Sec. 901. The department, working with the department of technology, management, and budget, shall determine the costs of entering into an agreement to lease or purchase a private correctional facility to be operated by the Department, as well as the costs of reopening a closed correctional facility already owned by the department to determine if it would be in the best interest of the citizens of this state to house prisoners in a private correctional facility leased or purchased and operated by the department, or a closed correctional facility owned by the department that the department reopens, rather than in a correctional facility currently operated by the Department. By October 15, the Department shall issue a report to the Senate and House Appropriations Subcommittees on Corrections, the Senate and House Fiscal Agencies, and the State Budget Director that documents the acquisition, lease, reopening, and modernization costs, and taxes, utilities, expected future capital repair, and upgrades of the correctional facilities described in this section.

<u>Executive Summary</u>

Pursuant to Sec. 901 of the current Michigan Department of Corrections (MDOC) budget, the Department analyzed the costs associated with acquiring, modernizing and operating the Standish Correctional Facility or the North Lake Correctional Facility rather than one or more current MDOC facilities. Based on this analysis, the MDOC determined that modernizing and operating the Standish Correctional Facility would be more costly on a per bed basis over a five year period than continuing to operate an existing multi-level MDOC facility. While the total cost for this time period would be lower, this savings would only occur due to the loss of Level II beds as a result of the closure. For operating, safety, and security reasons, the MDOC does not support a reduction in the number of Level II beds at this time.

The quantitative analysis of the North Lake Correctional Facility indicates that the per bed operating cost of the facility is lower than an existing multi-level MDOC facility, but when acquisition and modernization costs are accounted for, the per bed cost over the first five years of operation is roughly 1% higher at the North Lake Correctional Facility than the existing MDOC facility. The total cost over this time period is also significantly higher due to the size of the North Lake Correctional Facility compared to the existing MDOC facility, which would result in a net increase of roughly 500 prison beds. The MDOC does not believe there is a need for additional bed capacity at this time.

The MDOC also examined the cost of the North Lake Correctional Facility against the closure of an existing MDOC multi-level facility and a Level I facility. This proposal would be contingent on a further permanent reduction of the prison population of roughly 750 beds. This analysis found that on a per bed basis, the operating costs of North Lake Correctional Facility would be slightly lower than the two existing MDOC facilities, but when acquisition and modernization costs are taken into account, the per bed cost of the North Lake Correctional Facility exceeds the combined costs of the MDOC facilities. This scenario, predicated on a permanent reduction of 750 prisoners, would result in a net savings over the 5 year operating period of roughly $31m if both MDOC facilities were closed.

Finally, the MDOC examined the cost of the North Lake Correctional Facility against the closure of a single temporary Level I facility with roughly 2,400 beds. This proposal would require a permanent reduction of roughly 550 beds and would allow the Department to change the operating security levels at other facilities to move a significant number of Level II prisoners out of temporary housing units that utilize an open bay housing arrangement. On a per bed and total cost basis, moving to the North Lake Correctional Facility would not save money under this scenario, but would provide the Department with greater operational flexibility.

When completing the quantitative analysis of these scenarios, the MDOC also noted some qualitative factors that must be shared, even though they are not included in the final financial analysis. Among these is the availability of qualified staff to operate the North Lake Correctional Facility. The MDOC and its contractors would need to be able to hire and retain roughly 400 employees at the site for a diverse group of jobs, including custody staff, health care, mental health, dentistry, administrative staff, maintenance, and food service. Due to statutory requirements, no employees can have a felony record and most employees must fall into the category of having completed at least “some college”. This facility has never been staffed at the level necessary to operate all 1,800 beds, so the ability to locate and hire sufficient staff remains unknown. Based on labor market information provided by the Talent Investment Agency, the MDOC has serious concerns that Lake County can provide a sufficient number of qualified employees to operate the prison, particularly in the area of healthcare. When the broader region is considered, the ability to locate talent improves slightly, but at the cost of potentially impacting staffing operations at the Oaks Correctional Facility in Manistee. Staffing is a significant concern in regard to the North Lake site and additional research on the availability of qualified staffing in the region is warranted if this site is considered further.

North Lake Correctional Facility

The facility was opened in 1999 for operation as a prison under contract with the State of Michigan to house offenders under the age of 20. The MDOC ended its contract with the facility in 2005. In 2008, a significant expansion of the facility occurred, including the construction of three additional housing units to potentially house prisoners from other states. At the current time, the facility operates at partial capacity housing prisoners under contract with the State of Vermont.

The facility has two original 250 bed housing units and three larger 416 bed housing units. The facility also includes two separate segregation areas holding 94 prisoners when single bunked.

Positives noted during the tour included the overall cleanliness and condition of the facility. It was also noted that the facility layout had a number of positives, including the presence of three gymnasiums for inside recreation, two yards, four separate dining halls with blind feeding systems to allow housing units to dine individually, as well as separate preparation, service, and dishwashing areas. The facility also has 10 dedicated classrooms, a healthcare area that includes observation cells, and a holding/intake area. The facility has two separate segregation exercise module areas. The facility has a large muster area and arsenal, as well as employee training space in an adjacent building. The facility is fully furnished.

Issues noted during the tour included the lack of a personal protection device (PPD) system, perimeter lighting and camera systems that are not at current MDOC standards, the lack of dedicated day room space for programming, the small visitor waiting area, the absence of loading docks in warehouse areas, the location of the warehouse and maintenance buildings, the lack of a gun tower for the main yard, the long interior hallways, absence of dedicated vocational education space and the relatively isolated location. The location is 50 miles from the nearest MDOC facility and 20 miles from the nearest hospital. Due to its location, the MDOC has concerns about being able to find sufficient staff, including contracted professional staff such as healthcare, to effectively operate the facility.

Standish Correctional Facility

The facility was opened in 1990 as a maximum security prison operated by the MDOC. The facility subsequently closed in 2009 after having operated as a Level V and then multilevel facility. The facility has been maintained by the MDOC since that time, but has not received improvements and has not been used to house prisoners.

Positives noted during the tour included the similarity to other MDOC physical plants, the space available in housing units for potential programming, the contained yard areas, the ability to feed prisoners in certain housing units, and the location of housing units to keep Level II prisoners separate from Level IV prisoners.

Issues noted during the tour included the lack of a modern personal protection device (PPD) system, perimeter lighting and camera systems that are not at current MDOC standards, the relatively limited dedicated programming areas, the lack of equipment and fixtures, the lack of a vocational education space, and the relatively isolated location. The location is 45 miles from the nearest MDOC facility. There is a hospital with emergency room located in Standish.

