

**Marion County Justice Center Frequently Asked Questions**

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## **SECTION ONE**

### **PROJECT OVERVIEW**

#### **What are the City's goals for the Marion County Justice Center project?**

- The goals of the City for this project are as follows:
  - Consolidate justice operations onto one campus
  - Retire older facilities
  - Reduce operational and contractual expenses
  - Improve efficiencies between courts and detention and community corrections operations
  - Increase access to alternatives to incarceration
  - Improve safety and security
  - Improve access to medical and mental health treatment
  - Enhance size and operations of community corrections within justice system
  - Create campus that is expandable and flexible
  - Limit construction and operating risks to the City
  - Ensure that the project is fiscally responsible in the long term by establishing certainty in the City budget process for both the construction of a new facility and its operation and maintenance for the next thirty-five years
  - Maximize economic development potential for the area surrounding the selected site as well as downtown areas vacated by facilities

#### **Why do we need a new criminal court and a new jail facility?**

- The current court and jail facilities are aging and incurring rapidly increasing maintenance costs. Also, the facilities' designs are inefficient, creating unnecessary safety risks for employees and the general public. These inefficiencies also create additional operating expenses that could be eliminated by a more efficient facility. In addition, both the courts facility and the jail facilities meet capacity, leaving no room to expand at current locations.
- A recently passed state law (EHA 1006, 2014) now requires counties to accommodate level 5 and level 6 felons at county detention facilities. Previously, these inmates were housed at state-run facilities. This will result in 250-500 additional detainees in the Marion County jail annually, further exacerbating the existing jail capacity issue.
- The City has previously faced a judicial mandate for non-conforming facilities. If conditions in the current detention facilities continue to deteriorate with age, the City could again face federal intervention. Additionally, the construction costs associated with a new facility are expected to double every 20 years.

#### **What governmental entities are the main project stakeholders?**

- The key governmental stakeholders related to the project include:
  - the Marion County Sheriff's Office

- the Marion County Superior Court
- City-County Council
- Community Corrections
- Marion County Prosecutor
- Marion County Public Defender

**What will the new Marion County Justice Center include?**

- The new Justice Center will include the following:
  - A 3,000 bed detention facility with an on-site medical facility;
  - A criminal court facility with 28 courtrooms and 10 hearing rooms;
  - A 960 bed minimum security, transitional community corrections facility;
  - Office Space to house the Marion County Sheriff’s Office operations; and
  - Parking facilities for the public and for county employees.
- The project also encompasses site development, including on-site utilities, public plaza, hardscape/landscape improvements, road and traffic control improvements, and overall site security upgrades and utility improvements from the property boundary to support the complex.
- The Prosecutor and Public Defender will also be relocated to new offices on the Justice Center campus. Because these offices would be non-specialized, Class A office space, the construction of those offices will be handled in a separate procurement process that will take place within the next year.

**What will be the location of the new Justice Center?**

The City, along with the project’s stakeholders, has selected the western half of the parcel located at the former GM Stamping Plant as the location of the proposed Marion County Justice Center.

**What kind of impact will the Justice Center have on the local neighborhood?**

- In order to accommodate the 2,500 employees and 1,100 daily users at the new facility, additional commercial growth is expected in the surrounding area.
- Infrastructure improvements to the surrounding area will be necessary to accommodate increased traffic.
- Greater presence of law enforcement and an expected decline of the crime rate in the surrounding area.
- The City will be communicating with local residents and business owners throughout this process to provide updates and to receive input on how the Marion County Justice Center can best benefit the area.

**What will happen to the current justice facilities once the new Justice Center opens?**

- The City expects to backfill other governmental offices into the City-County Building in the space created by this relocation. This will result in a reduction of outside leases and provide lower rent payments for those agencies.
- The current jail facilities will be made available for redevelopment to their highest valued uses and return to the property tax rolls.
  - This will help the various other taxing units of Marion County who share the property tax revenues, such as IPS and libraries.

