

The Capital District Youth Center Case Study

Contents:

1. Municipal Characteristics (names, population, size, fiscal metrics)
2. Project Description and Impetus
3. Proposal(s) and Proposed Funding
4. Legal Foundation and Legal Checklist
5. Views on the Issue
6. Results (adopted, amended, rejected etc)
7. Implementation
8. Expectations vs. Implementation
9. Factors contributing to success or failure/Lessons Learned
10. The 10 Step Program
11. Technical Assistance
12. List of documents
13. Additional comments/suggestions/helpful hints
14. Contact Information

1. Municipal Characteristics

| Indicators | Albany County | Rensselaer County | Saratoga County | Schenectady County |
|--------------------------------------|----------------------|--------------------------|------------------------|---------------------------|
| 2000 Population | 294,565 | 152,538 | 200,635 | 146,555 |
| Land Area (sq. mi.) | 523 | 654 | 812 | 206 |
| Assessed Value Fully Taxable | \$14,743,600,270 | \$2,525,767,532 | \$12,128,097,441 | \$4,135,379,986 |
| Full Valuation Taxable Real Property | 17,690,980,288 | 6,538,315,865 | 13,803,606,677 | 6,763,200,999 |
| Total Tax Levy | 67,089,756 | 44,602,728 | 34,934,393 | 58,786,323 |
| Total Debt Outstanding | 191,631,446 | 68,100,551 | 16,105,000 | 40,823,000 |
| Total State Aid Revenue | 69,582,579 | 39,667,162 | 30,109,734 | 41,814,446 |
| Total Revenue w/ State Aid | 437,792,185 | 208,450,982 | 188,011,586 | 212,930,424 |
| Debt Service | 16,516,681 | 6,166,724 | 1,985,744 | 7,577,466 |
| Total Expenditures w/ Debt Service | 464,557,715 | 223,355,671 | 187,767,406 | 235,593,909 |
| Expenditures: | | | | |
| General Government | 78,256,163 | 17,069,237 | 28,478,520 | 24,858,291 |
| Education | 18,194,350 | 22,764,256 | 12,780,924 | 9,444,188 |
| Police | 58,809,744 | 22,999,849 | 17,542,454 | 20,840,602 |
| Fire | 0 | 90,119 | 208,203 | 1,282 |
| Other Public Safety | 3,036,918 | 5,259,117 | 1,633,426 | 3,177,586 |
| Health | 49,071,679 | 49,473,687 | 38,600,540 | 39,580,094 |
| Transportation | 23,740,513 | 13,756,746 | 18,463,287 | 15,580,847 |
| Economic Assistance | 216,014,153 | 79,816,179 | 56,821,666 | 105,242,451 |
| Culture-Recreation | 6,247,700 | 457,220 | 1,082,848 | 7,082,861 |
| Home and Community Svcs | 11,186,495 | 5,502,538 | 10,169,796 | 2,208,240 |

2. Project Description & Impetus

Counties in the Capital Region have discussed proposals for juvenile detention facilities since the 1970s. A 1971 study by the National Council on Crime and Delinquency found that the Capital District would serve as the ideal location for a secure juvenile detention facility serving the Northeastern counties of New York State. In 1980, the CDRPC issued a position paper on the need for a regional secure detention facility for juveniles.

The Albany County Legislature commissioned Einhorn Yaffee Prescott Krouner, P.C., of Albany to conduct a feasibility study in 1982. The study recommended an 18-bed regional juvenile secure detention facility to serve 13 counties from the surrounding area. Local leaders did not pursue the project due to lack of funding and perception that other approaches could meet county needs adequately.

