

DAVENPORT
& COMPANY LLC

Est. 1863 • Member: NYSE • SIPC

**One James Center
901 East Cary Street
14th Floor
Richmond, Virginia 23225**

*Contacts:
Ted Cole
Roland Kooch
(804) 697-2900*

**Discussion Materials
Prepared for**

**Rappahannock
Shenandoah/Warren
Counties Regional Jail**

August 29, 2007

Overview

Rappahannock/Shenandoah/Warren Counties Regional Jail

- **Davenport & Company, as Financial Advisor, has Developed a Financial Model for the Proposed Regional Jail.**
 - **Financial Model is Based on Assumptions Derived from Planning Study Dated February 28, 2007 by Moseley Architects.**
 - **Incorporates Initial Plan of Finance Based on Revised Construction Cost Estimates and Market Conditions as of July 16, 2007.**

- **Financial Model can be Modified to Include Changes in a Variety of Assumptions Including:**
 - **Participant Utilization;**
 - **Occupancy;**
 - **Revenue Growth & Enhancements / Expense Growth;**
 - **Project Cost / Bonding Assumptions; and**
 - **Cost Allocation Methodology.**

- **Independently Meeting with Participants on Local Impacts as Requested.**

Preliminary Plan of Finance - Highlights

Rappahannock/Shenandoah/Warren Counties Regional Jail

- **Project Based on Assumption of Warren County Facility as Provided by the Planning Study.**
- **Financing Assumptions Based on Market Conditions as of July 16, 2007.**
- **Total Estimated Project Cost for 460 Bed Facility is \$78.4 Million.**
 - **Total Cost per Bed: \$170,551**
 - **Total Cost per Bed (Less Future Core/Start-up): \$160,034**
- **Approximately \$33.7 Million is Anticipated to be Reimbursed by the Commonwealth.**
 - **Funded with \$35.3 Million of Short-term Jail Grant Anticipation Notes.**
 - **No Debt Service Impact to the Participants – All Interest is Capitalized.**
- **Approximately \$44.7 Million Represents Local Portion to be Shared by the Participants.**
 - **Funded with \$55.7 Million of Long-term Jail Revenue Bonds.**
 - **Debt Service Impact to the Authority in FY 2012, which is Consistent with Timeframe for Commencement of Operations.**
- **Interim Financing Totaling \$7.0 Million for Land / A&E / Start-up Personnel Costs.**
 - **No Debt Service Expense / Interest is Fully Capitalized.**

Financial Model - Highlights

Rappahannock/Shenandoah/Warren Counties Regional Jail

➤ Key Assumptions Include:

- **Localities Occupy 333 of 460 Beds in First Full Year of Operations and Local Occupancy Grows Based on Projections Provided by Moseley Architects.**
- **Double-bunked Beds are Assumed to Provide \$50 per Bed per Day**
 - **Double-bunking Capacity is Approximately 689 (460 x 150%).**
- **Utilization of Regional Facility is 75% of Total Double-bunked Capacity (517 of 689 Bed Spaces).**
- **Expense Growth Ranges from 2.5% to 3.0% (Salaries and Benefits).**
- **Impact to Participants is Based on Utilization of Facility and Offset Against Projected Local Jail Budget (FY 2012).**

➤ First Full Year of Operations is FY 2012.

Financial Model – Summary of Results

Rappahannock/Shenandoah/Warren Counties Regional Jail

➤ **Authority Costs are Split-on a Pro-rata Basis Based on Utilization:**

- **Rappahannock** **6.9%**
- **Shenandoah** **32.7%**
- **Warren** **60.4%**

➤ **Preliminary Results are Shown Below Before and After Local Jail Budget has Been Incorporated.**

