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ROBERT L. COWLES Wisconsin State Senator

2nd Senate District

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Testimony on 2017 Senate Bill 228 – Replacement of the Green Bay Correctional Institution

Senate Committee on Government Operations, Technology and Consumer Protection
October 19, 2017
Senator Robert Cowles

Thank you Chairman Stroebel and committee members for the opportunity to discuss Senate Bill 228 regarding the sale of Green Bay Correctional Institution and the construction and lease with a purchase option of a correctional institution. I also wish to apologize, as I had an untimely and unavoidable scheduling matter that has prevented me from attending today's hearing. Nonetheless, I still wish to share testimony with the committee and urge support for Senate Bill 228. Additionally, I want to thank Representative Steffen, Senator Lasee, and their staffs for their work on this proposal. Furthermore, I want to thank them for working with my office to amend this legislation to add levels of oversight to improve the process for the sale of Green Bay Correctional Institution and the debt-free lease option created in this bill.

The Green Bay Correctional Institution (GBCI) has served the state of Wisconsin exceptionally well for over 100 years, but it is time to move on. I believe the Institution is in disrepair, which is further proven with the approval of \$22 million for cell hall improvements included in the 2017-2019 Capital Budget. The existing maximum security facility has long had operational, capacity and financial concerns, all of which are undeniably due to its age, design, and continually deferred maintenance. This proposal creates a much longer-term solution to the challenges currently confronting GBCI. By creating a path to construct a modern correction center, we will more adequately meet the needs of our state's correctional system, while operating in a more prudent and financially beneficial manner for the taxpayers of Wisconsin. Moreover, a new facility brings assurance that state of the art technology and design will ease some of the stress placed on our correctional officers currently operating GBCI.

With the addition of Senate Amendment 3 (SA3), this proposal will have significantly more oversight to ensure that it is the best possible outcome for the state. I want to thank Representative Steffen and his staff again for collaborating with my office to develop this amendment. In the original bill, the sale of GBCI and the subsequent lease of a new facility occurred under the Request For Proposal process. This amendment moves the process into current law practices that the Department of Administration and our State Building Commission use regularly in selling and leasing property. Additionally, SA3 develops more robust "Kill Switch" language so that both the sale of GBCI and the lease of a new facility are both in the best interest of the state and include adequate input from the Department of Corrections. This amendment also includes language that will assist the state in contractual negotiations regarding maintenance and repair of the new facility. This will safeguard the interests of the state when assessing potential future needs of the facility.

Thank you Chairman Stroebel and committee members again for hearing Senate Bill 228.

608-266-0484





Senator Lasee's Testimony

Senate Bill 228 Solving the problems at Green Bay Correctional

Senate Bill 228 is a thoughtful solution to the mounting problems that taxpayers are facing at Green Bay's outdated correctional facility in Allouez. It's overcrowded, over 100 years old, and will need hundreds of millions of dollars in upgrades to be modernized – and even after all that spending, it will still have all of the problems of a 120 year old building.

Green Bay Correctional Institute (GBCI) has had problems with worker safety and low worker morale attributed to the old facility. These conditions have led to high employee turnover and understaffing, causing the remaining workers to be overworked and taxpayers to foot the bill for high overtime costs.

By replacing Green Bay Correctional Institute with a modern facility, we are positioned to solve the problems that taxpayers and staff face at GBCI:

- Overcrowding: a new facility will have capacity above the current GBCI recommended population of 749. In reality, there are 1,090 inmates currently housed there. A new building with more capacity will solve the overcrowding problem.
- Cost savings: a new facility will save millions of dollars in annual operating costs by utilizing the efficiencies of a modern prison and it will eliminate the need for costly retrofits that the current outdated facility needs.
- Better work conditions: building a new facility creates better work conditions because the modern design will incorporate what we now know about correctional facilities and it will improve worker safety.
- Additional property tax base: the old facility, GBCI, and the new proposed facility will go on the tax rolls.
- Opportunity for private development: the current facility can be sold for millions and it is estimated that after repurposing, it will add another \$70 - \$80 million to the property tax base.

In 2015, there were 91,338 state prisoners and 34,934 federal prisoners housed in private prisons nationwide. According to the August 2016 United States Department of Justice Inspector General's Review of the Federal Bureau of Prisons' Monitoring of Contract Prisons, federal private prisons had Senate Committee on Government Operations, Technology and Consumer Protection Senate Bill 228 October 19, 20017

fewer incidents of positive drug tests and sexual misconduct at a savings of more than \$3,000 per inmate.