## **SECTION TWO**

### **THE PROPOSED DEAL STRUCTURE**

#### **What is Performance Based Infrastructure (PBI)?**

- Performance based infrastructure (PBI) involves partnering with private parties to share the risk and reward of developing, constructing, financing, operating, and maintaining publicly-owned assets in order for projects to be completed faster, on budget, and at enhanced value for money to the owner.
  - Uses competitive tension to incentivize and reward the lowest total cost of ownership while still delivering the full program
  - WMB Heartland Justice Partners and the equity sponsors accept the responsibility and risk related to design, construction, operations and maintenance
  - Service fee payments do not start until the Justice Center is available for use and subject to deductions if performance is substandard
  - Leverages private sector innovation and efficiencies
  - Provides budget certainty and predictability to public sponsor

#### **What is the nature of the proposed PBI project agreement?**

- Under the project agreement, the City will own the facility and WMB Heartland Justice Partners will design, build, finance, operate, and maintain the new Justice Center on behalf of the City for 35 years. In exchange, the City will provide WMB Heartland Justice Partners with an annual Service Fee commencing once the Justice Center is open and occupied. The Service Fee is linked to the performance of WMB Heartland Justice Partners, meaning that deductions to the service fee can be made when space or functionality within the facility are unavailable or other predetermined performance criteria are not met. The term of the agreement is anticipated to be 35 years. At the end of the term the facility will be handed back in full working condition.

#### **Why is the City pursuing a PBI delivery method for the new Justice Center?**

- Given its goals for this project, the City recognizes that there are several advantages in utilizing a PBI delivery model to build and operate the new court and jail facilities:
  - Due to the nature of a PBI agreement, the risks associated with design, finance, construction and maintenance of the facility would be allocated to WMB Heartland Justice Partners. This results in greater certainty of costs for the City and allows the stakeholder county agencies to accurately budget for its annual service fee payments to occupy the facility over the term of the agreement. As it is subject to deductions, the service fee could be less, but not more, than what is specified in the project agreement.
  - The PBI process requires an unwavering commitment to schedule and an ability to balance the demands of the date and price-certain contract while responding to stakeholder input. This requires the WMB Heartland Justice Partners to work together collaboratively to make decisions that are in the best interest of the project, without

- compromising the fast-track schedule, the effective operation of the completed facility, or the functionality of the space for the building tenants, staff, and visitors.
- Under a PBI agreement, integration of the facilities management service provider and the design-build contractor ensures maximization of the efficiency and performance of the building systems. Since “whole life” costs throughout the contract period are important considerations in a PBI project, involving facilities management service provider early on in the process helps guide decisions around building operations, energy usage, and lifecycle maintenance. Additionally, early involvement allows facilities management service provider to plan delivery methods and develop models that will deliver quality results for the key performance indicators for the project.
  - Under a PBI agreement, the City pays no money until the new facility is built and operational. The upfront capital costs for the project will be financed by WMB Heartland Justice Partners.
  - Under the PBI agreement, WMB Heartland Justice Partners will be contractually obligated to maintain the facility to a high quality level throughout the entire term of the agreement. The service fee is subject to deductions that are tied to established performance standards, which are measured operationally and according to occupant satisfaction. Operational considerations might include room air temperature, cleanliness, and lighting levels. Occupant satisfaction measures customer service, performance, the completion of preventative maintenance, testing of equipment, and inspection of space. Prescribed methodologies of measuring the key performance indicators means that performance and any resulting deductions to the service fee are self-evident and therefore self-reporting. At the end of the term of the agreement, the City retains control of a well-maintained and fully operational facility.

#### **What is the expected cost of the project?**

- The construction cost of the facility is \$408 million. The annual service fee payment is \$46.8 million for the first full year of operations in 2019 (\$45.4 million in 2014 dollars). The present value of service fee payments the City will make to WMB Heartland Justice Partners over 35 years is \$717.7 million.

#### **How will the county pay for the new facility?**

- The facility will be financed privately by the successful bidding team. The affected City and County agencies will make annual service fee payments over the 35-year term to the winning bidder starting in the first year of operations.

#### **Where will the City find the funds to pay for the construction?**

- The City will not pay for the upfront construction, as this will be financed by WMB Heartland Justice Partners. The money to pay for the annual service fee payments will come from the existing budgets of the county agencies located at the Marion County Justice Center and the savings achieved from modern design and economies of scale.