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
1 <u>BEFORE Local Jail Budgets</u>									
2 Authority Per Diem	\$7.52	\$21.48	\$23.70	\$25.85	\$27.75	\$29.79	\$31.59	\$33.41	\$35.00
3									
4 Pro-rata Benefit (Cost)									
5 Rappahannock	(63,070)	(187,363)	(214,562)	(243,421)	(271,162)	(300,070)	(328,606)	(359,696)	(389,440)
6 Shenandoah	(300,476)	(869,396)	(1,020,902)	(1,133,136)	(1,289,797)	(1,405,763)	(1,566,930)	(1,687,522)	(1,856,245)
7 Warren	(554,132)	(1,690,187)	(1,916,354)	(2,194,566)	(2,420,146)	(2,708,241)	(2,935,544)	(3,232,386)	(3,463,965)
8									
9									
10 <u>AFTER Local Jail Budgets</u>									
11 Per Diem Net of Local Budget									
12 Rappahannock	\$0.00	\$0.72	\$3.10	\$5.45	\$7.50	\$9.56	\$11.41	\$13.33	\$14.99
13 Shenandoah	\$0.00	\$7.02	\$9.71	\$11.69	\$13.99	\$15.83	\$17.91	\$19.57	\$21.43
14 Warren	\$0.00	\$8.91	\$11.17	\$13.63	\$15.56	\$17.81	\$19.59	\$21.60	\$23.17
15									
16 Pro-rata Benefit (Cost) Net of Local Budget									
17 Rappahannock	NA	(6,324)	(28,092)	(51,357)	(73,336)	(96,309)	(118,732)	(143,526)	(166,785)
18 Shenandoah	NA	(284,149)	(418,098)	(512,248)	(650,282)	(747,063)	(888,469)	(988,707)	(1,136,465)
19 Warren	NA	(700,784)	(903,269)	(1,157,089)	(1,357,544)	(1,619,761)	(1,820,409)	(2,089,797)	(2,293,099)

Summary of Results – Rappahannock County

Rappahannock/Shenandoah/Warren Counties Regional Jail

- **Annual Cost (Net of Existing Local Budget) Based on 6.9% Use of Facility.**

<u>Year</u>	<u>Regional Jail</u>
2012	NA
2013	\$6,324
2014	28,092
2015	51,357
2016	73,336
2017	96,309
2018	118,732
2019	143,526
2020	<u>166,785</u>
Total	\$684,459

Summary of Results – Shenandoah County

Rappahannock/Shenandoah/Warren Counties Regional Jail

➤ Annual Cost (Net of Existing Local Budget) Based on 32.7% Use of Facility.

<u>Year</u>	<u>Regional Jail</u>	<u>Local Jail (25% Reimbursed)</u>	<u>Local Jail (No Reimbursement)</u>	Keep Existing Jail and Add Work Release Facility	
				<u>81 Inmate</u>	<u>106 Inmate</u>
2012	NA	NA	\$36,380	\$1,159,555	\$1,159,555
2013	\$284,149	\$483,914	882,914	1,184,532	1,184,532
2014	418,098	654,537	1,053,537	1,210,194	1,210,194
2015	512,248	713,642	1,112,642	1,236,560	1,236,560
2016	650,282	883,988	1,282,988	1,373,149	1,263,649
2017	747,063	953,832	1,352,832	1,437,479	1,291,479
2018	888,469	1,125,787	1,524,787	1,593,830	1,320,080
2019	988,707	1,202,997	1,601,997	1,659,721	1,349,471
2020	<u>1,136,465</u>	<u>1,378,582</u>	<u>1,777,582</u>	<u>1,817,675</u>	<u>1,379,675</u>
Total	\$5,625,480	\$7,397,279	\$10,582,279	\$12,672,693	\$11,395,193

Summary of Results – Warren County

Rappahannock/Shenandoah/Warren Counties Regional Jail

➤ **Annual Cost (Net of Existing Local Budget) Based on 60.4% Use of Facility.**

<u>Year</u>	<u>Regional Jail</u>	<u>Local Jail (25% Reimbursed)</u>	<u>Local Jail (No Reimbursement)</u>
2012	NA	NA	NA
2013	\$700,784	\$1,006,966	1,760,966
2014	903,269	1,168,897	1,922,897
2015	1,157,089	1,454,381	2,208,381
2016	1,357,544	1,616,622	2,370,622
2017	1,619,761	1,910,745	2,664,745
2018	1,820,409	2,081,534	2,835,534
2019	2,089,797	2,377,036	3,131,036
2020	<u>2,293,099</u>	<u>2,550,674</u>	<u>3,304,674</u>
Total	\$11,941,793	\$14,166,853	\$20,198,853