Population Trends

The MDOC's total prisoner population has declined by 1,800 prisoners since January 1, 2015, allowing for the closure of the Pugsley Correctional Facility in Kingsley, Michigan. While the MDOC's population has declined, this decline has primarily occurred within the Level I population. The MDOC's need for Level II and Level IV beds has not diminished and any change in facilities must not result in a net decline in beds at these levels for operational reasons. The MDOC is significantly below the February 2016 population projection due to reforms implemented by the Department. While these reforms will continue, the 5-year projected trend continues to be a slight decline, followed by gradual increase in population absent the adoption of additional reforms, including statutory reforms.

Occupancy

The MDOC does not believe that either facility is currently ready for immediate occupancy and operation in compliance with MDOC standards. The Standish Facility must have basic modernization activities completed prior to receiving prisoners. In addition, both facilities must have perimeter light and camera upgrades completed, as well as having Personal Protection Device systems installed prior to commencing operations, to protect staff and the general public. Based on current DTMB timelines, it is expected that these upgrades would take roughly 12 months.

The North Lake Facility cannot be operated at full capacity in the first year after lease or purchase due to an existing sewer agreement with the local government requiring the expansion of the wastewater treatment plant prior to the prison housing more than 1,000 prisoners. This report assumes that both facilities will not house prisoners during the first 12 months of operation to allow for the installation of a Personal Protection Device (PPD) system and perimeter security upgrades. Beginning in year two, both facilities will be operated at full capacity.

The North Lake Facility currently houses roughly 220 prisoners from the State of Vermont. The lease terms proposed by the owner of the facility would allow for a maximum of 350 out-of-state prisoners to be kept on site for the first three months of the lease. The MDOC strongly opposes the housing of out-of-state prisoners at a MDOC-operated facility for operational and liability reasons and believes these prisoners must be removed prior to MDOC prisoners arriving on site. This report assumes that no out-of-state prisoners will be on site once the MDOC commences operations.

Operating Plans

The MDOC visited both facilities to prepare draft operating plans. The MDOC determined that it would be appropriate to operate both facilities as multi-level facilities housing Level II and IV prisoners, as well as a small segregation/special use population due to their housing unit designs, size, and the operational needs of the Department. Based on a review by MDOC Correctional Facilities Administration staff, the determination was made that this report would be based on the following bed allocations at each facility.

Table 1		
	North Lake	Standish
Level II	1,248*	166
Level IV	548	704
Special Use/Segregation	46	132
Total	1,842*	1,002

*Due to their size and design, the MDOC believes Housing Units 3, 4, and 5 should be operated as Level II units to ensure the safety of staff and prisoners.

The reopening of Standish and closure of an existing multi-level facility is likely to lead to a net reduction in total MDOC beds. The opening of North Lake Correctional and closure of an existing multi-level facility would result in a net increase in total MDOC beds. Multiple scenarios have been included in this report for the North Lake Facility that would result in additional closures to create a net reduction in total MDOC beds.

<u>Staffing</u>

Both facilities will require a 6 FTE maintenance crew for the first year before being placed in operation to complete the necessary upgrades. The MDOC projects the need for 331 FTE's at the North Lake Correctional Facility when the facility is operational, excluding healthcare, education, and food service. The Standish Correctional Facility would require 255.8 FTE's to operate, excluding healthcare, education, and food service. Due to the fact that healthcare, education, and food service positions are funded separately in the budget and are closely tied to the prisoner population, it is assumed that a change in location will not have a significant impact on costs in these areas. These costs may be impacted in the future by a net change in the prison population, but the savings or cost under that scenario would occur regardless of a change in location.

The MDOC and contractors will need to be able to hire and maintain staffing in excess of the operating line staffing noted above when healthcare, education and food service are taken into account. **Based on current hiring needs throughout the Department and the proposed location, the MDOC has serious concerns about being able to fully staff the North Lake Correctional Facility, especially in regard to professional services such as healthcare. The MDOC believes that the location of the facility, its size, and the fact that it has never been fully staffed is likely to result in above normal vacancy rates, leading to higher overtime costs, diminished contractor performance and potential safety concerns.** The pricing analysis included in this report assumes that both facilities can be fully staffed, but further discussion related to the challenges of staffing is warranted. The MDOC believes it will be particularly difficult to staff the North Lake Correctional Facility if the operation of that facility is based on a short-term lease, as staff may be unwilling to move for a potentially temporary assignment.

Table 2			
Operating Costs	North Lake or Standish Year 1	Standish Years 2-5	North Lake Years 2-5
Payroll	$614,964	$27,669,429	$35,634,766
Non-Payroll	$250,000	$2,482,900	$3,281,198
Total	$864,964	$30,152,329	$38,915,964
Operating Cost Per Bed	N/A	$30,092	$21,127

<u>Cost Comparison for Acquisition or Lease</u>

The North Lake Correctional Facility is currently owned by the Geo Group. Two options have been presented by the Geo Group to the MDOC, a lease option or a purchase option for the facility. Any purchase or lease would be subject to negotiation on the part of the State, along with an appraisal of the property. The purchase option presented by the Geo Group is in the amount of $115,000,000. The lease proposal offered by the GEO Group is for 5 years, with 5 successive 5 year options with varying annual lease payments noted in Table 3. A purchase would result in state bond payments for a period of 35 years, with projected annual payments of $9.2 million per year. The period of analysis for this report is 6 years, with one year prior to occupancy for upgrades and 5 years of full operation. The Standish Correctional Facility is owned by the State of Michigan and there are no acquisition costs associated with the facility.

Table 3			
Year	North Lake Lease	North Lake Purchase	Standish
Closing Costs	$0	$810,095	$0
Year 1	$3,600,000*	$9,200,000*	$0*
Year 2	$7,980,000	$9,200,000	$0
Year 3	$9,000,000	$9,200,000	$0
Year 4	$10,000,000	$9,200,000	$0
Year 5	$11,000,000	$9,200,000	$0
Year 6	$11,220,000	$9,200,000	$0
Six Year Total	$52,800,000	$56,010,095	$0
Year 7 and Beyond	Rent increased by greater of 2% or CPI.	$9,200,000 per year. $266,800,000 in remaining payments.	$0

*Non-Occupancy Year for Necessary Upgrades

Cost Comparison for Reopening and Modernization

The MDOC toured both facilities to establish the estimated cost of reopening and modernization to reflect the operating, safety and security standards in place at other MDOC facilities. These on-site reviews indicated that both facilities are structurally sound and the basic physical plant is in good condition. The projects listed below would be completed during the first year prior to the arrival of prisoners. Costs associated with opening the facilities were broken down into seven categories, as noted below in Table 4.

