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## **MEMORANDUM**

**To:** Kurt Triplett, City Manager

**From:** Cherie Harris, Chief of Police  
George Dugdale, Senior Financial Analyst, Public Safety

**Date:** September 1, 2016

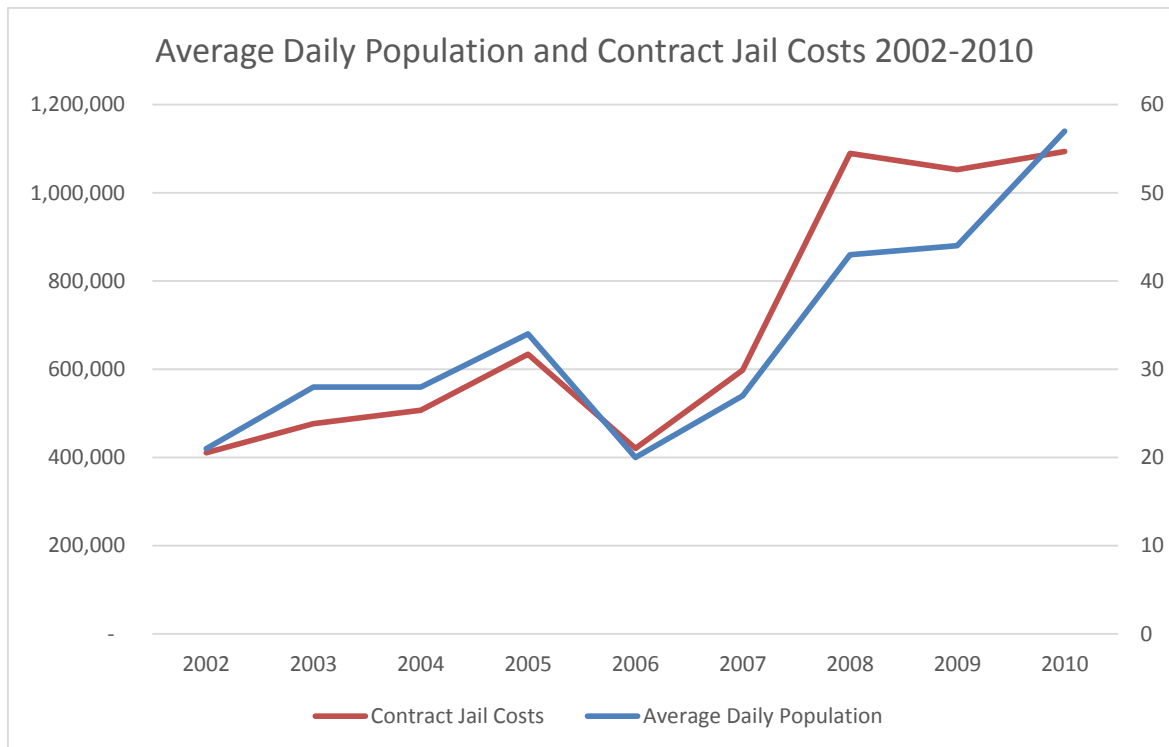
**Subject:** KIRKLAND JAIL COST UPDATE

Upon the completion and occupation of the Kirkland Justice Center (KJC), the Kirkland Police Department began the process of moving from a 14 bed jail used for inmates whose sentence was under 30 days to a 55 bed correctional facility in which inmates are held for up to a year. The decision to increase the size and scale of Kirkland's jail was informed by a range of consultant and in house analysis, which identified this option as the most cost efficient way for Kirkland to run its corrections program.

As the jail has now been operational for two years and is beginning to function at full capacity, this memo will compare the financial cost of this facility with the previous City Hall jail, and with the cost estimates set out in the 2012 Jail Issue Paper. In addition, the department will bring forward recommendations for the structure of Kirkland's jail budget going forward, which includes service package requests related to the 2017-18 Budget.

### **Background**

Between 2007 and 2010 the average daily population (ADP) of inmates for Kirkland (both in the old Kirkland jail and contracted beds) more than doubled from 27 to 57. Although this was a significant spike, it was also part of a longer term trend of growth between 2002 and 2010, during which there was only one year that Kirkland's ADP did not grow. This is shown in the chart below. The chart also shows contract jail costs, which rose quickly along with ADP, from \$410,950 in 2002 to \$1,093,650 in 2010. Analysis of the trend showed that although arrests had increased, the main driver of the increase was length of stay, which was influenced by factors such as mandatory sentencing lengths for Driving Under the Influence (DUI).