Discussion Items

Rappahannock/Shenandoah/Warren Counties Regional Jail

- **Authority Formation Process and Staffing.**

- **Revenue/Expense Budgeting.**
 - **Impact of Inmate/Expense Growth and Potential Offsetting Revenues.**
 - **Input from Staff.**

- **Operating Reserve/Transition Costs – Amount and Source of Funding.**

- **Satellite Facilities – Impact on Operations of Regional Jail.**

- **Outside Contracts with Other Localities and/or Potential Opportunities with Federal Government.**

- **Impact on Preliminary Time Table – Potential Interim Financing Need for:**
 - **Site Selection;**
 - **Design Work and Approval;**
 - **Anticipated Construction Start; and**
 - **Other Items.**

Financial Model – Preliminary Results

Rappahannock/Shenandoah/Warren Counties Regional Jail

➤ **Preliminary Results Before Local Jail Budget has Been Incorporated.**

➤ **Costs are Split-on a Pro-rata Basis Based on Utilization:**

- **Rappahannock** **6.9%**
- **Shenandoah** **32.7%**
- **Warren** **60.4%**

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
1 Operating Revenue (State)	8,230,022	8,495,878	8,759,423	9,030,456	9,309,434	9,589,323	9,876,486	10,174,445	10,479,559
2 Outside Contracts	<u>3,355,593</u>	<u>3,040,450</u>	<u>2,786,775</u>	<u>2,527,625</u>	<u>2,287,500</u>	<u>2,025,750</u>	<u>1,788,500</u>	<u>1,533,000</u>	<u>1,304,790</u>
3 Total Revenue	11,585,615	11,536,328	11,546,198	11,558,081	11,596,934	11,615,073	11,664,986	11,707,445	11,784,349
4									
5 Operating Expenses	10,409,508	10,827,274	11,242,017	11,673,205	12,122,038	12,573,147	13,040,065	13,531,049	14,037,999
6 Net Debt Service	<u>2,093,785</u>	<u>3,456,000</u>	<u>3,456,000</u>	<u>3,456,000</u>	<u>3,456,000</u>	<u>3,456,000</u>	<u>3,456,000</u>	<u>3,456,000</u>	<u>3,456,000</u>
7 Total Expenditures & D.S.	12,503,293	14,283,274	14,698,017	15,129,205	15,578,038	16,029,147	16,496,065	16,987,049	17,493,999
8									
9 Surplus (Deficit)	<u>(917,678)</u>	<u>(2,746,947)</u>	<u>(3,151,819)</u>	<u>(3,571,124)</u>	<u>(3,981,104)</u>	<u>(4,414,075)</u>	<u>(4,831,079)</u>	<u>(5,279,604)</u>	<u>(5,709,650)</u>
10									
11 Per Diem (Occupied Beds)	\$7.52	\$21.48	\$23.70	\$25.85	\$27.75	\$29.79	\$31.59	\$33.41	\$35.00
12									
13									
14 Local Occupancy	333	350	364	379	392	406	419	433	446
15 Beds Rented	<u>183</u>	<u>167</u>	<u>153</u>	<u>139</u>	<u>125</u>	<u>111</u>	<u>98</u>	<u>84</u>	<u>71</u>
16 Total Beds	517	517	517	517	517	517	517	517	517

Financial Model – Impact to Rappahannock County

Rappahannock/Shenandoah/Warren Counties Regional Jail

➤ **Incorporates Local Jail Budget as an Offset to the County's Pro-rata Cost.**

- **Rappahannock Pro-rata Share** **6.9%**
- **Projected Budget (2012)** **\$175,766 (+ 3% Annual Growth Thereafter)**