One of the proposed locations for the new prison is Kewaunee County. In 2015, Kewaunee County had an equalized value of \$1.95 billion while Brown County's equalized value was \$18.6 billion. Kewaunee County would welcome the additional \$150 million in the tax base that a new privately owned prison would bring to the area. The additional property tax base will help replace the loss of the Kewaunee County nuclear power plant that closed in May of 2013.

This bill is a win for everyone. Taxpayers in Allouez, Green Bay, and Brown County will benefit because a previously public, non-taxed facility will go back on the tax rolls. Taxpayers in the county of the new prison will also benefit – perhaps Kewaunee County. Even taxpayers not in the area will benefit as the state budget currently includes \$22 million to upgrade GBCI and more than \$100 million in future upgrades. Taxes aside, prison staff will work normal hours, have less stress, and be safer. Even the prisoners will benefit by being in a safer, more secure environment.

Please join me in support of this thoughtful solution.



DAVID STEFFEN

STATE REPRESENTATIVE • 4TH ASSEMBLY DISTRICT

Prepared Testimony by Rep. David Steffen before the Senate Committee on Government Operations, Technology, and Consumer Protection

Senate Bill 228: Re: sale of Green Bay Correctional Institution and construction and lease with a purchase option of a correctional institution in Brown County or an adjacent county and making an appropriation.

October 19, 2017

Chairman Stroebel and Committee Members,

Thank you for scheduling a public hearing for Senate Bill 228, which outlines a process for the sale of the 119-year old Green Bay Correctional Institution (GBCI) and the construction of a new maximum security facility within Brown County or an adjacent county. This proposal presents a debt-free solution to the core concerns facing GBCI, and provides a forward-thinking model that could be replicated to address many of the system-wide concerns facing our prisons. Before outlining the solution provided in SB 228, it is important to fully understand the extent of the problems facing GBCI.

The Problem

GBCI is a 119-year old facility in need of significant repair. In fact, in 2009 the Mead & Hunt firm released a study evaluating our state's prison facilities and determined that, in order to bring GBCI up to code, \$142.4 Million in upgrades were needed. To date, the state has spent \$7.6 Million toward meeting those recommendations. In the 2017-19 capital budget, another \$22.2 Million has been allocated for upgrades to GBCI. Because the state has continued to defer on the necessary maintenance to GBCI, it is estimated that over the next ten years (accounting for construction inflation), Wisconsin will be on the hook for nearly \$200 Million in capital upgrades and costs. This is an incredible amount of taxpayer dollars to finance repairs to a facility that at the end of the day, will still be outdated, inappropriately located, and most importantly, inadequately sized.

GBCI was designed to house approximately 749 inmates, it currently houses approximately 1,090 inmates, putting it at 145% of capacity. Operating a facility beyond its capacity limits creates a host of additional concerns relating to ensuring staff control and inmate care.



DAVID STEFFEN

STATE REPRESENTATIVE • 4TH ASSEMBLY DISTRICT

Unfortunately, GBCI is not unique. Currently, every maximum security facility in Wisconsin is at or above operating capacity. A solution is needed to begin addressing the overwhelming capacity concerns facing the Department of Corrections.

GBCI, located in the Village of Allouez, is sitting on 50 acres of prime real estate, with an estimated build-out value of \$80 Million. The current, state-owned facility provides no taxable benefit to the Village and has inhibited any of the potential development available on that property. A solution is needed to relocate the facility outside the heart of the Village, thereby allowing for financially beneficial use of the property. In order to attract a new host community, the new facility must also benefit its new location.

SB 228: The Solution

SB 228 establishes a way to address all of the concerns currently facing GBCI: Cost, Capacity, Care, Control, and Communities.

SB 228 requires the Department of Administration to solicit bids through an RFP process for the sale and leaseback of the current facility, as well as the private construction and ownership of a new maximum security facility. It is important to note that, the new facility would be privately owned, but publicly operated by our state's Department of Corrections. The new facility would be built to DOA/DOC specifications, and leased (with an option to purchase) by the state.