That perception changed in 1991, when the Division for Youth closed the Highland Regional Secure Detention Facility. The Highland facility, where the four Capital Region counties sent most juveniles requiring secure detention, was in Ulster County, about 80 miles south of Albany. Other facilities commonly used by the counties ranged from 130 to 280 miles away, and only had availability on a first-come, first served basis. After Highland closed, youths in need of care in a secure facility had to travel to Westchester or Erie counties, and their home county had to pay for a sheriff's deputy to transport the youth. At times, because facilities accepted juveniles from home counties first and could "bump" youths from other counties out of their facility, a deputy would have to drive to one facility to pick up a "bumped" youth, and then transport them to another facility across the state that had an opening. Because of the distance, families and social workers could not visit the youths to provide services and/or support.

Paul O'Brien, an Albany County legislator and member of the Capital District Regional Planning Commission (CDRPC), took the lead in pushing for creation of a regional juvenile detention facility. CDRPC staff performed a needs assessment and feasibility study, which resulted in a preliminary proposal in 1993.¹ Leaders from four counties (Albany, Saratoga, Schenectady, Rensselaer) accepted the studies and entered into a compact, creating the Capital District Youth Center, Incorporated.

3. Proposal(s) and Proposed Funding

The proposal was to build an 18 bed Juvenile Detention facility in Albany County. Operation of the facility would be funded by partner counties paying a per diem rate.

In order to construct the Capital District Youth Center (CDYC) organizers used a combination of state grant money and bonds. Financing the facility required compliance with existing laws and regulations regarding ownership, operation, and reimbursement and a legal structure acceptable to financial markets for the sale and repayment of bonds. According to state regulations, the NYS Division for Youth (DFY) could only delegate money through a social service district, which means a county or New York City. With four counties working together and the CDYC having non-profit status, the DFY could not distribute the finances to a regional facility. To avoid the need for regulatory changes within DFY, state legislators helped by establishing a line item in the 1994-95 state budget to create a funding stream.

¹ Historical discussion in this paper is based on *Preliminary Proposal for a Regional Secure Detention Facility For Youth in the Capital District*, Capital District Regional Planning Commission, May 1993.

The State of New York appropriated \$2,000,000 for partial reimbursement up to 50 percent of the project costs.

The New York State budget allocation only covered part of the start-up costs. Rating companies would not rate the facility because the CDYC had no cash in hand, only the promise of revenue from the counties on a per-diem basis. Without a letter of credit from a financial institution, the center would have had to sell the revenue bonds in the absence of bond ratings and insurance, resulting in higher project costs. After trying several different banks, the CDYC received a \$30,000 letter of credit from Key Bank.

The CDYC issued 20-year public revenue bonds to finance the construction and equipment for the facility. The bonds totaled \$5.07 million, including \$2.0 million for short-term Grant Anticipation Notes, and a \$3.07 million bond from JP Morgan Chase for 20 years. Albany, the host county, will retain ownership of the facility when the CDYC pays the bonds in full.

Hodgson, Russ, Andrews, Woods, and Goodyear created the financing plan for the facility. The CDYC bills the counties on a per diem basis for revenue, based on the number of beds used. The four owner counties and three others reserve the right to a specific number of beds. Albany started with 7.5 and increased to 12 beds. Rensselaer started with one and increased to two beds, Saratoga started with 1.25 and increased to two beds, and Schenectady started with 2.25 and increased to four beds. Columbia and Greene counties share one bed, and Oneida has three beds.

When the CDYC board decided to expand the facility by eight more beds in 2000, the Central National Bank granted an unsecured loan for \$800,000 over 20 years. The per diem rate covers the annual payment for the loan. Since the CDYC board built the facility with the addition in mind, it already had the infrastructure in place, and could do the construction without disrupting the rest of the facility. The four owner counties increased their number of secured beds when the CDYC added the eight-bed wing. The CDYC board bases the annual budget on expected bed usage. A nonprofit organization hired by CDYC to operate the facility, Berkshire Farm Center and Family Services for Youth, drafts a budget including projected per-diem rates for the coming year. The CDYC board approves each annual budget.