Table 4		
Category	North Lake	Standish
Structural	$1,457,000 Major costs include the expansion of the visitor waiting room ($800,000), the addition of a gun tower to monitor the large yard ($400,000), and the relocation of the perimeter fence near the maintenance/warehouse building ($250,000).	$592,000 Major costs include vehicle sally port improvements ($400,000), and conversion of exercise yards ($112,000).
Utilities *This represents upfront costs related to utilities, not ongoing utility costs.*	$610,000 Major costs include the installation of a dual Reduced Pressure Zone valve as required by most local units for MDOC facilities ($400,000), installation of a VOIP phone system similar to other facilities ($110,000), basic electrical system maintenance and testing ($100,000). This estimate does not include a cost figure for adding the facility to the State of Michigan network.	$863,000 Major costs include the installation of a dual Reduced Pressure Zone valve as required by most local units for MDOC facilities ($400,000), recommissioning of air conditioning equipment ($200,000), installation of a VOIP phone system similar to other facilities ($110,000), and lighting improvements ($100,000).
Grounds	$0 The grounds are in good condition and no needed upgrades were noted.	$150,000 Major costs include improvements to parking lots, drives and walks ($120,000) and storm sewers ($30,000).
Security Systems	$4,035,000 Costs include installation of a Personal Protection Device system	$3,935,000 Costs include installation of a Personal Protection Device system

	for staff ($1,200,000), camera and perimeter lighting upgrades to match MDOC technology ($2,400,000) and lock replacements ($335,000).	for staff ($1,200,000), camera and perimeter lighting upgrades to match MDOC technology ($1,900,000), perimeter security upgrades ($800,000) and lock replacements ($35,000).
Environmental and Fire Safety	$0 There were no noted investments needed in this area.	$502,000 The major cost is the replacement of the existing fire alarm system ($500,000).
Other Equipment	$400,000 It is assumed that the lease or purchase agreement would include all fixtures on site. Additional laundry machines are needed if the facility will run at full capacity.	$630,000 Costs include food service equipment ($350,000) and laundry equipment ($250,000).
Maintenance	$1,500,000 Costs include maintenance tools and equipment, vehicles, and miscellaneous repair needs.	$1,500,000 Costs include maintenance tools and equipment, vehicles, and miscellaneous repair needs.
Total	$8,002,000*	$8,172,000

*The proposed lease includes a $500,000 allowance for repairs and upgrades that is not reflected in this figure.

Long-term capital improvements are generally financed through the state building authority, resulting in interest payments. Both the North Lake purchase option and Standish would have their improvements paid for using this method.

Table 5		
	North Lake Purchase	Standish
Annual SBA Rent Payment for Improvements	$720,000	$794,000
Total 6 Year Rent Payments for Improvements	$4,320,000	$4,764,000
Total Remaining Rent Payments for Improvements	$10,080,000	$11,116,000

The State Building Authority does not allow for the financing of capital improvements on a leased property, so the North Lake lease option would require an upfront payment of $7,502,000. Any improvements made to the facility during the term of the lease remain the property of Geo Group when the lease is concluded.

Sewer Agreement

Use of the North Lake Correctional Facility is subject to a sewer agreement entered into by the current owner and the Village of Baldwin preventing the facility from being operated at full capacity until wastewater upgrades are made at the local utility. If purchased or leased, this agreement would be triggered and work would commence on the necessary upgrades that would be completed during the pre-occupancy year. The proposed purchase agreement includes an allowance for the current owner to pay the cost of this upgrade, up to $5m, with the state paying any additional costs. At the time the agreement was entered into, it was estimated that the cost of necessary upgrades would be $5m. To the extent that costs exceed this figure, they would be the responsibility of the State of Michigan and are not accounted for in the attached scenarios.

Taxes

As a privately owned facility, North Lake Correctional is currently subject to property taxation in Lake County, Michigan. The main facility has a 2016 taxable value of $30,448,978 and an assessed value of $33,737,400, implying a market value of $67,474,800. Geo Group also owns a contiguous parcel with a taxable value of $6,500 and personal property parcels valued at $2,327,600.

2015 Taxes Paid

Real Property: $1,447,159

Personal Property: $87,592*

*The second personal property parcel became subject to taxation in 2016 and is not included in the tax payment above.

The proposed lease arrangement would result in the facility remaining subject to taxation at current levels, with the Lessor (Geo Group) being responsible for all tax payments. If the property were to be purchased by the State of Michigan, it would become exempt from taxation under MCL 211.7*l*. There are no provisions in the purchase agreement for continued payments to the local units of government, so this report assumes that no future payments will be made if the property is purchased by the State. Standish is currently owned by the State and not subject to taxation. Reopening the facility will have no property tax impact.

Expected Future Capital Repairs

The MDOC currently produces 5-year capital improvement plans for all facilities. This analysis assumes that significant capital investments will not be needed in the first 5 years of operation of these two facilities due to the modernization efforts that would occur prior to opening. After the initial five-year period, capital repair costs would be consistent with those of other facilities of a similar age and design.

Comparison Scenarios

Standish Scenario #1

This analysis compares the costs associated with operating the Standish Correctional Facility and a single multi-level MDOC facility (Facility B). Closing Facility B and reopening the Standish Facility in the second year of the analysis period would result in a net decrease of roughly 300 Level II beds. This analysis assumes that the capital improvement costs at Standish will be financed by a 20-year duration State Building Authority bond, while the 5-year capital upgrades at Facility B would be paid in full during the 5-year period.

Six Year Scenario Analysis				
Standish Scenario #1 :	STANDISH Pre-occupancy Year ^	STANDISH Operating Yr 1 & Subseq	STANDISH 5-Yr Operating + Pre-occupancy Totals	Facility B 5 Year Totals
Operating Cost (Flat)	$864,964	$30,152,329	$151,626,609	$177,091,500
SBA Rent Payment-Purchase (First 6-Years) / 6-Year Lease Pmt	$0	$0	$0	$0
SBA Rent Payment-Improvements (First 6-Years)	$794,000	$794,000	$4,764,000	$0
Estimated Title Cost	$0	$0	$0	$0
Estimated Appraisal Cost	$0	$0	$0	$0
Estimated Property Tax Cost (Prorated 50%)	$0	$0	$0	$0
5-Year Plan Cost	Unknown	Unknown	Unknown	$3,153,800
Total Cost	**$1,658,964**	**$30,946,329**	**$156,390,609**	**$180,245,300**
Cost/Bed/Year	N/A	$30,885	$31,216	$27,393
Cost/Bed/Year Pct Diff compared to Standish Re-opening	N/A	0.00%	0.00%	-11.31%