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
1 Operating Revenue (State)	565,629	579,485	596,304	615,550	634,086	651,885	671,790	693,178	714,783
2 Outside Contracts	<u>230,622</u>	<u>207,382</u>	<u>189,712</u>	<u>172,293</u>	<u>155,807</u>	<u>137,711</u>	<u>121,652</u>	<u>104,442</u>	<u>88,996</u>
3 Total Revenue	796,250	786,867	786,016	787,843	789,893	789,596	793,442	797,620	803,779
4									
5 Operating Expenses	715,419	738,504	765,309	795,690	825,659	854,726	886,973	921,861	957,494
6 Net Debt Service	<u>143,901</u>	<u>235,726</u>	<u>235,270</u>	<u>235,574</u>	<u>235,396</u>	<u>234,940</u>	<u>235,074</u>	<u>235,455</u>	<u>235,724</u>
7 Total Expenditures & D.S.	859,320	974,230	1,000,579	1,031,264	1,061,055	1,089,666	1,122,047	1,157,316	1,193,219
8									
9 Surplus (Deficit) Before Jail Budget	(63,070)	(187,363)	(214,562)	(243,421)	(271,162)	(300,070)	(328,606)	(359,696)	(389,440)
10 Credit: Projected Jail Budget	<u>175,766</u>	<u>181,039</u>	<u>186,470</u>	<u>192,064</u>	<u>197,826</u>	<u>203,761</u>	<u>209,874</u>	<u>216,170</u>	<u>222,655</u>
11 Net Surplus (Deficit)	<u>112,697</u>	<u>(6,324)</u>	<u>(28,092)</u>	<u>(51,357)</u>	<u>(73,336)</u>	<u>(96,309)</u>	<u>(118,732)</u>	<u>(143,526)</u>	<u>(166,785)</u>
12									
13 Per Diem (Occupied Beds)	\$0.00	\$0.72	\$3.10	\$5.45	\$7.50	\$9.56	\$11.41	\$13.33	\$14.99
14									
15									
16 Local Occupancy	23	24	25	26	27	28	29	30	30

Financial Model – Impact to Shenandoah County

Rappahannock/Shenandoah/Warren Counties Regional Jail

➤ **Incorporates Local Jail Budget as an Offset to the County's Pro-rata Cost.**

- **Shenandoah Pro-rata Share** **32.7%**
- **Projected Budget (2012)** **\$568,201 (+ 3% Annual Growth Thereafter)**

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
1 Operating Revenue (State)	2,694,764	2,688,907	2,837,255	2,865,410	3,016,067	3,053,939	3,203,376	3,252,063	3,406,974
2 Outside Contracts	<u>1,098,725</u>	<u>962,289</u>	<u>902,661</u>	<u>802,028</u>	<u>741,103</u>	<u>645,146</u>	<u>580,089</u>	<u>489,994</u>	<u>424,196</u>
3 Total Revenue	3,793,489	3,651,195	3,739,916	3,667,439	3,757,170	3,699,086	3,783,464	3,742,056	3,831,169
4									
5 Operating Expenses	3,408,395	3,426,783	3,641,389	3,703,968	3,927,293	4,004,207	4,229,463	4,324,936	4,563,846
6 Net Debt Service	<u>685,570</u>	<u>1,093,808</u>	<u>1,119,429</u>	<u>1,096,607</u>	<u>1,119,673</u>	<u>1,100,642</u>	<u>1,120,932</u>	<u>1,104,643</u>	<u>1,123,568</u>
7 Total Expenditures & D.S.	4,093,965	4,520,591	4,760,818	4,800,575	5,046,966	5,104,849	5,350,394	5,429,579	5,687,414
8									
9 Surplus (Deficit) Before Jail Budget	<u>(300,476)</u>	<u>(869,396)</u>	<u>(1,020,902)</u>	<u>(1,133,136)</u>	<u>(1,289,797)</u>	<u>(1,405,763)</u>	<u>(1,566,930)</u>	<u>(1,687,522)</u>	<u>(1,856,245)</u>
10 Credit: Projected Jail Budget	<u>568,201</u>	<u>585,247</u>	<u>602,804</u>	<u>620,888</u>	<u>639,515</u>	<u>658,700</u>	<u>678,461</u>	<u>698,815</u>	<u>719,780</u>
11 Net Surplus (Deficit)	<u>267,725</u>	<u>(284,149)</u>	<u>(418,098)</u>	<u>(512,248)</u>	<u>(650,282)</u>	<u>(747,063)</u>	<u>(888,469)</u>	<u>(988,707)</u>	<u>(1,136,465)</u>
12									
13 Per Diem (Occupied Beds)	\$0.00	\$7.02	\$9.71	\$11.69	\$13.99	\$15.83	\$17.91	\$19.57	\$21.43
14									
15									
16 Local Occupancy	109	111	118	120	127	129	136	138	145

