



Hamilton County Administrator's Office Interdepartmental Memorandum

To: Board of County Commissioners

From: Patrick Thompson, County Administrator

Cc: Simon Leis, Jr., Sheriff
Honorable Nathaniel Jones

Date: March 15, 2007

Re: Corrections Facilities Operating Costs

Purpose

The purpose of this report is to provide the Commissioners a basic understanding of the cost components for the operation of the County's corrections facilities. This report also provides detailed estimated operating costs for the recommended corrections solution in the County Administrator's Comprehensive Corrections and Rehabilitation Program provided to the Commissioners on February 12, 2007. Finally, this report quantifies the significant operating savings of consolidating current facilities.

This report is critical in understanding the magnitude of the problem of operating facilities not designed for corrections use and the inherent savings of consolidating three outdated facilities. As detailed in this report, the proposed new consolidated facility will save approximately \$4.3 million annually in operating costs compared to the current operating model. Over a 30-year period this amounts to a savings of \$212 million.

This report focuses on basic operations only. This report does not discuss financing or revenue sources needed to fund the treatment and rehabilitation programs or facility construction costs. Please see the February 12, 2007 report for a discussion on revenue options.

This report includes the following sections:

- I. Background
- II. Current Costs
- III. Efficiency Comparisons
- IV. Comparing Scenarios
- V. Conclusions/Recommendations

I. Background

As detailed in the January 2006 Correctional Master Plan, the County currently operates four correctional facilities:

- Hamilton County Justice Center: 1,240 beds (design capacity of 848 beds)
- Queensgate: 822 beds
- Reading Road: 150 beds
- Turning Point: 60 beds

Additionally, in May 2006, the County began sending approximately 300 medium and maximum security male inmates to the Butler County jail. The County pays \$55 per inmate per day with a 300 bed minimum payment and access to a maximum of 400 beds.

The County owns the Justice Center. The County pays annual rent and property taxes for Queensgate (owned by Corrections Corporation of America) and contracts with Talbert House for programs in their Reading Road and Turning Point facilities. Support activities (food, laundry, and medical services) for all four facilities are provided by the Justice Center. Meals and laundry are transported to Queensgate, Reading Road, and Turning Point daily. Inmates with medical needs are transported from Queensgate, Reading Road, and Turning Point to the Justice Center and/or the hospital for treatment. These significant operational inefficiencies are eliminated with a new consolidated facility. The specific estimated cost savings are detailed in section IV of this report.

Existing facility characteristics/limitations are provided in the January 2006 Correctional Master Plan – Section 8 and is available on the County website. Additionally, the County engaged the services of professional architectural and engineering firms to perform detailed structural and standard compliance reviews of the facilities used by the County. These reports are available upon request.

II. Current Costs

As shown in Table I below, the County spent approximately \$48.6 million for corrections operations during 2006. This amount includes the partial year costs of boarding County inmates in Butler County. Based on a total of 847,165 inmate days in 2006, the cost of the Hamilton County corrections system was \$57.37 per inmate per day. It is important to note that this figure is a system-wide calculation which includes all four corrections facilities and Butler County. Actual per day costs vary by facility. The Justice Center's operating costs per inmate per day are inherently lower than the other facilities because of on-site support activities (i.e., food, laundry, medical), economies realized with a large operation, and the very fact that the Justice Center was designed as a correctional facility. Because all support functions are provided by the Justice Center, actual per inmate per day costs by facility are not available.

Table I – 2006 Corrections Costs

	2006 Preliminary
Personnel	\$30,158,073
Food & Medical	8,159,986
County Overhead (Indirect Costs)	3,770,254
Talbert House Treatment Programs	2,977,668
Butler County Boarding Costs	2,895,485
Queensgate Lease	2,152,254
Talbert House Occupancy Costs	442,015
Maximus Building Capital	148,952
Queensgate Property Tax	91,048
Telecomm Contract & Reimbursements	<u>-2,192,889</u>
Total	<u><u>\$48,602,846</u></u>
Inmate Days	847,165
Cost Per Day	\$57.37

After accounting for Talbert House treatment program costs, which would not be considered a basic operating cost, the 2006 per day cost for basic operations decreases \$3.51 to \$53.86 per inmate per day.

Included in the total corrections costs for 2006 is \$2.7 million for lease and property tax costs for Queensgate and occupancy costs for the Turning Point and Reading Road facilities. These costs account for \$3.17 of the per day basic operating costs in 2006. The County will avoid these costs with a new consolidated facility and discontinuing use of Queensgate, Turning Point, and Reading Road. The basic operating cost would have been \$50.69 per day in 2006 if these occupancy costs were avoided. As described in section IV, this per day cost decreases even further with efficiencies realized with the proposed consolidated facility.

The County uses a variety of funding sources for the operation of its corrections facilities. As shown in Table II, most of the funding is provided in the County general fund budget.

Table II – 2006 Corrections Costs by Funding Source

General Fund	\$38,230,450	78.7%
Health and Hospital Levy	\$6,853,107	14.1%
Drake Levy	<u>\$3,519,289</u>	7.2%
TOTAL	<u>\$48,602,846</u>	

The expenditures associated with the two levies are for inmate medical services and Talbert House treatment programs and associated staffing. The general fund amount reflects the net cost to the fund after the application of reimbursements and inmate telecom contract revenue.