Standish Scenario #1 Supplemental Information

Standish Scenario #1 : Background Information	STANDISH Pre-occupancy Year ^	STANDISH Operating Yr 1 & Subseq	STANDISH 5-Yr Operating + Pre-occupancy Totals	FACILITY B 5 Year Totals
EST. OPERATING COSTS				
FTEs	6.0	255.8	255.8	311.7
PAYROLL	$614,964	$27,669,429	$138,962,109	$163,201,000
NON-PAYROLL	$250,000	$2,482,900	$12,664,500	$13,890,500
TOTAL	$864,964	$30,152,329	$151,626,609	$177,091,500
BEDS				
TOTAL	N/A	1,002	1,002	1,316
PAYROLL COST / BED		$27,614	$27,737	$24,803
NON-PAYROLL COST / BED		$2,478	$2,528	$2,111
TOTAL FACILITY OPERATING COST / BED		$30,092	$30,265	$26,914
STANDISH PHYS. PLANT NEEDS	$8,172,000	$8,172,000	$8,172,000	$0
STANDISH IMPROVEMENT SBA ANNUAL RENT PMT [1]	$794,000	$794,000	$4,764,000	$0
EXISTING FACILITY 5-YEAR PLAN COSTS	UNKNOWN	UNKNOWN	UNKNOWN	$3,153,800

^: Estimates 6 needed maintenance positions during the pre-occupancy year along with some minor amount of non-payroll costs.

[1]: The State Building Authority estimates that a bond for the improvement costs at Standish at the indicated cost would result in a bond with annual SBA rent payments of $794,000 over 20 years for a total cost of $15.88 Million.

REMAINING CAPITALIZED PURCHASE COSTS	STANDISH Pre-Occupancy	STANDISH Operating Yr 1 & Subseq	STANDISH 5-Yr Operating + Pre-occupancy Totals	FACILITY B Total
Remaining SBA Rent Payments on Purchase	**$0**	**$0**	**$0**	**$0**
Remaining SBA Payments on Improvements	**$15,086,000**	**$14,292,000**	**$11,116,000**	**$0**
Total Remaining SBA Payments		**$14,292,000**	**$11,116,000**	**$0**

North Lake Scenario #1

This analysis compares the costs associated with leasing and operating the North Lake Facility and a single multi-level MDOC facility (Facility B). This analysis assumes that the North Lake Facility will not be occupied during the first year of the lease while safety, security, and sewer upgrades are completed. Facility B will be closed at the beginning of Year 2 and North Lake Correctional Facility will be operated at full capacity.

Closing Facility B and leasing the North Lake Facility would result in a permanent net decrease of roughly 250 Level IV and Special Use beds, but a net increase of roughly 800 Level II beds compared to current operations (net change +550 beds). Due to the lease, all improvements to the site would be paid for at the time of modernization, while the 5-year capital improvements to Facility B would be paid in full during the 5-year period.

Six Year Scenario Analysis

North Lake Scenario #1	NORTH LAKE	NORTH LAKE	NORTH LAKE	FACILITY B
	Pre-occupancy	Operating	5-Yr Operating +	
	Year	(LEASE) Yr 1 & Subseq.	Pre-occupancy Totals	5-Year Total
Operating Cost (Flat)	$864,964	$38,915,964	$195,444,784	$177,091,500
SBA Rent Payment-Purchase (First 6-Years) / 6-Year Lease Pmt	$0	$0	$0	$0
SBA Rent Payment-Improvements (First 6-Years)	$0	$0	$0	$0
Lease Cost	$3,600,000	$9,495,000	$52,800,000	$0
Estimated Closing Costs [1]	$0	$0	$0	$0
Improvements Cost	$7,502,000	$0	$7,502,000	
5-Year Plan Cost	Unknown	Unknown	Unknown	$3,153,800
Total Cost	**$11,966,964**	**$48,410,964**	**$255,746,784**	**$180,245,300**
Cost/Bed/Year	N/A	$26,282	$27,768	$27,393
Cost/Bed/Year Pct Diff compared to N.Lake Lease	N/A	0.00%	0.00%	-1.35%

1: There are no anticipated closing costs under the lease option.

North Lake Scenario #1 Supplemental Information

North Lake Scenario #1 : Lease North Lake/Single Facility Closure	NORTH LAKE	NORTH LAKE	NORTH LAKE	FACILITY B
	Pre-occupancy	Operating	5-Yr Operating +	
Background Information	Year ^	(LEASE) Yr 1 & Subseq.	Pre-occupancy Totals	5 Year Totals
EST. OPERATING COSTS				
FTEs	6.0	331.0	331.0	311.7
PAYROLL	$614,964	$35,634,766	$178,788,794	$163,201,000
NON-PAYROLL	$250,000	$3,281,198	$16,655,990	$13,890,500
TOTAL	$864,964	$38,915,964	$195,444,784	$177,091,500
BEDS				
TOTAL	N/A	1,842	1,842	1,316
PAYROLL COST / BED		$19,346	$19,412	$24,803
NON-PAYROLL COST / BED		$1,781	$1,808	$2,111
TOTAL FACILITY OPERATING COST / BED		$21,127	$21,221	$26,914
N.LAKE PURCHASE COST	$0	$0	$0	
N. LAKE ANNUAL SBA RENT PMT	$0	$0	$0	
N.LAKE LEASE COST [1]	$3,600,000	Varies by Year	$52,800,000	
N.LAKE PHYS. PLANT NEEDS [2]	$7,502,000		$7,502,000	
N.LAKE IMPROVEMENTS SBA ANNUAL RENT PMT	$0	$0	$0	
EXISTING FACILITY 5-YEAR PLAN COSTS	UNKNOWN	UNKNOWN	UNKNOWN	$3,153,800

^: Estimates 6 needed maintenance positions during the pre-occupancy year along with some minor amount of non-payroll costs.

[1]: The North Lake lease begins at $3.6 M in year one and grows to $11.0 M by year five. Total lease cost over 5 years is $41,580,000. Renewable options commencing in the sixth year would increase the lease rate by the greater of 2% or a specific CPI inflator each year.

[2]: North Lake physical plant needs of $8,002,000 reduced by ($0.5) Million due to an allowance. Improvement costs for North Lake cannot be capitalized under the Lease Option--would be a cash cost to the state.