As part of the preparations for annexation, the Department engaged the services of a consultant to produce an estimate for future growth in the population. This analysis predicted that by 2015 the ADP would be 61, and 77 by 2020. In response to this the base budget for contract jail costs was increased to \$1,248,300 for 2011-12. This was augmented by \$602,249 for the expected impact of annexation, which gave a total contract jail budget of \$1,850,729, or 48% of the total corrections division budget.

The predicted increase in contract jail costs, combined with the opportunity afforded by the construction of the new Kirkland Justice Center, provided the impetus for the City to analyze the future needs and costs of Kirkland’s correctional facility. In 2012, the Department prepared an issue paper comparing the cost and operational requirements of different jail sizes. The three options considered were:

- Creating a similar sized facility at the KJC that existed at City Hall (14 beds)
- Constructing a 55 bed jail to meet the estimated 2015 jail population
- Constructing an 85 bed facility that would have excess capacity that could be rented out and provide future capacity for Kirkland.

The paper suggested that the savings in contract jail costs from building a 55 bed jail would more than offset the increased operational costs of a larger facility. A table comparing the cost predictions for the 14 bed and 55 bed jail is shown below.

### 14 Bed and 55 Bed Jail Facility Cost Comparison

Cost Category	14 Bed Jail	55 Bed Jail	Variance
Wages & Benefits	\$1,658,567	\$1,928,013	\$269,446
Overtime	\$28,907	\$34,688	\$5,781
Uniforms & Cleaning	\$14,190	\$16,694	\$2,504
Fleet Costs	\$91,976	\$91,976	\$0
Facility Costs	\$26,670	\$137,160	\$110,490
I.T. Costs	\$132,309	\$155,658	\$23,349
Medical Costs	\$66,320	\$100,000	\$33,680
Contract Jail Costs	\$1,850,729	\$185,073	(\$1,665,656)
Other Costs	\$44,820	\$176,079	\$131,259
<b>Total</b>	<b>\$3,914,488</b>	<b>\$2,825,341</b>	<b>(\$1,089,147)</b>

The analysis centered on the assumption that, despite three additional FTE positions and significant increases to medical, supply and facilities costs totaling \$576,509, there would be an overall savings of \$1,089,147 due to the projected 90% decrease in contract jail costs. Contract jail costs could not be eliminated altogether as some prisoners, especially those with significant medical, behavioral or substance abuse issues, would continue to be housed at other jails with the facilities to handle a wider range of prisoners.

Based on the numbers presented above and the ADP trend identified by the external consultant, plans for a 55 bed facility were included as part of the Kirkland Justice Center. This led to creation of a jail operating service package that was submitted as part of the 2013-2014 Budget. The data was refined between the initial issue paper and the service package request, with the most significant change in the estimated contract jail savings. However, the principle was the same: contract jail costs decreased by \$1,099,059, with \$397,911 being reallocated to other cost categories of the jail budget and the remaining \$704,186 being the net savings. The 2014 jail budget, before and after the service package which funded the larger facility, is shown in the table below.

#### Revised 2014 Jail Budget

Category	Base Jail Budget Before Service Package	Revised Jail Budget with Service Package	Variance
Personnel	1,682,335	1,959,286	276,951
Fixed Charges	243,246	228,211	(15,035)
Contract Jail Costs	1,850,729	751,670	(1,099,059)
Prisoner Supplies	90,320	169,455	79,135
Prisoner Medical	43,140	100,000	56,860
Other Costs	4,718	1,680	(3,038)
<b>Total</b>	<b>3,914,488</b>	<b>3,210,302</b>	<b>(704,186)</b>

The final numbers estimated an initial net savings of \$704,186 by building the new jail primarily as a result of the reduction in contract jail costs. It was also assumed that the revised budget for the jail would decline over time as the new facility became operational and, eventually, the \$1.089 million identified in the initial issue paper would be saved.