III. Efficiency Comparisons

Comparing the efficiency of corrections operations from a cost perspective is challenging because of regional cost differences in wages and commodities, differing jail standards by state, and the suite of programs offered. One approach to comparing jail efficiency is to use an inmate to staff ratio. The ratios are calculated for total facility staffing and correctional officer staffing. Based on the latest information available from the Department of Justice - Bureau of Justice Statistics (BJS), the County's staffing levels are very efficient compared to other regions in the country and to similar sized facilities (See Table III).

Table III – Correctional Facility Staffing Comparison (current)

Region	Inmate to Total Staff Ratio	Inmate to Correctional Officer Ratio
U.S. Total	2.90 to 1	4.30 to 1
Northeast Region	2.20 to 1	2.90 to 1
<i>Hamilton County</i>	<i>3.79 to 1</i>	<i>5.42 to 1</i>
Midwest Region	2.50 to 1	4.20 to 1
South Region	3.30 to 1	4.60 to 1
West Region	3.30 to 1	5.70 to 1
Facility Size		
Less than 50	1.50 to 1	2.40 to 1
50-249	2.70 to 1	3.90 to 1
250-499	2.80 to 1	4.10 to 1
500-999	3.10 to 1	4.40 to 1
More than 1,000	3.10 to 1	4.60 to 1
<i>Hamilton County</i>	<i>3.79 to 1</i>	<i>5.42 to 1</i>

Note: Hamilton County is considered within the northeast region by BJS.

Additional staffing ratio analysis is included in the *Analysis of Options* document that accompanied the Correctional Master Plan. These documents are available on the County website.

Based on recommendations in the County Administrator's Comprehensive Corrections and Rehabilitation Program, the inmate to staff ratio will improve from 3.79 to 4.23 and the inmate to correctional officer ratio will improve from 5.42 to 5.78. These staffing efficiencies are quantified in the following section. The estimated staffing for the new facility is 383, with 245 reassigned from existing staff and 138 new positions. The reassigned staff result from the discontinued use of Queensgate, Reading Road, Turning Point and the transfer of intake and pre-trial services from the Justice Center. The administration continues to refine these staffing estimates with the Director of Corrections within the Sheriff's Office and our consultants.

IV. Comparing Operating Costs by Scenario

The Comprehensive Corrections and Rehabilitation Program prepared by the County Administrator included estimated operating costs for five different scenarios. These scenarios range from leaving all current facilities open (with required renovations) to building a new consolidated jail as recommended in the Correctional Master Plan (scenario 5). Scenario 4 is similar to scenario 5, but is based on the higher inmate projection and would result in a 2,100 bed jail facility.

Graphic 1: Current Facility Options Under Review

	CURRENT	SCENARIO 1	SCENARIO 2	SCENARIO 3	SCENARIO 4	SCENARIO 5
Hamilton Co. Justice Center	H	H	H	H	H	H
Queensgate Facility	Q	Q	Q	Q	Q	Q
Reading Road Facility	R	R	R	R	R	R
Turning Point Facility	T	T	T	T	T	T
New Facility		N	N	N	N	N
Butler Co.	B	B	B	B	B	B

NOTE: The dashed boxes represent facilities that would not be used in a particular scenario.

Cost estimates, capital and operating, were developed for each scenario. Table IV below provides the latest estimate for operating costs for each of the five scenarios. All data is in 2006 dollars and not inflated to the mid-2011 new facility opening date. These cost estimates have been refined from the County Administrator's February 12, 2007 report. For basic operating cost comparative purposes, the total operating costs do not include the cost of the Talbert House treatment programs. The Talbert House treatment program cost would be the same for each of the five scenarios because the occupancy costs for Reading Road and Turning Point have been accounted for in the methodology.

Table IV – Estimated Operating Costs by Scenario (2006 dollars)

	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5
Total System Beds	3,518	3,422	3,393	3,416	3,056
New Facility Beds	1,492	1,972	1,576	2,176	1,816
Operating Costs					
Current ¹	\$42,237,032	\$42,237,032	\$42,237,032	\$42,237,032	\$42,237,032
Lease	2,685,317	442,015	2,243,302	0	0
Net New	22,726,600	18,345,300	20,764,600	18,464,800	12,145,102
Total	\$67,648,949	\$61,024,347	\$65,244,934	\$60,701,832	\$54,382,134
Per Inmate Per Day Cost	\$52.68	\$48.86	\$52.68	\$48.68	\$48.75

1/ Does not include Talbert House Treatment Program Costs

The estimated system-wide cost that includes a new consolidated jail facility as recommended in by the County Administrator's report is \$48.75 per inmate per day. This represents a \$5.11 (\$53.86 - \$48.75), or 9.5 percent savings per inmate per day. Using the 2006 average daily population figure of 2,321 within the County's four facilities and Butler County, this equates to a \$4.3 million annual savings. Over a 30-year period based on a 3% annual inflation, these savings would total \$212 million. *(The net present value of this amount in 2007 dollars is approximately \$98 million.)* Clearly, consolidating facilities is the most cost effective approach. We will update the commissioners as the facility space plan is refined and the associated estimated staffing is revised.

V. Conclusions/Recommendations

This report serves as supplemental information to the County Administrator's February 12, 2007 Comprehensive Corrections and Rehabilitation report. The operating budget impact of the recommended jail scenario was a recurring question during the previous jail expansion effort.

We will continue to refine this analysis as the new facility space plan evolves and will ensure these costs are included in any funding models for the construction and operation of a new facility. Additionally, in the coming weeks the Administration will provide a report on our assessment of the Corrections Corporation of America proposal received on February 16, 2007.