Comparison – Shenandoah County Local Alternative

Rappahannock/Shenandoah/Warren Counties Regional Jail

➤ **\$26.4 Million Project Cost.**

➤ **Local Bonds Issued:**

1. With 25% Reimbursement – \$25.9 Million.

2. No Reimbursement - \$32.3 Million.

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
1 1. Shenandoah (with 25% Reimbursement)									
2 Total Revenue	1,440,671	1,411,389	1,307,211	1,276,398	1,177,129	1,141,406	1,044,564	1,007,882	913,587
3 Net Expenses (1)	(836,252)	(875,550)	(959,552)	(1,005,928)	(1,095,632)	(1,148,939)	(1,243,813)	(1,304,694)	(1,406,949)
4 New Debt Service	<u>(968,000)</u>	<u>(1,605,000)</u>	<u>(1,605,000)</u>	<u>(1,605,000)</u>	<u>(1,605,000)</u>	<u>(1,605,000)</u>	<u>(1,605,000)</u>	<u>(1,605,000)</u>	<u>(1,605,000)</u>
5									
6 Surplus (Deficit) Before Jail Budget	(363,581)	(1,069,161)	(1,257,341)	(1,334,530)	(1,523,503)	(1,612,532)	(1,804,248)	(1,901,813)	(2,098,362)
7 Credit: Projected Jail Budget	<u>568,201</u>	<u>585,247</u>	<u>602,804</u>	<u>620,888</u>	<u>639,515</u>	<u>658,700</u>	<u>678,461</u>	<u>698,815</u>	<u>719,780</u>
8 Net Surplus (Deficit)	<u>204,620</u>	<u>(483,914)</u>	<u>(654,537)</u>	<u>(713,642)</u>	<u>(883,988)</u>	<u>(953,832)</u>	<u>(1,125,787)</u>	<u>(1,202,997)</u>	<u>(1,378,582)</u>
9									
10 Per Diem (Occupied Beds)	\$0.00	\$11.95	\$15.20	\$16.28	\$19.02	\$20.21	\$22.70	\$23.81	\$25.99
11									
12									
13 2. Shenandoah (No Reimbursement)									
14 Total Revenue	1,440,671	1,411,389	1,307,211	1,276,398	1,177,129	1,141,406	1,044,564	1,007,882	913,587
15 Net Expenses (1)	(836,252)	(875,550)	(959,552)	(1,005,928)	(1,095,632)	(1,148,939)	(1,243,813)	(1,304,694)	(1,406,949)
16 New Debt Service	<u>(1,209,000)</u>	<u>(2,004,000)</u>	<u>(2,004,000)</u>	<u>(2,004,000)</u>	<u>(2,004,000)</u>	<u>(2,004,000)</u>	<u>(2,004,000)</u>	<u>(2,004,000)</u>	<u>(2,004,000)</u>
17									
18 Surplus (Deficit) Before Jail Budget	(604,581)	(1,468,161)	(1,656,341)	(1,733,530)	(1,922,503)	(2,011,532)	(2,203,248)	(2,300,813)	(2,497,362)
19 Credit: Projected Jail Budget	<u>568,201</u>	<u>585,247</u>	<u>602,804</u>	<u>620,888</u>	<u>639,515</u>	<u>658,700</u>	<u>678,461</u>	<u>698,815</u>	<u>719,780</u>
20 Net Surplus (Deficit)	<u>(36,380)</u>	<u>(882,914)</u>	<u>(1,053,537)</u>	<u>(1,112,642)</u>	<u>(1,282,988)</u>	<u>(1,352,832)</u>	<u>(1,524,787)</u>	<u>(1,601,997)</u>	<u>(1,777,582)</u>
21									
22 Per Diem (Occupied Beds)	\$0.91	\$21.81	\$24.46	\$25.38	\$27.60	\$28.67	\$30.74	\$31.71	\$33.52
23									
24									
25 Local Occupancy	109	111	118	120	127	129	136	138	145
26 (1) Net of personnel reimbursement.									