This private/public partnership will allow the state to realize significant operational and capital cost savings. A conservative financial forecast indicates that over the next ten years, the state stands to save \$153 Million in taxpayer dollars under this model, including \$22.2 Million in this immediate budget. These cost savings are the result of reduced capital costs (no longer completing the Mead & Hunt recommendations) and reduced operational costs (new, modernized facilities are more operationally efficient). Additionally, a privately financed/owned facility would remove the state's need to bond, and prudently allow the state to avoid making a single lease payment until occupancy of the new facility.

SB 228 does not dictate the number of beds the new facility should have. However, the financial forecast is based upon a 1300 bed facility, which alleviates GBCI's current capacity needs as well as potential future needs. If DOA/DOC were to determine that a larger facility, or a facility with add-on capabilities was prudent in addressing state-wide capacity concerns, SB 228 creates the flexibility to do so.



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It is well documented that new facilities with a modernized layout allow for better control of inmates, allowing officers a more confident position in their workplace. Additionally, new facilities offer tremendous educational, vocational, and mental health opportunities to inmates, which are simply not possible at GBCI.

Under SB 228, both communities stand to benefit from the relocation of GBCI. Very obviously, the Village of Allouez would have an incredible development opportunity on this prime piece of real estate. Additionally, the new host community would also greatly benefit because a privately owned facility would be a major property taxpayer. The privately owned, and publicly operated facility would be a significant revenue generator for the new host community.

SB 228 addresses the five core local and state-level concerns currently facing GBCI: Cost, Capacity, Care, Control, and Communities. I encourage you to support this innovative proposal which stands to benefit those directly connected to GBCI, as well as the State Department of Corrections, and taxpayers statewide.

State of Wisconsin Legislature Green Bay Correctional Institution Facility Replacement Whitepaper

This White Paper outlines a financially appropriate and cost-effective solution to address the overwhelming capacity and maintenance concerns plaguing GBCI, as well as opportunities to improve safety and vocational/educational programming available to inmates. Finally, this solution provides opportunity for major economic development providing local and statewide benefits. The GBCI proposal offers over \$153M in savings to the State over the next 10 years, and is an important piece in addressing the needs of the Department of Corrections for a long term, sustainable plan for Wisconsin's prison system.

Green Bay Correctional Institution

The Green Bay Correctional Institution (GBCI) is a maximum security facility that was first opened in 1898 and has an operating capacity of 749 offenders. GBCI sits on approximately 50 acres of property and currently houses about 1,092 inmates, or about 145% of capacity. The facility is located in one of Green Bay's largest suburbs, the Village of Allouez. The community has built up around the facility and developers have indicated that the property could be worth in excess of \$80 million with annual tax revenues of \$1.7 million.²

Staffing and Inmate Profile

The current facility operates with 256 uniform staff and 136 non-uniform staff. 13% of the inmate population has serious mental illness (SMI) and 90% are incarcerated for a violent offense. The average inmate age is 34 years old.³

Deferred Maintenance

Deferred maintenance is a huge issue for the Department of Corrections (DOC). In its FY 2017-19 capital request, the Department included \$227 million in project requests. Of that total, GBCI accounted for \$33.0 million including a) \$22.2M for cell hall improvements and b) \$10.8M for a health and psychological services unit. According to the Department's capital budget request, upgrades are needed at GBCI to address electrical and plumbing systems built in the 1950s as well as heating and ventilation systems that are 60+ years old. The identified projects are estimated to take 4 to 6 years to complete. ⁴

In addition to the Department's request, a 2009 Mead & Hunt study of the Wisconsin correctional facility system recommended a series of repairs and capital upgrades to GBCI at an estimated cost of \$142.4M. To date, approximately \$7.6M in recommended projects have been completed for shower and visitors buildings upgrades⁵ (visitors center is set to start construction in spring 2017), and an additional \$3.75M was allocated for cell hall improvements,⁶ which are still awaiting approval by the State Building

¹ GBCI Annual Report, Fiscal Year 2016

² Village of Allouez Planning and Zoning Administrator

³ GBCI Annual Report, Fiscal Year 2016

⁴ 2017-19 State of Wisconsin Capital Budget Recommendations, pgs. 11; 25-26; 43-44;