4. Legal Foundation and Legal Checklist

Federal legislation enacted in 1980 prohibits the placement of juveniles in an adult jail, to ensure their safety while in custody. New York State's Family Court Act states that an arrested juvenile offender under age 16 may be held in a secure detention facility by court order if there is a substantial probability the youth will not appear in court or may commit other crimes if set free while awaiting adjudication, pending transfer to institutions/facilities as placed by the court, or awaiting disposition after adjudication. The law is based on a presumption that local communities have the right to expect security and protection from violent and destructive youth who could harm the general public.

In New York State, each county has responsibility for its own provision of secure youth detention services by operating a county-owned facility or contracting with another county. The Office of Children and Family Services (OCFS) performs administrative and regulatory oversight of all local operations and offers technical and financial assistance.

New York has two types of secure detention facilities – institutional and holdover facilities. State law mandates that institutional facilities must have the capacity to house thirteen juveniles or more;

holdover facilities house up to three juveniles for 48 hours or less. New York State has nine institutional facilities and three holdover facilities.

Creation of the CDYC did not require separate state legislation. Partial funding for construction was provided through state appropriation. According to section 530 of the Executive Law, social service districts (counties) can receive funds through NYS Office of Children and Family Services (OCFS) for reimbursement of up to 50 percent of capital expenditures for secure juvenile detention. Since the CDYC did not qualify as a facility run by a social service district, its appropriation required an additional line in the state budget to authorize \$2 million in state grant funding, in the absence of a general change in state law.

The CDYC board members had to resolve some legal issues during and after the building's construction. One involved the state Department of Transportation (DOT) building a road with right-of-way less than seven feet away from the parking lot perimeter instead of 75 feet away, as originally planned when the facility was built. The DOT offered to build a stockade fence, but the CDYC sought and won a negotiated settlement under which DOT built a secure perimeter fence to ensure that no one could see the facility without going through security, in order to protect the identity and privacy of the juveniles. Without the perimeter fence, reporters could film youths coming and going outside the facility.

As a non-profit collaboration, and not a municipal facility, the CDYC needed a certificate and articles of incorporation, a municipal cooperation agreement, and a line in the state budget for funding. The municipal cooperation agreement, signed in 1997, is based on Article 5-G of the General Municipal Law, which authorizes municipalities to perform their functions and duties on a cooperative basis with other municipal corporations under municipal cooperation agreements.

5. Views on the Issue

Arguments pro:

The proponents for the facility included county sheriffs, Family Court judges and some county legislators who argued that building the facility would cut down on transportation costs. Judges, social workers, and families also showed support for the project because they wanted to keep the juveniles as close to their home as possible to allow easier visitation.

Sheriffs and Family Court judges had perhaps the most direct stake in the project. Family Court judges adjudicate most felony and misdemeanor charges against juveniles. Sheriffs are responsible for assuming custody in most such cases. From the perspective of juveniles accused of crimes, and their families, the project represented an improvement in terms of proximity to home. Most county legislators approved, as did state legislators and the governor's office.

Arguments Con:

Initial opposition to the facility came from some county officials who were concerned about committing public dollars with no certainty about whether the project would go forward. Some argued that juveniles needed rehabilitative care rather than detention facilities. At several points during the planning process, DFY officials raised regulatory questions on design and other factors that could have made the project financially impractical or otherwise resulted in its cancellation.

A few county legislators opposed the project because they thought it could cost more to build a structure than continue to pay for transportation expenses. Juvenile facilities cost more to build than

adult facilities because of state mandates that require more stringent standards. One also thought that putting juveniles in their own jail would not help solve delinquency as much as providing prevention programs could.

Not all of the county administrators wanted to buy into the project right away. CDRPC board members and staff made formal presentations to county leaders, resulting in eventual approval. One county considered backing out shortly before the final agreement was signed, but instead reduced its commitment for daily bed usage.

Local News Media Positions

Local media printed and broadcast informative reports. The leading newspaper in the region, the *Albany Times Union*, editorialized in favor of the project.