Shenandoah Work Release Projections

Rappahannock/Shenandoah/Warren Counties Regional Jail

➤ **Local Jail + Work Release = 81 Inmate Capacity.**

Shenandoah Analysis - 81 Inmate Capacity

Project Cost	
Facility	3,500,000
Land	<u>360,000</u>
Total Cost	3,860,000
Interest Rate	5.50%
Amortization	30
Payment	265,589

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Inmates - Capacity Existing Jail	54	54	54	54	54	54	54	54	54
150% of Capacity Existing Jail	81	81	81	81	81	81	81	81	81
Work Release Facility	<u>40</u>	<u>40</u>	<u>40</u>	<u>40</u>	<u>40</u>	<u>40</u>	<u>40</u>	<u>40</u>	<u>40</u>
Total Capacity	121	121	121	121	121	121	121	121	121
Projected Occupancy	109	111	118	120	127	129	136	138	145
Need for Outside Contracted Beds	0	0	0	0	6	8	15	17	24
<u>Work Release Facility</u>									
Revenues	404,956	418,068	431,615	445,613	460,076	475,020	490,449	506,380	522,828
Expenditures	730,721	751,764	773,416	795,696	818,621	842,210	866,479	891,447	917,134
Outside Contracted Expense	0	0	0	0	109,500	146,000	273,750	310,250	438,000
Debt Service	265,589	265,589	265,589	265,589	265,589	265,589	265,589	265,589	265,589
Surplus (Deficit) Before Existing Jail Expense	(591,354)	(599,285)	(607,390)	(615,672)	(733,634)	(778,779)	(915,368)	(960,906)	(1,097,895)
Existing Jail Expense	(568,201)	(585,247)	(602,804)	(620,888)	(639,515)	(658,700)	(678,461)	(698,815)	(719,780)
Total Jail Expense	(1,159,555)	(1,184,532)	(1,210,194)	(1,236,560)	(1,373,149)	(1,437,479)	(1,593,830)	(1,659,721)	(1,817,675)

Total Jail Expense 2012-2020 (12,672,693)
--

Shenandoah Work Release Projections

Rappahannock/Shenandoah/Warren Counties Regional Jail

➤ **Local Jail + Work Release = 106 Inmate Capacity.**

Shenandoah Analysis - 106 Inmate Capacity

Project Cost	
Facility	3,500,000
Land	<u>360,000</u>
Total Cost	3,860,000
Interest Rate	5.50%
Amortization	30
Payment	265,589