REMAINING CAPITALIZED PURCHASE COSTS				
	NORTH LAKE	NORTH LAKE	NORTH LAKE	FACILITY B
	Pre-occupancy	Operating	5-Yr Operating +	
	Year	(LEASE) Yr 1 & Subseq.	Pre-occupancy Totals	Total
Remaining SBA Rent Payments on Purchase	$0	$0	$0	$0
Remaining SBA Payments on Improvements	$0	$0	$0	$0
Total Remaining SBA Payments	0	$0	$0	$0

North Lake Scenario #2

This analysis compares the costs associated with purchasing and operating the North Lake Facility and a single multi-level MDOC facility (Facility B). This analysis assumes that the North Lake Facility will not be occupied during the first year after purchase while safety, security, and sewer upgrades are completed. Facility B will be closed at the beginning of Year 2 and North Lake Correctional Facility will be operated at full capacity.

Closing Facility B and leasing the North Lake Facility would result in a permanent net decrease of roughly 250 Level IV and Special Use beds, but a net increase of roughly 800 Level II beds compared to current operations (net change +550 beds). This analysis assumes that the capital improvement costs at North Lake will be financed by a 20-year duration State Building Authority bond, while the 5-year capital upgrades at Facility B would be paid in full during the 5-year period.

Six Year Analysis				
North Lake Scenario #2	**NORTH LAKE**	**NORTH LAKE**	**NORTH LAKE**	**FACILITY B**
	Pre-Occupancy	**Operating**	**5-Yr Operating +**	
	Year	**(PURCH) Yr 1 &Subseq.**	**Pre-occupancy Totals**	**Total**
Operating Cost (Flat)	**$864,964**	**$38,915,964**	**$195,444,784**	**$177,091,500**
SBA Rent Payment-Purchase (First 6-Years) / 6-Year Lease Pmt	**$9,200,000**	**$9,200,000**	**$55,200,000**	**$0**
SBA Rent Payment-Improvements (First 6-Years)	**$720,000**	**$720,000**	**$4,320,000**	**$0**
Estimated Closing Costs [1]	**$810,376**	**$0**	**$810,376**	**$0**
5-Year Plan Cost	**Unknown**	**Unknown**	**Unknown**	**$3,153,800**
Total Cost	**$11,595,340**	**$48,835,964**	**$255,775,160**	**$180,245,300**
Cost/Bed/Year	**N/A**	**$26,512**	**$27,771**	**$27,393**
Cost/Bed/Year Pct Diff compared to N.Lake Purchase	**N/A**	**0.00%**	**0.00%**	**-1.36%**

1: Estimated closing costs include title, appraisal, and estimated property taxes. Most recent full year tax payments (2015) indicate total property taxes of $1,534,751. Proration under a purchase agreement would be based on date of sale. For purposes of analysis, an assumption of 50% of the tax year was made.

North Lake Scenario #2 Supplemental Information

North Lake Scenario #2: North Lake Purchase/Single Facility Closure	**NORTH LAKE**	**NORTH LAKE**	**NORTH LAKE**	**FACILITY B**
Background Information	**Pre-Occupancy**	**Operating**	**5-Yr Operating +**	
	Year ^	**(PURCH) Yr 1 & Subseq.**	**Pre-occupancy Totals**	**5 Year Totals**
EST. OPERATING COSTS				
FTEs	6.0	331.0	331.0	311.7
PAYROLL	$614,964	$35,634,766	$178,788,794	$163,201,000
NON-PAYROLL	$250,000	$3,281,198	$16,655,990	$13,890,500
TOTAL	$864,964	$38,915,964	$195,444,784	$177,091,500
BEDS				
TOTAL	N/A	1,842	1,842	1,316
PAYROLL COST / BED		$19,346	$19,412	$24,803
NON-PAYROLL COST / BED		$1,781	$1,808	$2,111
TOTAL FACILITY OPERATING COST / BED		$21,127	$21,221	$26,914
N.LAKE PURCHASE COST	$115,000,000	$115,000,000	$115,000,000	
N. LAKE ANNUAL SBA RENT PMT[1]	$9,200,000	$9,200,000	$55,200,000	
N.LAKE PHYS. PLANT NEEDS	$8,002,000		$8,002,000	
N.LAKE IMPROVEMENTS SBA ANNUAL RENT PMT[2]	$720,000	$720,000	$4,320,000	
EXISTING FACILITY 5-YEAR PLAN COSTS	UNKNOWN	UNKNOWN	UNKNOWN	$3,153,800

^: Estimates 6 needed maintenance positions during the pre-occupancy year along with some minor amount of non-payroll costs.

[1]: The State Building Authority estimates that a purchase of North Lake at the indicated purchase cost would result in a bond with annual SBA rent payments of $9.2 Million over 35 years for a total cost of $322 Million.

[2]: The State Building Authority estimates that a bond for the improvements cost at North Lake at the indicated cost would result in a bond with annual SBA rent payments of $720,000 over 20 years for a total cost of $14.4 Million.

REMAINING CAPITALIZED PURCHASE COSTS				
	NORTH LAKE	**NORTH LAKE**	**NORTH LAKE**	**FACILITY B**
	Pre-Occupancy	**Operating**	**5-Yr Operating +**	
	Year	**(PURCH) Yr 1 &Subseq.**	**Pre-occupancy Totals**	**Total**
Remaining SBA Rent Payments on Purchase	**$312,800,000**	**$303,600,000**	**$266,800,000**	**$0**
Remaining SBA Payments on Improvements	**$13,680,000**	**$12,960,000**	**$10,080,000**	**$0**
Total Remaining SBA Payments	**$326,480,000**	**$316,560,000**	**$276,880,000**	**$0**

North Lake Scenario #3

This analysis compares the costs associated with leasing and operating the North Lake Facility versus a multi-level MDOC facility (Facility B) and a Level I MDOC facility (Facility C). This analysis assumes that the North Lake Facility will not be occupied during the first year of the lease while safety, security, and sewer upgrades are completed. Facilities B and C will be closed at the beginning of Year 2 and North Lake Correctional Facility will be operated at full capacity.

Closing Facilities B and C, while leasing the North Lake Facility, would result in a permanent net decrease of roughly 750 beds. This scenario could only be achieved if additional sustained prisoner reductions occur prior to Year 2 of the scenario. Due to the lease, this analysis assumes that all improvements to the site would be paid for at the time of modernization, while the 5-year capital improvements to Facilities B and C would be paid in full during the 5-year time period.