6. Results (adopted, amended, rejected etc)

The Capital District Secure Detention Facility officially opened on November 28, 1997, and the counties filled it to capacity by December 9, 1997. The facility occupancy rate remained at 94-96 percent for first few months, inducing the board to construct the addition for the eight bed expansion, which opened in 2000. The facility currently runs at occupancy rates between 88 and 92 percent annually. Approximately 300 to 345 youths from about 35 counties across New York State stay at the facility each year.

The facility is located on four acres of land, off Albany-Shaker Road in the Town of Colonie, Albany County. Albany County provided county-owned land near the Albany International Airport for the facility's site at no cost. The lack of nearby residential neighborhoods and public ownership avoided problems associated with "not in my backyard" issues and the local zoning review process, which could have significantly delayed the project.

7. Implementation

After the preliminary proposal from the planning commission, the CDYC Inc., a public benefit corporation, was created in December 1994 and charged with responsibility for financing and building the facility. CDYC Inc. is a not-for-profit corporation with bylaws covering membership, board of directors and other standard provisions. The CDYC board consists of nine members, with the CDRPC appointing five, and each participating county one. The CDRPC provides administrative support and the Executive Director acts as the chief administrator of the CDYC. The facility houses juvenile offenders and delinquents between the ages of 10 and 17 while they await their sentencing from Family Court, or are in the custody of the Sheriff.

The executive director of CDRPC is designated as chief administrator of the youth center, while the facility director designs and implements most operational policies and procedures. DFY/OCFS has provided oversight to ensure the facility meets state standards.

CDRPC board and staff members had little or no experience in managing the daily activities of a juvenile detention center. CDYC needed to contract out for a youth services organization to administer operations such as hiring staff, providing a network of support services, facilitating daily activities, and developing an operational budget. In January 1996, the CDYC board issued a request for proposals,

which resulted in responses from Vanderheyden Hall, the Berkshire Farm Center and Services for Youth, and the La Salle School Residential Treatment Center. The CDYC board chose the bid from the Berkshire Farm Center over the other two organizations because Berkshire Farm proposed to advance start-up operational costs. Berkshire Farm (not CDYC) employs the staff, and the CDYC reimburses Berkshire Farm on a per diem basis.

The CDYC board also did not have the ability to implement a school program, although the state requires that secure detention facilities provide one. The South Colonie Central School District claimed the CDYC property as part of its district and made the facility an alternative school site. The South Colonie school district employs the teachers and takes care of other logistics. The facility also needed medical care and meals prepared. The Albany County Nursing facility provides services for medical treatment, and a nursing home/hospital food provider delivers the meals daily.

County leaders signed a municipal cooperation agreement in February, 1997.

The New York State Division for Youth provided state regulatory review of the proposal. Its successor agency, the New York State Office of Children and Family Services (OCFS), continues to evaluate the facility to ensure compliance

8. Expectations vs. Implementation

The CDYC agreement does not contemplate steps to measure results of enacting the proposal against expectations. CDRPC maintains, on its website, a “Capital District Juvenile Secure Detention Facility Project Background & Highlights” document showing detailed statistics on center usage from 2000 to 2006.

The CDRPC’s 1993 preliminary proposal stated that after the Highland facility closed in 1991, cases in the Capital District in which juveniles needed secure detention remained the same from the year before, but the number of days spent at secure facilities decreased. With the number of juvenile delinquents and offenders rising, and the number of beds reduced, the counties used the remaining facilities beyond capacity.

The Albany County Sheriff reported spending \$61,200 in the first nine months of 1992, almost twice the total of 1989 and 1990 combined. The Schenectady County Probation Department spent \$25,792 in 1992 compared to \$18,050 in 1991. The counties paid for the facility use and expenses for transporting the juveniles including automobile fuel and maintenance, employee salaries and out-of-pocket expenses such as meals. In 1996, the CDRPC released a cost analysis comparing a proposed Capital District Center to other centers. Table 3 shows the cost comparison for Capital District youths to attend facilities across the state. Trip costs include wages (some at overtime rates), mileage, tolls, and meals but not include overnight lodging costs. Each juvenile case requires a minimum of two deputy sheriffs or probation officers and two round trips. The 90 percent and 100 percent numbers show projected per-diem charges based on differing occupancy rates. Per diem rates decline as the occupancy rate increases.