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Inmates - Capacity	54	54	54	54	54	54	54	54	54
Maximum Operations	106	106	106	106	106	106	106	106	106
Work Release Facility	<u>40</u>	<u>40</u>	<u>40</u>	<u>40</u>	<u>40</u>	<u>40</u>	<u>40</u>	<u>40</u>	<u>40</u>
Total Capacity	146	146	146	146	146	146	146	146	146
Projected Occupancy	109	111	118	120	127	129	136	138	145
Outside Contracted Beds	0	0	0	0	0	0	0	0	0
<u>Work Release Facility</u>									
Revenues	404,956	418,068	431,615	445,613	460,076	475,020	490,449	506,380	522,828
Expenditures	730,721	751,764	773,416	795,696	818,621	842,210	866,479	891,447	917,134
Outside Contracted Expense	0	0	0	0	0	0	0	0	0
Debt Service	265,589	265,589	265,589	265,589	265,589	265,589	265,589	265,589	265,589
Surplus (Deficit) Before Existing Jail Expense	(591,354)	(599,285)	(607,390)	(615,672)	(624,134)	(632,779)	(641,618)	(650,656)	(659,895)
Existing Jail Expense	(568,201)	(585,247)	(602,804)	(620,888)	(639,515)	(658,700)	(678,461)	(698,815)	(719,780)
Total Jail Expense	(1,159,555)	(1,184,532)	(1,210,194)	(1,236,560)	(1,263,649)	(1,291,479)	(1,320,080)	(1,349,471)	(1,379,675)

Total Jail Expense 2012-2020 (11,395,193)
--

Financial Model – Impact to Warren County

Rappahannock/Shenandoah/Warren Counties Regional Jail

➤ **Incorporates Local Jail Budget as an Offset to the County's Pro-rata Cost.**

- **Warren Pro-rata Share** **60.4%**
- **Projected Budget (2012)** **\$966,411 (+ 3% Annual Growth Thereafter)**

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
1 Operating Revenue (State)	4,969,629	5,227,486	5,325,864	5,549,496	5,659,281	5,883,498	6,001,320	6,229,204	6,357,803
2 Outside Contracts	<u>2,026,247</u>	<u>1,870,779</u>	<u>1,694,402</u>	<u>1,553,304</u>	<u>1,390,590</u>	<u>1,242,892</u>	<u>1,086,759</u>	<u>938,564</u>	<u>791,598</u>
3 Total Revenue	6,995,876	7,098,266	7,020,266	7,102,800	7,049,871	7,126,391	7,088,080	7,167,768	7,149,401
4									
5 Operating Expenses	6,285,693	6,661,987	6,835,319	7,173,547	7,369,086	7,714,214	7,923,629	8,284,252	8,516,659
6 Net Debt Service	<u>1,264,314</u>	<u>2,126,466</u>	<u>2,101,301</u>	<u>2,123,819</u>	<u>2,100,931</u>	<u>2,120,418</u>	<u>2,099,994</u>	<u>2,115,902</u>	<u>2,096,707</u>
7 Total Expenditures & D.S.	7,550,007	8,788,453	8,936,620	9,297,366	9,470,017	9,834,632	10,023,623	10,400,154	10,613,366
8									
9 Surplus (Deficit) Before Jail Budget	(554,132)	(1,690,187)	(1,916,354)	(2,194,566)	(2,420,146)	(2,708,241)	(2,935,544)	(3,232,386)	(3,463,965)
10 Credit: Projected Jail Budget	<u>966,411</u>	<u>989,403</u>	<u>1,013,085</u>	<u>1,037,478</u>	<u>1,062,602</u>	<u>1,088,480</u>	<u>1,115,134</u>	<u>1,142,588</u>	<u>1,170,866</u>
11 Net Surplus (Deficit)	<u>412,279</u>	<u>(700,784)</u>	<u>(903,269)</u>	<u>(1,157,089)</u>	<u>(1,357,544)</u>	<u>(1,619,761)</u>	<u>(1,820,409)</u>	<u>(2,089,797)</u>	<u>(2,293,099)</u>
12									
13 Per Diem (Occupied Beds)	\$0.00	\$8.91	\$11.17	\$13.63	\$15.56	\$17.81	\$19.59	\$21.60	\$23.17
14									
15									
16 Local Occupancy	201	216	222	233	238	249	255	265	270