Six Year Analysis

	NORTH LAKE Pre-occupancy Year	NORTH LAKE Operating (LEASE) Yr 1 & Subseq.	NORTH LAKE 5-Yr Operating + Pre-occupancy Totals	FACILITY B Total	FACILITY C Total	FACILITIES B+C Totals
Operating Cost (Flat)	$864,964	$38,915,964	$195,444,784	$177,091,500	$105,175,500	$282,267,000
SBA Rent Payment-Purchase (First 6-Years) / 6-Year Lease Pmt	$0	$0	$0	$0	$0	$0
SBA Rent Payment-Improvements (First 6-Years)	$0	$0	$0	$0	$0	$0
Lease Cost [1]	$3,600,000	$9,495,000	$52,800,000	$0	$0	$0
Estimated Closing Costs [2]	$0	$0	$0	$0	$0	$0
Improvements Cost	$7,502,000	$0	$7,502,000	$0	$0	$0
5-Year Plan Cost	Unknown	Unknown	Unknown	$3,153,800	$1,290,900	$4,444,700
Total Cost	**$11,966,964**	**$48,410,964**	**$255,746,784**	**$180,245,300**	**$106,466,400**	**$286,711,700**
Cost/Bed/Year	N/A	$26,282	$27,768	$27,393	$16,609	$22,072
Cost/Bed/Year Pct Diff compared to N.Lake Lease	N/A	0.00%	0.00%	-1.35%	-40.19%	-20.51%

1: The lease amount listed under the Year 1 and Subsequent Column is the average of the lease costs from Year 2 through Year 5.
2: There are no anticipated closing costs under the lease option.

North Lake Scenario #3 Supplemental Information

North Lake Scenario #3 : Lease North Lake/Two Facility Closure	NORTH LAKE	NORTH LAKE	NORTH LAKE	FACILITY B	FACILITY C	FACILITIES B+C
Background Information	Pre-occupancy Year ^	Operating (LEASE) Yr 1 & Subseq.	5-Yr Operating + Pre-occupancy Totals	5 Year Totals	5 Year Totals	Totals
EST. OPERATING COSTS						
FTEs	6.0	331.0	331.0	311.7	194.7	506.4
PAYROLL	$614,964	$35,634,766	$178,788,794	$163,201,000	$96,175,500	$259,376,500
NON-PAYROLL	$250,000	$3,281,198	$16,655,990	$13,890,500	$9,000,000	$22,890,500
TOTAL	$864,964	$38,915,964	$195,444,784	$177,091,500	$105,175,500	$282,267,000
BEDS						
TOTAL	N/A	1,842	1,842	1,316	1,282	2,598
PAYROLL COST / BED		$19,346	$19,412	$24,803	$15,004	$19,967
NON-PAYROLL COST / BED		$1,781	$1,808	$2,111	$1,404	$1,762
TOTAL FACILITY OPERATING COST / BED		$21,127	$21,221	$26,914	$16,408	$21,730
N.LAKE PURCHASE COST	$0	$0	$0			
N. LAKE ANNUAL SBA RENT PMT	$0	$0	$0			
N. LAKE LEASE COST [1]	$3,600,000	varies by year	$52,800,000			
N.LAKE PHYS. PLANT NEEDS [2]	$7,502,000		$7,502,000			
N.LAKE IMPROVEMENTS SBA ANNUAL RENT PMT	$0	$0	$0			
EXISTING FACILITY 5-YEAR PLAN COSTS	UNKNOWN	UNKNOWN	UNKNOWN	$3,153,800	$1,290,900	$4,444,700

^: Estimates 6 needed maintenance positions during the pre-occupancy year along with some minor amount of non-payroll costs.

[1]: The North Lake lease begins at $3.6 M in year one and grows to $11.0 M by year five. Total lease cost over 5 years is $41,580,000. Renewable options commencing in the sixth year would increase the lease rate by the greater of 2% or a specific CPI inflator each year. Analysis assumes a 2% increase in the sixth year which equates to a sixth year payment of $11,220,000.

[2]: North Lake physical plant needs of $8,002,000 reduced by ($0.5) Million due to an allowance. Improvement costs for North Lake cannot be capitalized under the Lease Option--would be a cash cost to the state.

REMAINING CAPITALIZED PURCHASE COSTS	NORTH LAKE	NORTH LAKE	NORTH LAKE	FACILITY B	FACILITY C	FACILITIES B+C
	Pre-occupancy Year	Operating (LEASE) Yr 1 & Subseq.	5-Yr Operating + Pre-occupancy Totals	Total	Total	Totals
Remaining SBA Rent Payments on Purchase	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
Remaining SBA Payments on Improvements	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
Total Remaining SBA Payments	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**

North Lake Scenario #4

This analysis compares the costs associated with purchasing the North Lake Facility versus a multi-level MDOC facility (Facility B) and a Level I MDOC facility (Facility C). This analysis assumes that the North Lake Facility will not be occupied during the first year after purchase while safety, security, and sewer upgrades are completed. Facilities B and C will be closed at the beginning of Year 2 and North Lake Correctional Facility will be operated at full capacity.

Closing Facilities B and C, while operating the North Lake Facility, would result in a permanent net decrease of roughly 750 beds. This scenario could only be achieved if additional sustained prisoner reductions occur prior to Year 2 of the scenario. This analysis assumes that the capital improvement costs at North Lake will be financed by a 20-year duration State Building Authority bond, while the 5-year capital upgrades at Facilities B and C would be paid in full during the 5-year period.

Six Year Analysis

	NORTH LAKE Pre-occupancy Year	NORTH LAKE Operating (Purchase) Yr 1 & Subseq.	NORTH LAKE 5-Yr Operating + Pre-occupancy Totals	FACILITY B Total	FACILITY C Total	FACILITIES B+C Totals
Operating Cost (Flat)	$864,964	$38,915,964	$195,444,784	$177,091,500	$105,175,500	$282,267,000
SBA Rent Payment-Purchase (First 6-Years) / 6-Year Lease Pmt	$9,200,000	$9,200,000	$55,200,000	$0	$0	$0
SBA Rent Payment-Improvements (First 6-Years)	$720,000	$720,000	$4,320,000	$0	$0	$0
Estimated Closing Costs [1]	$810,376	$0	$810,376	$0	$0	$0
5-Year Plan Cost	Unknown	Unknown	Unknown	$3,153,800	$1,290,900	$4,444,700
Total Cost	**$11,595,340**	**$48,835,964**	**$255,775,160**	**$180,245,300**	**$106,466,400**	**$286,711,700**
Cost/Bed/Year	N/A	$26,512	$27,771	$27,393	$16,609	$22,072
Cost/Bed/Year Pct Diff compared to N.Lake Purchase	N/A	0.00%	0.00%	-1.36%	-40.19%	-20.52%

[1]: Estimated closing costs include title, appraisal, and estimated property taxes. Most recent full year tax payments (2015) indicate total property taxes of $1,534,751. Proration under a purchase agreement would be based on date of sale. For purposes of analysis, an assumption of 50% of the tax year was made.