Following the opening of the jail in September 2014, the 2015-16 biennium was the first chance the department had to operate the jail within the budget laid out in the 2012 issue paper and to make operational adjustments based on performance and experience. The next section looks at how actual experience compared to the initial predictions, focusing on five key areas in the table above<sup>1</sup>.

### **Development of the 2015-2016 Jail Budget**

Comparing the implementation experience against projections is challenging because opening the jail has been an iterative process, with staffing, capacity and programmatic elements slowly becoming operational, rather than the entire facility opening at the same time. This was illustrated in the 2014 comparison of budget to actuals shown below. As the facility did not begin operating until September, staffing remained at the previous (lower) level and supply and medical costs also remained low, while contract jail costs stayed as high as in previous years.

**2014 Jail Budget to Actuals**

<b>Category</b>	<b>2014 Revised Jail Budget</b>	<b>2014 Actual Jail Expenditures</b>	<b>Variance</b>
Personnel	1,959,286	1,769,162	(190,124)
Fixed Charges	228,211	223,464	(4,747)
Contract Jail Costs	751,670	1,044,148	292,478
Prisoner Supplies	169,455	71,121	(98,334)
Prisoner Medical	100,000	26,443	(73,557)
Other Costs	1,680	20,512	18,832
<b>Total</b>	<b>3,210,302</b>	<b>3,154,850</b>	<b>(55,452)</b>

The impact of this is that the jail division was \$55,452 under budget in 2014, despite being \$292,478 over budget on contract jail costs. Despite this difficulty, the impact of these changes within categories do not prevent comparisons between years on an overall budget level, and where they have impacted the analysis this is noted.

### **Personnel Costs**

The 2014 budget issue paper, anticipated a rise of \$276,951 for salaries, overtime, benefits and uniforms, based on the assumption that three new FTEs would be needed. The three new positions were approved and have been in the budget since July 2013. However, due to delays in the jail becoming operational, staff turnover, and the long lead time to hiring new staff members, the positions remained open until 2016 which created significant salary savings.

Experience managing the jail in 2015 brought to light the need for additional supervisory support within the jail. With more prisoners, there was an increased need for supervisory

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<sup>1</sup> The sixth category shown in each table, other costs, are not looked at in great detail as the ongoing costs are small, and actual expenditures are often onetime in nature.

experience at all hours. This led to a reorganization of staffing that reclassified two Corrections Officer positions -- one into a Corrections Sergeant and the other to a Corrections Corporal position. This change added a **net new cost of approximately \$24,000**.