⁵ 2011 Act 32 Comparative Summary of Budget Recommendations, pg. 132

 $^{^{\}rm 6}$ 2013 Act 20 Comparative Summary of Budget Recommendations, pg. 151

Commission.⁷ Since the Mead & Hunt cost estimate is eight years old, the Department can expect remaining cost estimates to be significantly higher due to construction cost inflation (this proposal applies 3.2% annual inflation) since the original estimate was developed. ⁸

Governor's Recommended 2017-2019 Capital Budget

Governor Walker has included \$41.7M in state capital dollars in order to address the needs of the State Correction's system, which represents 18.4% of the Department's overall capital request. Included in the request is \$22.2M for cell hall improvements at GBCI (the request for a health and psychological unit was not included in the Governor's plan). Of the \$41.7M, GBCI represents over 50% of the monies allocated to the DOC for capital improvements.⁹

If \$22.2M in capital dollars are invested in GBCI this budget, that would result in \$199.6 Million in cumulative capital expenses over the next ten years to complete the Mead & Hunt recommendations (this number is adjusted for inflation and evenly allocates the remaining project costs over the next ten years—a generous assumption considering the state has only allocated \$7.6 Million since 2009).

The Benefits of a Public-Private Replacement Facility

One of the key advantages of partnering with the private sector for a replacement facility is their extensive experience in designing efficient correctional facilities. Recognizing the problems that occurred with the privately constructed Stanley Correctional Institution, recent statutory changes and this proposal ensure the State controls all aspects of location, design, engineering, and construction specifications implemented by the private sector, RFP recipient. 10

A new, state of the art facility brings with it a multitude of secondary and tertiary benefits including: better working conditions, reduced employee turnover rates, and greater opportunities for vocational/educational programming and medical care for inmates.

Private sector solutions are also the only "debt free" option for the State through lease arrangements. Public sector solutions require the State to dramatically increase its borrowing levels, which is often met with limited support and palatability by elected officials and the public.

Lease terms can also be limited to as few as three years, incorporate a purchase option with a defined price, and include provisions for lack of appropriation, which affords the state maximum flexibility. In this model, the private sector would not operate the facility—all staff, except for a small number of maintenance representatives, would be public employees. Private operations would be prohibited as a provision of the agreement with the State. Agreements of this type have been successful in both California and Oklahoma.¹¹

⁷ GBCI Annual Report, Fiscal Year 2016

⁸ Mead & Hunt 2009

⁹ 2017-19 State of Wisconsin Capital Budget Recommendations, pgs. 11; 25-26; 43-44

¹⁰ Refer to 2001 Stanley Prison Purchase LRB Memo (attached) and Legislative Counsel summary of statutes impacting purchase of privately constructed prisons (attached)

¹¹ California City Correctional Facility (CAC) and North Fork Correctional Facility in Sayre, Oklahoma

Additional Financial Benefits of a Private Sector Facility

Cost overruns on a project (absent change orders) would be absorbed by the private sector provider and would not result in increased lease rates. In a publicly funded model, all cost overruns on the project would be the state's responsibility. Additionally, the state would not make a lease payment until they occupied the facility, putting the responsibility to construct the facility on time onto the private sector. Considering cost overruns and project delays are commonplace with public projects, the private sector provides important safeguards from two of the biggest contributors of projects going over budget.

Another benefit of the private sector delivery method is when the state would be obligated to make lease payments. Under a traditional financing structure, debt service payments commence once the debt is issued. This can become problematic as the state would be making payments on a facility that is not yet being utilized. Under the private sector model, payments would not begin until the state occupied the asset.

Additionally the private sector has shown to deliver projects more quickly than the public sector in most cases. Examples of timelines for privately constructed facilities include: 1,492 cell/dorm beds in 22 months in San Diego, CA in 2015; 2,552 cell/dorm beds in 22 months Hartsville, TN in 2015; 2,400 modular beds in 8 months (leased) in Dilley, TX in 2015; built 1,176 dorm beds in 18 months in Pahrump, NV in 2010; 1,150 cell/dorm beds in 15 months in Millen, GA in 2009, and built 3,060 cell beds in 15 months in Eloy, AZ in 2009. Below is an estimated timeline for post RFP award through occupancy of a replacement facility for GBCI:

Budget passed mandating DOA to issue a solicitation.	July 1, 2017
RFP is released	60 days later
Proposals due from respondents	60 days after RFP issued
DOA/DOC evaluates proposals, select winning bidder, negotiate and issue contract award	60 days for this process to be divided for each state as needed by the DOA/DOC.
Time for construction once contract is awarded	34-36 months from contract award and includes design, permitting, and construction.
Facility to be occupied by DOC	30 days after construction is complete. This time period is used for the commissioning process/final inspection/punch list after which DOC will take control of the facility.