North Lake Scenario #4 Supplemental Information

North Lake Scenario #4 : North Lake Purchase/Two Facility Closure	NORTH LAKE	NORTH LAKE	NORTH LAKE	FACILITY B	FACILITY C	FACILITIES B+C
Background Information	Pre-occupancy	Operating	5-Yr Operating +			
	Year ^	(PURCH) Yr 1 & Subseq.	Pre-occupancy Totals	5 Year Totals	5 Year Totals	Totals
EST. OPERATING COSTS						
FTEs	6.0	331.0	331.0	311.7	194.7	506.4
PAYROLL	$614,964	$35,634,766	$178,788,794	$163,201,000	$96,175,500	$259,376,500
NON-PAYROLL	$250,000	$3,281,198	$16,655,990	$13,890,500	$9,000,000	$22,890,500
TOTAL	$864,964	$38,915,964	$195,444,784	$177,091,500	$105,175,500	$282,267,000
BEDS						
TOTAL	N/A	1,842	1,842	1,316	1,282	2,598
PAYROLL COST / BED		$19,346	$19,412	$24,803	$15,004	$19,967
NON-PAYROLL COST / BED		$1,781	$1,808	$2,111	$1,404	$1,762
TOTAL FACILITY OPERATING COST / BED		$21,127	$21,221	$26,914	$16,408	$21,730
N.LAKE PURCHASE COST	$115,000,000	$115,000,000	$115,000,000			
N. LAKE ANNUAL SBA RENT PMT[1]	$9,200,000	$9,200,000	$55,200,000			
N.LAKE PHYS. PLANT NEEDS	$8,002,000		$8,002,000			
N.LAKE IMPROVEMENTS SBA ANNUAL RENT PMT[2]	$720,000	$720,000	$4,320,000			
EXISTING FACILITY 5-YEAR PLAN COSTS	UNKNOWN	UNKNOWN	UNKNOWN	$3,153,800	$1,290,900	$4,444,700

^: Estimates 6 needed maintenance positions during the pre-occupancy year along with some minor amount of non-payroll costs.

[1]: The State Building Authority estimates that a purchase of North Lake at the indicated purchase cost would result in a bond with annual SBA rent payments of $9.2 Million over 35 years for a total cost of $322 Million.

[2]: The State Building Authority estimates that a bond for the improvements cost at North Lake at the indicated cost would result in a bond with annual SBA rent payments of $720,000 over 20 years for a total cost of $14.4 Million.

REMAINING CAPITALIZED PURCHASE COSTS

	NORTH LAKE	NORTH LAKE	NORTH LAKE	FACILITY B	FACILITY C	FACILITIES B+C
	Pre-occupancy	Operating	5-Yr Operating +			
	Year	(PURCH) Yr 1 & Subseq	Pre-occupancy Totals	Total	Total	Totals
Remaining SBA Rent Payments on Purchase	$312,800,000	$303,600,000	$266,800,000	$0	$0	$0
Remaining SBA Payments on Improvements	$13,680,000	$12,960,000	$10,080,000	$0	$0	$0
Total Remaining SBA Payments	$326,480,000	$316,560,000	$276,880,000	$0	$0	$0

North Lake Scenario #5

This analysis compares the costs associated with leasing and operating the North Lake Facility versus closing a large Level I temporary facility. This analysis assumes that the North Lake Facility will not be occupied during the first year after purchase while safety, security, and sewer upgrades are completed. Facility A will be closed at the beginning of Year 2 and North Lake Correctional Facility will be operated at full capacity.

Closing Facility A, while leasing the North Lake Facility, would result in a permanent net decrease of roughly 600 beds. This scenario could only be achieved if additional sustained prisoner reductions occur prior to Year 2 of the scenario. Under this scenario, other MDOC facilities or housing units would potentially convert from Level IV to Level II or Level II to Level I to roughly maintain the current number of non-Level I beds. This scenario would allow the MDOC to potentially remove some Level II prisoners from housing units that utilize bay/cube housing arrangements. Due to the lease, this analysis assumes that all improvements to the site would be paid for at the time of modernization, while the 5-year capital improvements to Facility A would be paid in full during the 5-year period.

Six Year Scenario Analysis

North Lake Scenario #5	NORTH LAKE Pre-occupancy Year	NORTH LAKE Operating (LEASE) Yr 1 & Subseq.	NORTH LAKE 5-Yr Operating + Pre-occupancy Totals	FACILITY A 5-Year Total
Operating Cost (Flat)	$864,964	$38,915,964	$195,444,784	$233,406,500
SBA Rent Payment-Purchase (First 6-Years) / 6-Year Lease Pmt	$0	$0	$0	$0
SBA Rent Payment-Improvements (First 6-Years)	$0	$0	$0	$0
Lease Cost [1]	$3,600,000	$9,495,000	$52,800,000	$0
Estimated Closing Costs [2]	$0	$0	$0	$0
Improvements Cost	$7,502,000	$0	$7,502,000	$0
5-Year Plan Cost	Unknown	Unknown	Unknown	$2,020,000
Total Cost	**$11,966,964**	**$48,410,964**	**$255,746,784**	**$235,426,500**
Cost/Bed/Year	N/A	$26,282	$27,768	$19,586
Cost/Bed/Year Pct Diff compared to N.Lake Lease	N/A	0.00%	0.00%	-29.47%

[1]: The lease amount listed under the Year 1 and Subsequent Column is the average of the lease costs from Year 2 through Year 5.

[2]: There are no anticipated closing costs under the lease option.

North Lake Scenario #5 Supplemental Information

North Lake Scenario #5 : Lease North Lake/Close Large Level I Background Information	NORTH LAKE Pre-occupancy Year ^	NORTH LAKE Operating (LEASE) Yr 1 & Subseq.	NORTH LAKE 5-Year Operating + Pre-occupancy Totals	FACILITY A 5 Year Totals
EST. OPERATING COSTS				
FTEs	6.0	331.0	331.0	391.6
PAYROLL	$614,964	$35,634,766	$178,788,794	$208,774,000
NON-PAYROLL	$250,000	$3,281,198	$16,655,990	$24,632,500
TOTAL	$864,964	$38,915,964	$195,444,784	$233,406,500
BEDS				
TOTAL	N/A	1,842	1,842	2,404
PAYROLL COST / BED		$19,346	$19,412	$17,369
NON-PAYROLL COST / BED		$1,781	$1,808	$2,049
TOTAL FACILITY OPERATING COST / BED		$21,127	$21,221	$19,418
N.LAKE PURCHASE COST	$0	$0	$0	
N. LAKE ANNUAL SBA RENT PMT	$0	$0	$0	
N.LAKE LEASE COST [1]	$3,600,000	Varies by Year	$52,800,000	
N.LAKE PHYS. PLANT NEEDS [2]	$7,502,000		$7,502,000	
N.LAKE IMPROVEMENTS SBA ANNUAL RENT PMT	$0	$0	$0	
EXISTING FACILITY 5-YEAR PLAN COSTS	UNKNOWN	UNKNOWN	UNKNOWN	$2,020,000

^: Estimates 6 needed maintenance positions during the pre-occupancy year along with some minor amount of non-payroll costs.

