIONS**

### **Why offer a stipend?**

The stipend is critical to keeping the Gratiot project moving as the County evaluates Rock's proposal. We need to offer Walsh some reassurance that their time and commitment will be adequately compensated.

### **How does the stipend with Walsh work? What happens if County accepts Rock proposal while Walsh is still working on proposal?**

The stipend, if approved, will ONLY be paid if the County proceeds with a definitive agreement with Rock to build at a site other than Gratiot. There are also conditions in the agreement which prorate payment should the County cancel the RFP at any time. As provided in the schedule of payment, the County can cancel or pause the RFP at any time before Walsh's proposal is submitted and only pay those amounts of the stipend for work completed towards the preparation of the proposal. If Walsh is authorized to proceed with submitting a proposal to complete the Gratiot site and the County does not proceed with Rock, the County will not be required to pay any portion of the stipend.

### **What are the risks the County sees, at this early stage, regarding the Rock proposal?**

There are three major areas of concerns. Will \$420 million be enough to provide the facilities needed to meet the County's needs? How will the operational savings credit be calculated and for how long and when will payment be due? This is a critical question because a large factor in the decision to build a new jail is the operational savings to be gained. So why would the County give it back? What are the implications on the \$200 million jail bonds if the County moves the jail site?

### **When will County make final decision on Rock proposal?**

That's difficult to say, as the recommendations to vet the proposal, as well as any contract with Rock would need to be approved by the Wayne County Commission and some the Building Authority. However, the Administration believes that a decision either way on Rock's proposal can be complete prior to the Gratiot proposal deadline in May 2017.

### **What are the total estimated operational costs at the Gratiot facilities?**

It's difficult to project operational costs for a facility that is not yet finalized in design or in operation. There is a lot of analysis and work that needs to be done on this matter to vet the Rock proposal. It's a significant issue.

One of the reasons to build a new facility is for the operational savings, so you wouldn't necessarily want to just give some of those savings back. The Evans Administration's fiscal approach has been to book savings when they actually occur. That way, any operational savings gained further strengthen the County's finances and better insulates the County from future fiscal challenges if projections that are difficult to determine, fall short.

**What are the implications so far for the \$51 million in tax credits? What happens with those? Are those entirely separate from the \$200 million bond debt?**

No, they aren't separate. The bonds were issued under special provisions of the Internal Revenue Code where the interest is not tax exempt to the holders; rather, the County receives tax credits equal to 45% of the interest paid on the bonds. To date, the County has received approximately \$51 million in tax credits. The IRS affirmed in December 2017 that the County could still receive tax credits for the Gratiot location. If the County decides to sell the Gratiot site to a private party or construct the jail project elsewhere, the tax credits could be compromised.

**How much does the County pay in debt service currently on the Gratiot site property?**

The county pays about \$1.6 million per month for debt service, based on the amortization schedule.