Location of Replacement Facility and Benefit to the Local Community

While the location of a replacement facility has not yet been determined, the procurement can be written in such a way to ensure that its location does not impact the current employees of GBCI. The legislation outlining the sale of GBCI specifically places parameters on the siting of a new facility in order to protect the current employees of GBCI.

Because a replacement facility would be owned by a private company, that facility would become a property tax payer. A replacement facility of approximately 1K beds would generate significant property tax payments that would benefit the local community, making the prospect of hosting the new facility an attractive one.

Finally, there has been some discussion about building replacement jails in both Brown and Kewaunee counties. The replacement of GBCI may provide an opportunity whereby additional capacity capabilities could be included to accommodate jail facility overflow within the new facility. The legislation has been crafted to specifically require additional beds to alleviate jail crowding. This would allow these local governments (or other surrounding governments) to address capacity concerns without constructing new/replacement jails.

Redevelopment of the existing Green Bay Correctional Facility

In addition to the operational efficiencies and budget savings, the redevelopment of the existing GBCI must also be included in any analysis looking at the value of building a replacement facility. The current site could be worth upwards of \$80M with potential annual tax revenues of \$1.7M. None of this economic development is possible without the replacement of GBCI.

An additional consideration to be aware of relating to the redevelopment of GBCI, is its listing on the State and National Registry of Historic Places. Listing on the registry does not prohibit redevelopment of this property, and in fact provides some unique financing opportunities through federal and state historic tax credits. Wisconsin has a history of redeveloping historic buildings. Additionally, a number of developers specializing in historic properties are well familiar with working in coordination with the State Historic Preservation Office (SHPO) to ensure proper steps are taken when redeveloping a property of this nature. To provide an example of a similar project, the Alexander Company redeveloped the historic Lorton Prison in Fairfax, Virginia into the Liberty at Laurel Hill development, which includes community residences, workplaces, shopping and a green space. See attached illustrations of Liberty at Laurel Hill.

Legislating the Decommission of GBCI and the Construction of a Nearby New Facility

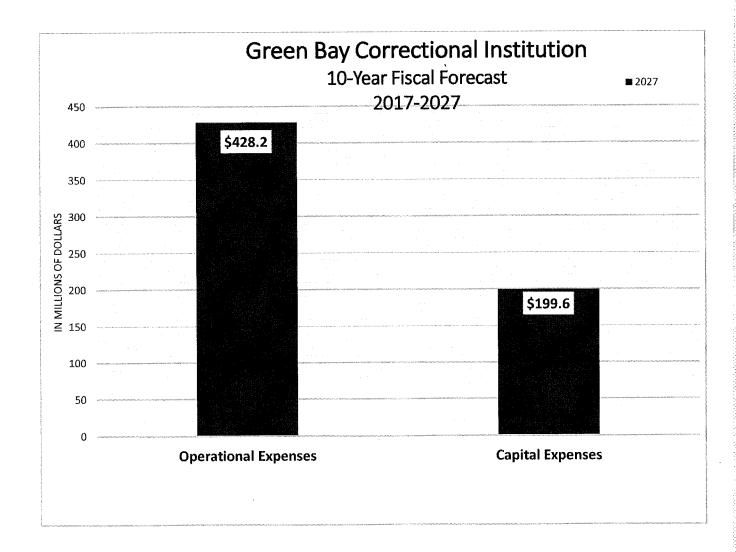
The legislation outlining this proposal is simple and straightforward. The bill provides a general timeline including the actual occupancy date of the new facility by November 1, 2022. Events prior to occupancy include requirement of DOA to solicit bids for a contract to build a facility per DOA's specifications. The sale and construction of a new facility are contingent upon an accepted proposal in response to the RFP process. The bill provides some specifications including: the lease agreement must include an option to purchase, the new facility must be constructed in Brown County or an adjacent county, the new facility must be staffed with employees of the Department of Corrections, the new facility must accommodate a minimum of 100 inmates who may not be maximum security inmates (to allow for jail overflow capacity), and the new facility must be constructed in compliance with American Corrections Association standards.