[1]: The North Lake lease begins at $3.6 M in year one and grows to $11.0 M by year five. Total lease cost over 5 years is $41,580,000. Renewable options commencing in the sixth year would increase the lease rate by the greater of 2% or a specific CPI inflator each year.

[2]: North Lake physical plant needs of $8,002,000 reduced by ($0.5) Million due to an allowance. Improvement costs for North Lake cannot be capitalized under the Lease Option--would be a cash cost to the state.

REMAINING CAPITALIZED PURCHASE COSTS	NORTH LAKE Pre-occupancy Year	NORTH LAKE Operating (LEASE) Yr 1 & Subseq.	NORTH LAKE 5-Year Operating + Pre-occupancy	FACILITY A 5 Year Totals
Remaining SBA Rent Payments on Purchase	**$0**	**$0**	**$0**	**$0**
Remaining SBA Payments on Improvements	**$0**	**$0**	**$0**	**$0**
Total Remaining SBA Payments	**$0**	**$0**	**$0**	**$0**

North Lake Scenario #6

This analysis compares the costs associated with purchasing and operating the North Lake Facility versus closing a large Level I temporary facility. This analysis assumes that the North Lake Facility will not be occupied during the first year after purchase while safety, security, and sewer upgrades are completed. Facility A will be closed at the beginning of Year 2 and North Lake Correctional Facility will be operated at full capacity.

Closing Facility A while operating the North Lake Facility would result in a permanent net decrease of roughly 600 beds. This scenario could only be achieved if additional sustained prisoner reductions occur prior to Year 2 of the scenario. Under this scenario, other MDOC facilities or housing units would potentially convert from Level IV to Level II or Level II to Level I to roughly maintain the current number of non-Level I beds. This scenario would allow the MDOC to potentially remove some Level II prisoners from housing units that utilize bay/cube housing arrangements. Due to the lease, this analysis assumes that all improvements to the site would be paid for at the time of modernization, while the 5-year capital improvements to Facility A would be paid in full during the 5-year period.

Six Year Scenario Analysis

North Lake Scenario #6	NORTH LAKE Pre-occupancy Year	NORTH LAKE Operating (LEASE) Yr 1 & Subseq.	NORTH LAKE 5-Yr Operating + Pre-occupancy Totals		FACILITY A 5-Year Total
Operating Cost (Flat)	$864,964	$38,915,964	$195,444,784		$233,406,500
SBA Rent Payment-Purchase (First 6-Years) / 6-Year Lease Pmt	$9,200,000	$9,200,000	$55,200,000		$0
SBA Rent Payment-Improvements (First 6-Years)	$720,000	$720,000	$4,320,000		$0
Estimated Closing Costs [1]	$810,376	$0	$810,376		$0
5-Year Plan Cost	Unknown	Unknown	Unknown		$2,020,000
Total Cost	**$11,595,340**	**$48,835,964**	**$255,775,160**		**$235,426,500**
Cost/Bed/Year	N/A	$26,512	$27,771		$19,586
Cost/Bed/Year Pct Diff compared to N.Lake Purchase	N/A	0.00%	0.00%		-29.47%

[1]: Estimated closing costs include title, appraisal, and estimated property taxes. Most recent full year tax payments (2015) indicate total property taxes of $1,534,751. Proration under a purchase agreement would be based on date of sale. For purposes of analysis, an assumption of 50% of the tax year was made.

North Lake Scenario #6 Supplemental Information

North Lake Scenario #6 : Purchase North Lake/Close Large Level I Background Information	**NORTH LAKE** **Pre-occupancy** **Year ^**	**NORTH LAKE** **Operating** **(PURCH) Yr 1 & Subseq.**	**NORTH LAKE** **5-Year Operating +** **Pre-occupancy Totals**	**FACILITY A** **5 Year Totals**
EST. OPERATING COSTS				
FTEs	6.0	331.0	331.0	391.6
PAYROLL	$614,964	$35,634,766	$178,788,794	$208,774,000
NON-PAYROLL	$250,000	$3,281,198	$16,655,990	$24,632,500
TOTAL	$864,964	$38,915,964	$195,444,784	$233,406,500
BEDS				
TOTAL	N/A	1,842	1,842	2,404
PAYROLL COST / BED		$19,346	$19,412	$17,369
NON-PAYROLL COST / BED		$1,781	$1,808	$2,049
TOTAL FACILITY OPERATING COST / BED		$21,127	$21,221	$19,418
N.LAKE PURCHASE COST	$115,000,000	$115,000,000	$115,000,000	
N. LAKE ANNUAL SBA RENT PMT[1]	$9,200,000	$9,200,000	$55,200,000	
N.LAKE PHYS. PLANT NEEDS	$8,002,000		$8,002,000	
N.LAKE IMPROVEMENTS SBA ANNUAL RENT PMT[2]	$720,000	$720,000	$4,320,000	
EXISTING FACILITY 5-YEAR PLAN COSTS	UNKNOWN	UNKNOWN	UNKNOWN	$2,020,000

^: Estimates 6 needed maintenance positions during the pre-occupancy year along with some minor amount of non-payroll costs.

[1]: The State Building Authority estimates that a purchase of North Lake at the indicated purchase cost would result in a bond with annual SBA rent payments of $9.2 Million over 35 years for a total cost of $322 Million.

[2]: The State Building Authority estimates that a bond for the improvements cost at North Lake at the indicated cost would result in a bond with annual SBA rent payments of $720,000 over 20 years for a total cost of $14.4 Million.

REMAINING CAPITALIZED PURCHASE COSTS	**NORTH LAKE** **Pre-occupancy** **Year**	**NORTH LAKE** **Operating** **(PURCH) Yr 1 & Subseq.**	**NORTH LAKE** **5-Year Operating +** **Pre-occupancy Totals**	**FACILITY A** **5 Year Totals**
Remaining SBA Rent Payments on Purchase	**$312,800,000**	**$303,600,000**	**$266,800,000**	**$0**
Remaining SBA Payments on Improvements	**$13,680,000**	**$12,960,000**	**$10,080,000**	**$0**
Total Remaining SBA Payments	**$326,480,000**	**$316,560,000**	**$276,880,000**	**$0**