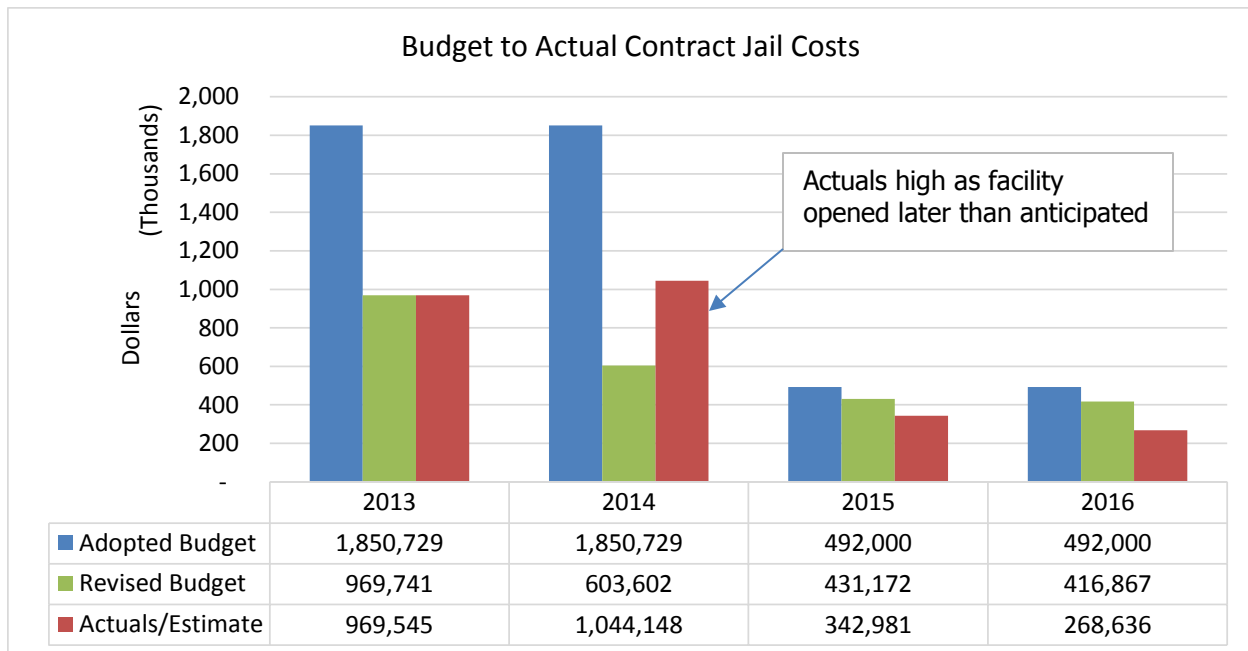
### **1) Fixed Charges**

The 2012 jail issue paper predicted an increase of \$133,839 in internal charges. This was split between internal rate charges for technology (IT) (\$23,839) and facilities (\$110,490). The IT charges were based on an estimated cost for the 17 approved FTEs, scaled up to include the 3 additional FTEs. The actual 2014 IT rates were lower than anticipated, and while there have been cost increases in 2015 and 2016, these are due to an increase in existing costs, rather than the addition of new cost centers. There have also been no net new additions to the Fleet, therefore Fleet and IT costs have remained in line with projections.

Facilities costs were assumed to be increasing as a larger jail with more prisoners would generate higher utility and maintenance charges. Overall Police facilities charges have increased, however it is very difficult to break out how much of that increase is related to the jail as Police facilities charges are budgeted and charged to the whole department through the Police Administration budget. A large portion of the savings generated by moving from the 14 bed to 55 bed facility (\$701,148) were used for non-jail operations costs at the KJC, including facility rates. In 2015 the total facilities charges for the building was \$553,675, which includes the Police Department, Municipal Court, and Jail. In 2016 Facilities charges are expected to be \$546,000 meaning the operational savings built into the jail service package more than cover the increased facilities cost.

### **2) Contract Jail Costs**

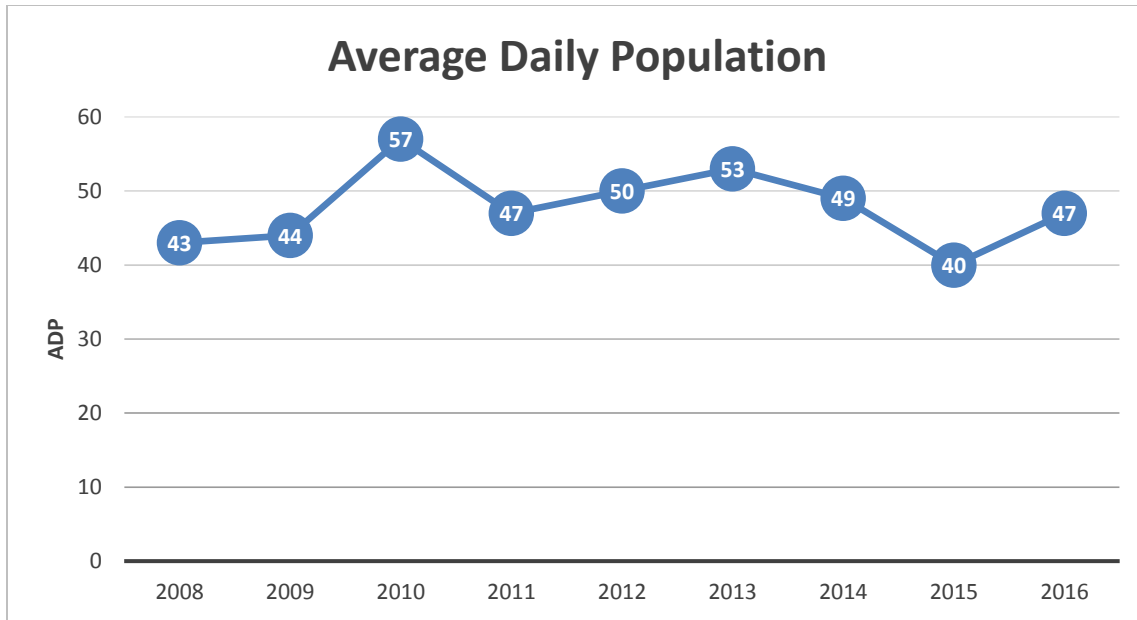
As predicted in the 2012 issue paper, contract jail costs have declined significantly since the new jail facility was opened. As actual expenditures were significantly lower than budget in 2015 and are expected to be lower than budget in 2016, the initial 2013-2014 budget of \$1,850,729 has been reduced each year. This is shown in the chart below.