### **How long will it take for the City to pay back the winning bidding team?**

- The term of the proposed public-private partnership agreement will be 35 years starting when the city-county occupies the new facility.

### **How will this project affect taxpayers?**

- In a PBI delivery model, the taxpayer impact is shifted to not just the lowest design and construction cost but also to the lowest net-present-value life-cycle cost. Governments typically under spend on asset management which makes high operating cost taxpayers' greatest financial risk in the delivery of public building services. Good facilities management can save far more public dollars than low-bid construction.

### **Can the city and county build a new modern court and jail facility on its own?**

- The City could follow a more traditional way of building a new facility by borrowing money and working through a traditional bidding process to construct a new jail and courthouse. However, under this approach:
  - The City would be responsible for the costs associated with delays and cost overruns of the project
  - The City would bear the risks of operating and maintaining the facility
  - There would be less certainty that the City could finance the entire project without raising taxes.

### **Will all jail functions be privatized as a result of this project?**

- No, the Marion County Sheriff will be responsible for guarding and transporting inmates at all times and for security at the Marion County Justice Center.
- Operation of food services, medical facilities, laundry services, and other similar functions will also be the responsibility of the Marion County Sheriff.

## **SECTION THREE**

### **BIDDING TEAMS, THE SELECTION PROCESS, AND THE PROJECT TIMELINE**

#### **What is the selection process for a winning bidding team?**

- The City initially released a request for qualifications (RFQ) for the Marion County Justice Center in December of 2013.
- Five teams responded to the RFQ, and the City evaluated their responses based on the teams' experience, resources, and ability to design, build, finance, operate, and maintain a large facility like the proposed Justice Center.
- The City then selected the three strongest teams to respond to a request for proposal (RFP) to design, build, finance, operate, and maintain the new facility.
- In November and December 2014, a review committee and subcommittees made up of the various stakeholders evaluated the responses and selected a final bidding team. The WMB Heartland Justice Partners proposal had the lowest financial price and met the rigorous technical requirements outlined by the City.

#### **Who are the teams that were shortlisted for this project submitted final proposals to the city?**

- The three short-listed teams are listed below in alphabetical order:
  - **Indy Justice Partners**  
Equity Members: Fengate Capital Management Ltd., AECOM Global Fund I LP, Shiel Sexton Company, Inc.
  - **Plenary Edgemoor Justice Partners**  
Equity Members: Plenary Group USA Ltd., Edgemoor Infrastructure & Real Estate LLC
  - **WMB Heartland Justice Partners**  
Equity Members: Meridiam Infrastructure Indy Justice, LLC, Balfour Beatty Investments, Inc., Walsh Investors, LLC

#### **How were the proposals evaluated?**

- The evaluation was divided into two categories: financial and technical.
  - The financial evaluation focused on the cost to the city-county in the form of annual service fee payments made over the course of the agreement and the financial feasibility of the proposal.
  - The technical evaluation focused on how well the proposals fit the needs of the county agencies that will be located at the Justice Center.

#### **Does the preferred bidding team have the required experience to design, build, finance, operate, and maintain the Justice Center?**

- The preferred bidding team, WMB Heartland Justice Partners, that has been selected is among the world's leaders in the design and construction of detention facilities and courthouses, and has built and operates similar facilities all over the world. Recent projects delivered by the

companies on this team include the new courthouse in Long Beach, California and the Ohio River Bridge in southern Indiana.

## **PROJECT TIMELINE**

### **What is the project timeline?**

- **December 20, 2013:** Issue RFQ/P
- **February 11, 2014:** RFQ/P Responses Due
- **March 2014:** Shortlisting of Proposers
- **November 21, 2014:** Proposals due
- **December 12, 2014:** Selection of a winning bidding team
- **December/January 2014:** Final negotiations with the winning bidding team
- **February 2014:** Expected City Council vote to approve the project
- **March 2015:** Commercial and Financial close
- **June 2015:** Construction begins
- **June 2018:** Construction completed and facility becomes operational