Beyond the required specifications outlined in the bill, the proposal also requires DOA to enter into a leaseback agreement with the purchaser of GBCI in order to continue use of the existing facility until occupancy of the new facility. The leaseback agreement will dissolve at an agreed upon date after the occupancy of the new facility.

An example RFP is attached for reference.

Financial Analysis: GBCI vs. Debt Free Facility Option

The full financial evaluation of costs associated with funding GBCI versus decommissioning GBCI and constructing a new, privately developed facility are provided below. A 10-year forecast of each option reveals significant savings for the State through the debt free facility option. Over the course of 10 years, the state stands to benefit over \$153M in savings. The savings are the result of: significantly reduced maintenance/repair costs (avoiding remaining Mead & Hunt recommendations), reduced staffing needs due to the functional/operational advantages of a new facility (all reduced staffing is accomplished through natural attrition), and increased revenue due to county jail lease agreements. Additional savings not accounted for, but worthy of noting include: reduced costs of overtime payment and reduced operational costs due to maintenance/repair costs being absorbed in lease agreement/payments.



GREEN BAY CORRECTIONAL INSTITUTION
Forecasted Statement of Operational and Capital Related Expenses
For the Fiscal Years July 1, 2017 - June 30, 2027

	LV	2017/2018	2018	2018/2019	8	2019/2020	202	2020/2021	2021/2022
Operating Expenses Operational costs 1	↔	38,751,772 \$		39,604,311 \$	()	40,475,605 \$		41,366,069 \$	42,276,122
Cumulative Operational Costs		38,751,772		78,356,082		118,831,688		160,197,757	202,473,879
Capital Expenses Recommended Capital Projects - Mead & Hunt 2		22,232,000	-	19,707,962		19,707,962		19,707,962	19,707,962
Cumulative Capital Expenses		22,232,000	4	41,939,962		61,647,924		81,355,886	101,063,848
Total Cumulative Cost of Continued Operation	·	60,983,772 \$		120,296,044 \$	↔	180,479,612 \$	1	241,553,643 \$	303,537,727

See accompanying summary of significant assumptions.

GREEN BAY CORRECTIONAL INSTITUTION
Forecasted Statement of Operational and Capital Related Expenses
For the Fiscal Years July 1, 2017 - June 30, 2027

		2022/2023	2023/2024		2024/2025	202	2025/2026	2026/2027
Operating Expenses Operational costs ¹	↔	43,206,197 \$	44,156,733 \$	ഗ	45,128,181 \$		46,121,001 \$	47,135,664
Cumulative Operational Costs		245,680,076	289,836,809	6	334,964,991	8	381,085,992	428,221,656
Capital Expenses Recommended Capital Projects - Mead & Hunt 2		19,707,962	19,707,962	N	19,707,962	·	19,707,962	19,707,961
Cumulative Capital Expenses		120,771,810	140,479,772	0	160,187,734	-	179,895,696	199,603,657
Cumulative Cost of Continued Operation	↔	366,451,886 \$	430,316,58	- \$	366,451,886 \$ 430,316,581 \$ 495,152,725 \$		560,981,688 \$	627,825,313

See accompanying summary of significant assumptions.

Green Bay Correctional Institution

Notes to the Forecasted Statement of Operational and Capital Related Expenses Summary of Significant Assumptions

1. Operational Costs

The operational costs represented in the forecast are based upon actual data from the Wisconsin Legislative Fiscal Bureau – Informational Paper on the Adult Corrections Program, dated January 2017. Appendix IV to the report summarized operating results for fiscal 2015-16 as follows:

APPENDIX IV

Correctional Facility Operational Costs, 2015-16*

Facility**	Operational Costs	Average Daily Population	Annual Per Capita	Daily Per Capita
Waupun	\$46,108,336	1,242	\$37,124	\$101.71
Green Bay	37,101,355	1,047	35,436	97.08
Columbia	29,140,470	821	35,494	97.24
Taycheedah/Women's				
Correctional System	52,206,141	1,352	38,643	105.87
Dodge	56,389,550	1,580	35,667	97.72
WI Secure Program Facility	21,609,428	421	51,329	140.63
Stanley	39,924,943	1,551	25,741	70.52
Oshkosh	55,238,633	2,044	27,025	74.04
Racine and Sturtevant				
Transitional Facility	52,216,466	1,805	28,929	79.26
Jackson	29,954,381	974	30,754	84.26
Fox Lake	37,980,652	1,313	28,927	79.25
Redgranite	29,341,829	1,014	28,937	79.28
Kettle Moraine	34,589,405	1,172	29,513	80.86
Prairie du Chien	18,917,342	510	37,093	101.62
Oakhill	25 ,116 ,534	688	36,507	100.02
Racine Youthful Offender	19,147,626	446	42,932	117.62
Milwaukee Secure Detention Facility***	37,725,467	998	37,801	103.56
New Lisbon	30,609,145	1,020	30,009	82.22
Chippewa Valley Treatment Facility	17,579,801	486	36,172	99.10
Centers***	54,869,527	<u>1,932</u>	28,400	<u>77.81</u>
	\$ 725,767,033	22,416	\$32,377	\$88.70

^{*}Data from departmental average daily population reports.

Inflation was then applied to the 2015-16 operational costs of \$37,101,355 at a rate of 2.2% annually. The rate was derived from averaging the historical data from the U.S. Department of Labor – Bureau of Labor Statistics Consumer Price Index for the past 10 years.

^{**}Does not include operational costs or populations associated with the Wisconsin Resource Center operated by DHS (377 ADP) with Corrections providing security services or contract bed costs (49 ADP).

^{***}Costs and populations include female inmates not included under Taycheedah/Women's Correctional System.

Green Bay Correctional Institution

Notes to the Forecasted Statement of Operational and Capital Related Expenses Summary of Significant Assumptions

2. Recommended Capital Projects

The projects and costs listed under recommended capital projects are derived from the 2009 state-commissioned report from Mead & Hunt. An excerpt of these projects and estimated costs, found summarized in the report, is below:

Green Bay Correctional Institution	FY09-11	FY11-13	FY13-15	FY15-17	FY17-19
Construct a 250 cell/475 bed maximum security housing building; construct a 100 cell/160 bed Community Reintegration housing unit; construct core support services and an addition for the gatehouse and visiting.		\$ 61.0 m			
Construct a 250 cell/475 bed maximum security housing building; demolish the existing HSU, BSI, canteen, maintenance, shop and the 125 bed dormitory; construct new buildings for maintenance, HSU, canteen, laundry, programs, recreation and BSI.			\$ 81.4m		

Camital Ducinete and Estimate of Probable Cost

TOTAL:

In this analysis, the \$142.4 million associated with the above listed recommended projects are reduced for related projects that have already been completed. The following projects in the State budget were compared to a more detailed list in the Mead & Hunt report and have been deemed completed or in process, and therefore applied as reductions to the outstanding capital needs in our schedule:

\$ 61.0m

\$ 81.4m

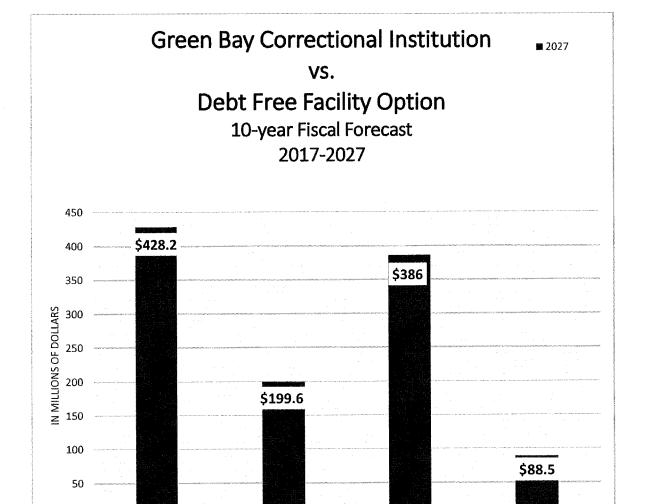
2011-13 Act 32 Green Bay Correctional Institution - Shower Building Green Bay Correctional Institution - Visiting Building Total:	\$ 3,834,000 3,812,000 7,646,000 ^A
2013-15 Act 20 Green Bay Correctional Institution - North and South Cell Hall Improvements	\$ 3,750,000
2017-19 Budget Pending Green Bay Correctional Institution - Cell Hall Improvements - Request to amend existing enumeration by increasing project budget. Existing enumeration 2013-15 Act 20 Increase to projects Total Budget Request	\$ 3,750,000 18,482,000 22,232,000 ^B