The contract jail savings was used to fund other one-time and ongoing costs. The list of what has been funded from these reductions is listed in a table below the chart.

	2013	2014	2015	2016
<b>Contract Jail Costs Budget</b>	<b>1,850,729</b>	<b>1,850,729</b>	<b>492,000</b>	<b>492,000</b>
Changes				
KJC Operating Costs	238,988	1,247,127		
Firing Range	642,000			
Inmate Medical			60,828	51,575
Jail Staff Reclassification				23,558
<b>Net Contract Jail Budget</b>	<b>969,741</b>	<b>603,602</b>	<b>431,172</b>	<b>416,867</b>

Actual expenditures in contract jail costs have declined each year since 2014. After peaking at \$1,044,148 in 2014, contract jail costs were \$340,000 in 2015 and are estimated to be a little less than \$300,000 in 2016. Contract jail costs have declined for two reasons. The first is that, as planned, far fewer prisoners are being sent to other facilities to be housed. The department now has a contract to house a small number of prisoners at South Correctional Facility (SCORE), a facility with 24 hour medical care, but no longer needs to use other jails. Along with the reduced contract jail costs, this has also reduced transportation costs. The second reason is that the average daily population has not increased at the rate originally predicted by the 2012 analysis, and has in fact stayed almost flat since 2008, even with the addition of the annexation area.



The chart above shows the actual ADP since 2008. It shows that 2010 (the year the original jail capacity prediction was completed) was the highest ADP for Kirkland, and despite annexation ADP has been below 55 every year since then.

However, despite the average daily population not increasing the reduction in costs has not been as large as originally predicted. In part, this is because a higher percentage of those arrested and charged have significant substance abuse or behavioral health issues. Kirkland's jail is unable to care for these prisoners as they require a facility with 24 hour medical staffing. The increase in the percentage of prisoners with such issues matches the types of crimes being represented in Kirkland and is also reflected in the jail population across the region. The rise in drug-related crimes in east King County, and a decline in some mental health services, are felt to be contributory factors to this problem.

In addition to this, the practical capacity of the jail is lower than the 55 total beds because prisoners need to be segregated by gender, work release status and risk category. This classification system is essential to staff and prisoner safety and is currently being implemented by jail staff. This means that at times cells that can house up to 8 prisoners can be 'full' with fewer than 8 prisoners in them. For example, if two prisoners are on work release, they will use an entire 8 bed cell, reducing the overall capacity of the jail. The result of this is that the jail can be at capacity, with around 40 prisoners. At the time the 2012 jail issue paper was written this classification system had not been developed.