Comparison – Warren County Local Alternative

Rappahannock/Shenandoah/Warren Counties Regional Jail

➤ **\$48.7 Million Project Cost.**

➤ **Local Bonds Issued:**

1. With 25% Reimbursement – \$46.8 Million.

2. No Reimbursement - \$59.0 Million.

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
1 1. Warren (with 25% Reimbursement)									
2 Total Revenue	2,822,820	2,605,782	2,519,212	2,356,341	2,276,597	2,114,237	2,033,535	1,879,469	1,803,988
3 Net Expenses (1)	(1,542,198)	(1,702,151)	(1,801,193)	(1,948,200)	(2,055,820)	(2,213,462)	(2,330,204)	(2,499,093)	(2,625,528)
4 New Debt Service	<u>(1,757,000)</u>	<u>(2,900,000)</u>	<u>(2,900,000)</u>	<u>(2,900,000)</u>	<u>(2,900,000)</u>	<u>(2,900,000)</u>	<u>(2,900,000)</u>	<u>(2,900,000)</u>	<u>(2,900,000)</u>
5									
6 Surplus (Deficit) Before Jail Budget	(476,378)	(1,996,369)	(2,181,982)	(2,491,859)	(2,679,223)	(2,999,225)	(3,196,668)	(3,519,624)	(3,721,540)
7 Credit: Projected Jail Budget	<u>966,411</u>	<u>989,403</u>	<u>1,013,085</u>	<u>1,037,478</u>	<u>1,062,602</u>	<u>1,088,480</u>	<u>1,115,134</u>	<u>1,142,588</u>	<u>1,170,866</u>
8 Net Surplus (Deficit)	<u>490,033</u>	<u>(1,006,966)</u>	<u>(1,168,897)</u>	<u>(1,454,381)</u>	<u>(1,616,622)</u>	<u>(1,910,745)</u>	<u>(2,081,534)</u>	<u>(2,377,036)</u>	<u>(2,550,674)</u>
9									
10 Per Diem (Occupied Beds)	\$0.00	\$12.80	\$14.46	\$17.13	\$18.54	\$21.02	\$22.40	\$24.57	\$25.77
11									
12									
13 2. Warren (No Reimbursement)									
14 Total Revenue	2,822,820	2,605,782	2,519,212	2,356,341	2,276,597	2,114,237	2,033,535	1,879,469	1,803,988
15 Net Expenses (1)	(1,542,198)	(1,702,151)	(1,801,193)	(1,948,200)	(2,055,820)	(2,213,462)	(2,330,204)	(2,499,093)	(2,625,528)
16 New Debt Service	<u>(2,214,000)</u>	<u>(3,654,000)</u>	<u>(3,654,000)</u>	<u>(3,654,000)</u>	<u>(3,654,000)</u>	<u>(3,654,000)</u>	<u>(3,654,000)</u>	<u>(3,654,000)</u>	<u>(3,654,000)</u>
17									
18 Surplus (Deficit) Before Jail Budget	(933,378)	(2,750,369)	(2,935,982)	(3,245,859)	(3,433,223)	(3,753,225)	(3,950,668)	(4,273,624)	(4,475,540)
19 Credit: Projected Jail Budget	<u>966,411</u>	<u>989,403</u>	<u>1,013,085</u>	<u>1,037,478</u>	<u>1,062,602</u>	<u>1,088,480</u>	<u>1,115,134</u>	<u>1,142,588</u>	<u>1,170,866</u>
20 Net Surplus (Deficit)	<u>33,033</u>	<u>(1,760,966)</u>	<u>(1,922,897)</u>	<u>(2,208,381)</u>	<u>(2,370,622)</u>	<u>(2,664,745)</u>	<u>(2,835,534)</u>	<u>(3,131,036)</u>	<u>(3,304,674)</u>
21									
22 Per Diem (Occupied Beds)	\$0.00	\$22.38	\$23.78	\$26.01	\$27.18	\$29.31	\$30.51	\$32.36	\$33.39
23									
24									
25 Local Occupancy	201	216	222	233	238	249	255	265	270
26 (1) Net of personnel reimbursement.									