Table 3

| Cost Comparison for Juvenile Secure Detention Facilities (1996) | | | | | | | | | | | |
|--|------|------------------|------|------------------------|-----------------|------------------|-------|--------------------|-----------------|--------------------------|---------|
| Facility | Beds | Occupancy Rate % | | Approved 1995 Per Diem | Per Diem at 90% | Per Diem at 100% | Miles | Total Person Hours | Round Trip Cost | Cost of 10-Day Detention | |
| | | 1994 | 1995 | | | | | | | 90% | 100% |
| Erie County | 15 | 128 | 125 | \$160 | \$222 | \$200 | 290 | 27 | \$620 | \$3,460 | \$3,240 |
| Monroe County | 45 | 108 | 99 | \$207 | \$232 | \$209 | 225 | 23 | \$540 | \$3,400 | \$3,170 |
| Onondaga County | 32 | 95 | 97 | \$204 | \$220 | \$198 | 155 | 16 | \$380 | \$2,960 | \$2,740 |
| Westchester County | 24 | 89 | 87 | \$252 | \$243 | \$219 | 130 | 14 | \$340 | \$3,110 | \$2,870 |
| New York City | 320 | 100 | 85 | \$280 | \$264 | \$238 | 155 | 16 | \$400 | \$3,440 | \$3,180 |
| Nassau County | 32 | 92 | 85 | \$300 | \$283 | \$255 | 170 | 18 | \$440 | \$3,710 | \$3,430 |
| Capital District | 16 | | | | \$256 | \$230 | 10 | 2 | \$30 | \$2,620 | \$2,360 |

Source: NYS DFY, prepared by CDRPC.

While the Capital District had a higher per diem rate than a few other counties, adding the travel costs made the planned Capital District facility less expensive than all of the other options. The proposal also included recommendations for state-mandated staffing requirements, building and site considerations, and project costs and financing options. The CDRPC estimated the original cost for building the facility at \$3.8 million, based on total site improvement and construction costs for a 24,000 square foot facility, as well as land acquisition costs, professional fees, and furnishings. Commission staff estimated the operating costs for a 16 bed facility at \$846,000 per year based on staffing, health service, food service, transportation, facility maintenance, insurance and supplies.

The 1993 preliminary proposal estimated site improvement and construction costs for a 16-bed facility at just over \$3 million, with a projected \$770,000 in professional fees, furnishings and other expenses bringing total costs to \$3.8 million. The preliminary proposal cautioned its “rough” cost estimate was not based on detailed architectural and engineering analysis, but on the basis of costs per gross square foot for DFY projects. Construction and other development costs for the original facility ultimately totaled roughly \$5 million. General inflation in construction costs during the mid-1990s may explain \$450,000 or more of the difference between the preliminary estimate and actual expenditures (estimate based on the gross domestic product deflator for nonresidential structures). Other factors included adjustments in building materials to ensure safety of juveniles and staff; additional costs for architectural and engineering services; and higher-than-expected legal and financial fees to meet requirements of the state and those of bondholders, particularly given credit risks associated with the project’s unique ownership characteristics. Project administrators indicate that, although the original construction was a 16-bed facility, it was designed to accommodate an eight-bed expansion – resulting in higher initial costs but long-term savings. On a per-bed basis, the \$800,000 cost for the expansion was lower than that for the original construction.

The counties have used the facility at total occupancy rates of 88 to 96 percent since it opened in 1997. All four counties increased their number of secured beds when the CDYC board decided to expand the facility by eight beds. The chief administrator for the CDYC reported that all bond payments are up to date, and the operating costs equal the amount that the counties pay.

While construction costs were higher than projected, initial operational costs were similar to projections. Annual increases in per-diem charges have been below the rate of inflation for state and local government services.