### 3) Prisoner Supply Costs

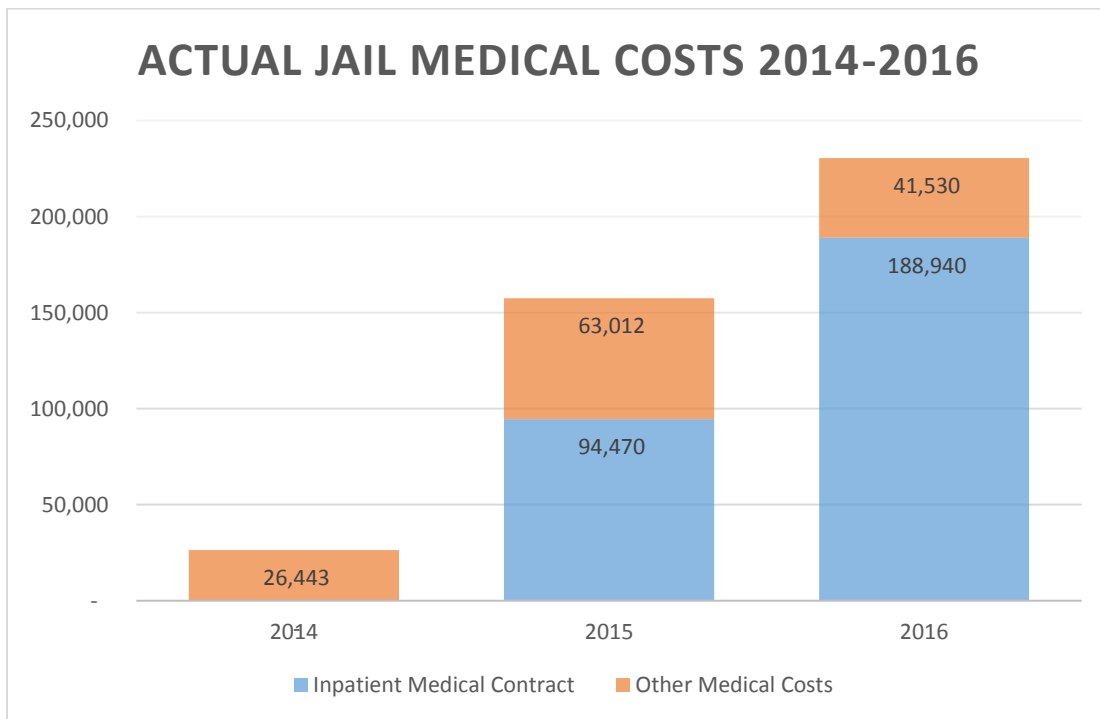
Prisoner supply costs are the consumables and other variable costs associated with housing prisoners. The largest of these are meals and bedding. The 2014 budget for this line items was \$169,455, but based on reduced prisoner estimates and more accurate costs, this number was reduced to \$131,969 for 2015 and 2016. Although costs are likely to exceed budget for 2016,

this is because of onetime purchases associated with setting up programs for prisoners. This amount is expected to be adequate to cover the ongoing needs of the jail in 2017-2018.

#### 4) Prisoner Medical Costs

One of the largest differentials from the original estimates is for inmate medical costs. In the 2012 issue paper, KPD estimated that prisoner medical costs would be \$100,000 per year. This was based on the midpoint of two models with information provided by two comparable facilities. The two models provided were on-call only (\$50,000) and a full time nurse (\$190,000). The department estimate was for some regularly scheduled nursing, with an additional increment for on-call and outpatient treatment as needed, which had averaged \$20,000 per year between 2010 and 2012, but in a smaller jail facility.

The chart below shows the actual cost for inpatient and outpatient costs since 2014, the first year the new facility opened.



As the jail was not ready for occupation until September 2014 and prisoners were moved in in phases, medical costs remained at similar levels from previous years through 2014. Prior to the 2015-16 Budget an RFP was released for the inpatient medical contract. The City only received one response to this RFP, and the costs were \$184,332 for 2015, substantially more than the estimated \$80,000 to \$100,000 estimate.



The inpatient medical contract was not fully started until May 2015, which provided one-time savings, but overall the jail medical costs added roughly **\$130,500 in net new costs** for 2016.

## 5) Summary

The table below shows the development of the jail budget, from the initial estimate provided in the 2012 issue paper, through the adopted 2014 budget, which included a service package for the KJC, to the current ongoing budget.

Category	2012 Issue Paper - 14 Bed Estimate	2012 Issue Paper Estimate	2014 Budget	2016 Budget	2016 Estimated Actuals	Variance 2012 Issue Paper - 14 Bed Jail Estimate to 2016 Estimate
Wages and Benefits	1,701,664	1,979,395	1,959,286	2,186,039	2,068,558	(366,894)
Fixed Charges	250,955	384,794	228,211	271,093	269,088	(18,133)
Contract Jail Costs	1,850,729	185,073	751,670	416,867	298,636	1,552,093
Prisoner Supplies	43,140	174,399	169,455	131,969	150,008	(106,868)
Prisoner Medical	66,320	100,000	100,000	213,862	245,235	(178,915)
Other Costs	1,680	1,680	1,680	3,600	89,376	(87,696)
<b>Total</b>	<b>3,914,488</b>	<b>2,825,341</b>	<b>3,210,302</b>	<b>3,223,430</b>	<b>3,120,901</b>	<b>793,587</b>

The experience establishing and managing the new jail facility over the 15-16 biennium has broadly followed the pattern staff set out in the 2012 issue paper. A large decrease in contract jail costs has offset recent increases in prisoner supplies and medical costs. Overall, the 2016 jail budget was \$793,587 lower than the original 2014 estimate. The 2016 actual expenditures are also within budget, although there are some discrepancies between categories.

Although the 2015-16 budget has closely matched the expectations in the service package, expenditure savings have not matched the original issue paper estimate of \$1.089 million. This is due to the four reasons set out above

- 1) Personnel – Increases in salary and benefit rates, along with \$23,558 in new costs for reclassifications.
- 2) Fixed charges – increases in existing interfund charges.
- 3) Contract jail – higher number of prisoners that need to be housed externally, combined with the required classification system within the jail.
- 4) Prisoner supplies and medical – higher than anticipated contract medical and outpatient costs.

### **Moving Forward**

Since the Kirkland jail began operations in September 2014, the facility has become incrementally more functional. Along with a reduction in external beds and an increase in

prisoners in the jail, onsite medical service began in April 2015 and additional staff have been hired to manage the increased workload. In 2017-18 the Department hopes to complete this transition by fully implementing a new classification system for prisoners, getting accreditation for the jail, as well as starting more programs for prisoners, such as AA meetings.

To complete this work will require both a reallocation of current resources, as well as the addition of incremental resources, which is reflected in the base budget and two service package requests for 2017-18. If these changes are approved and authorized by Council, the jail budget will fully reflect the transformation from one built around a small holding facility with a large number of contract beds, to a larger facility with internal support and services, supplemented by a smaller number of external beds for high needs prisoners.

As mentioned, the Kirkland Police Department is requesting two service packages for 2017-18. These are

- Jail Administrative Support Position - \$196,148
- Increase in ongoing in house jail medical budget - \$286,000

### **Jail Administrative Support Position**

The current jail staffing model provides no dedicated administrative support to the facility. Prior to the opening of the new jail, the amount of administrative work was small enough that this was not a significant issue. However, a larger facility has created an increased body of administrative tasks. This is particularly true as the Department begins to facilitate a greater number of programs, such as AA, religious services, and domestic violence classes. As Corrections Officers are at capacity dealing with operational issues within the jail, the draft Police Strategic Plan recommended creating administrative support in the jail, suggesting it would be the most cost efficient way of handling this increased workload.

### **In House Jail Medical Cost**

The 2012 issue paper, predicted that the City would need to budget \$100,000 per year on an ongoing basis for jail medical services. This estimate proved to be significantly lower than the response the City received during the competitive bidding process in 2014. The only response received was for a base \$184,332, which does not include outpatient care.

Despite the large difference between the original estimate and the actual costs, the hybrid model of some hours provided in house supplanted by outpatient care at other times, continues to be the Department's recommendation, both for cost and operational purposes. Providing some hours on site makes most of the medical costs predictable and stable, while also reducing the number of transports required to external medical facilities. Providing more than 36 hours of onsite medical care would increase costs but would not reduce the number of outpatient visits by enough to make the model financially viable. For this reason, the Department is requesting ongoing funds to support the current model, partially offset by savings in contract jail costs.

### **Conclusion**

In broad terms the move from the 14 bed facility at City Hall has been an operational and financial success, with large savings in the jail budget being used to fund facilities and other operating charges at the Kirkland Justice Center. The inclusion of these two service package will

put the jail budget on an accurate and sustainable financial footing in the upcoming years. However, there have been developments since 2012 that have differed from the original projections, especially in contract jail and jail medical services, which mean that overall savings have not reached the levels originally projected.

In addition, the department is still developing policies for best practice inside the jail. This includes the classification system, programs for prisoners, and the potential for the jail to be accredited along with other areas of the Kirkland Police Department. Staff will bring forward recommendations on these areas, as well as changes in external circumstances (for example an overall increase in the jail population), as policies are developed.