The expected result included cost savings for the counties because of a decrease in long-distance

transportation. Neither the CDRPC nor the CDYC board has conducted a detailed cost-benefit analysis.

In 1997, the contracting counties paid the per diem rate of \$280. That charge rose to \$333.05 as of 2006 (non-contracting counties paid \$343.05), for an increase of 18.9 percent. Inflation for state and local government services (measured by the GDP deflator for state and local government consumption expenditures) totaled 40.4 percent from 1997 to 2006. The four counties have had substantial cost savings related to transportation, in particular as it relates to personnel costs associated with transporting the children back and forth for court hearings. The counties have also seen a reduction in social service visitation costs.

CDYC's 2006 per-diem rate of \$333 for contracting counties compared to rates of \$362 at the Nassau County Secure Juvenile Detention Center; \$306 at the Erie County facility; \$303 at the Woodfield Secure Cottage in Westchester County; \$259 at the Bridges Secure Juvenile Center in New York City; and \$229 at the Monroe County Children's Center. Per-diem rates for CDYC include capital costs, which in some jurisdictions may be absorbed by the hosting county. OCFS, the source of these statistics, does not have complete historical data for all secure juvenile facilities in the state. Its available data show that, from 1997 to 2006, per-diem rates at Woodfield rose 14.1 percent; Nassau County, 11.7 percent; and Monroe County, 6.5 percent, compared to the 18.9 percent increase for CDYC. Such figures allow comparison of changes in operational costs over time, but do not reflect cost increases that counties in the Capital Region would have incurred for transportation of juveniles to other facilities, had the CDYC facility not been built.

9. Factors contributing to success/failure/Lessons Learned

Those interviewed cited political support as one of the main issues that made a difference. The CDYC created a new system and facility, so counties did not have to close existing facilities or relocate staff, which made the idea more palatable politically, and made it very easy for local elected leaders to agree with the project. Local legislators, the planning commission, and the governor's office gave their support from the beginning. By working with local and state representatives, the planners could work around setbacks and made the project work.

The team had dedicated individuals whose varied career backgrounds helped with planning different aspects of the proposal. Original board members brought expertise in architecture and planning, finance, and social services. The regional planning commission, whose board included representatives from each of the counties, facilitated cooperation and provided staff support that was essential to making the project happen.

Differences in organizational or political cultures among the counties did not appear to have played a significant role.

10. The 10 Step Program

No Answer Provided

11. Technical Assistance

Local officials had little or no guidance based on previous experience elsewhere in the state.

12. List of documents

1. Municipal Cooperation Agreement
2. CDYC Board Bylaws
3. Agreement for Secure Detention Services
4. CDRPC Preliminary Proposal
5. CDYC Request for Proposals
6. Secure Detention Admission Procedure
7. CDYC Background
8. Press Releases
9. News Articles

13. Additional comments/suggestions/helpful hints

Keys for getting the project completed included: making it cost-effective for all involved municipalities, getting early political support to deal with bureaucratic opposition, persevering in the face of repeated obstacles, recognizing and resolving the need for significant financial investment, and resolving issues among stakeholders

14. Contact Information

Municipal Contact:

Rocco Ferraro, Executive Director
Capital District Regional Planning Commission and
Chief Administrator
Capital District Youth Center, Incorporated
One Park Place, Suite 102, Albany, NY 12205
518-453-0850

Academic Institution Contact:

Alison Grinnell, Fiscal Research Analyst, Rockefeller Institute of Government
411 State Street, Albany, NY 12203
518-443-5095
grinnela@rockinst.org

Robert B. Ward, Deputy Director, Rockefeller Institute of Government
411 State Street, Albany, NY 12203
518-443-5831
wardr@rockinst.org

Other Contacts:

Michael Hall, Attorney
McNamee, Lochner, Titus & Williams, P.C.
P.O. Box 459, 677 Broadway
Albany, NY 12201
518-447-3200

Eugene Terry, Facility Director
Capital District Juvenile Secure Detention Facility
838 Albany Shaker Road
Albany, NY 12211
518-456-9399