Green Bay Correctional Institution

Notes to the Forecasted Statement of Operational and Capital Related Expenses Summary of Significant Assumptions

The schedule below details the calculation of capital expenses found in the forecast. Remaining projects were allocated evenly over the 10 year period of 2017 to 2027. Historical trends indicate that long term construction cost inflation is normally higher than consumer price inflation; therefore a rate of 3.2% was applied to the remaining outstanding capital construction costs each year.

Fiscal Year	Beginning Balance	Inflation (3.2%)	Estimated Work Completed	Ending Balance
2010/2011	\$ 142,400,000	\$ 4,556,800	\$ -	\$ 146,956,800
2011/2012	\$ 146,956,800	\$ 4,702,618	\$ -	\$ 151,659,418
2012/2013	\$ 151,659,418	\$ 4,853,101	\$ 7,646,000 ^A	\$ 148,866,519
2013/2014	\$ 148,866,519	\$ 4,763,729	\$	\$ 153,630,248
2014/2015	\$ 153,630,248	\$ 4,916,168	\$ -	\$ 158,546,415
2015/2016	\$ 158,546,415	\$ 5,073,485	\$ -	\$ 163,619,901
2016/2017	\$ 163,619,901	\$ 5,235,837	• -	\$ 168,855,738
2017/2018	\$ 168,855,738	\$ 5,403,384	\$ 22,232,000 ^B	\$ 152,027,121
2018/2019	\$ 152,027,121	\$ 4,864,868	\$ 19,707,962	\$ 137,184,027
2019/2020	\$ 137,184,027	\$ 4,389,889	\$ 19,707,962	\$ 121,865,954
2020/2021	\$ 121,865,954	\$ 3,899,711	\$ 19,707,962	\$ 106,057,702
2021/2022	\$ 106,057,702	\$ 3,393,846	\$ 19,707,962	\$ 89,743,587
2022/2023	\$ 89,743,587	\$ 2,871,795	\$ 19,707,962	\$ 72,907,420
2023/2024	\$ 72,907,420	\$ 2,333,037	\$ 19,707,962	\$ 55,532,495
2024/2025	\$ 55,532,495	\$ 1,777,040	\$ 19,707,962	\$ 37,601,573
2025/2026	\$ 37,601,573	\$ 1,203,250	\$ 19,707,962	\$ 19,096,861
2026/2027	\$ 19,096,861	\$ 611,100	\$ 19,707,961	\$ -



GBCI Capital

Expenses

Debt Free Facility

Operational

Expenses

Debt Free Capital

Expenses

0

GBCI Operational

Expenses

Debt Free Facility Option

Compiled By: David Steffen, State Representative Summary of Significant Assumptions

Operational Expenses (Revenue)

A 2.2% operational inflation rate has been applied for each year of the forecast.

\$2,000,000 in annual revenue is accounted for in each year following the opening of the new facility. This revenue is generated through county lease agreements wherein the state houses jail inmate overflow to reduce jail overcrowding.

Capital and Other Expenses

GBCI minimal capital improvements costs are allocated for each of the remaining functional years of GBCI. This is to provide for any immediate needed repairs in order to keep the facility functioning for the remainder of its lifetime.

GBCI annual attrition rate is placed at 12%, which is at or below the natural attrition rate for a facility of this nature. The estimated salary associated with each employee is \$60,000. Staffing is reduced through natural attrition for the first three years of the new facility's lifetime, reducing staff to 268 (based on current staff level of 392), which is more than adequate for a modernized facility of this size.

The base lease payment of \$15,000,000 is based on a facility that houses 1200-1500 inmates. An annual escalator of \$500,000 is placed on each year after the facility's occupancy. Similar agreements with private developers add a 1-2% annual escalator in such agreements. \$500,000 provides some flexibility in the percent escalator that is applied.



Budget Briefs

from the Wisconsin Legislative Reference Bureau

Budget Brief 01-8

October 2001

STANLEY PRISON PURCHASE

The biennial state budget act (2001 Wisconsin Act 16), passed by the legislature and signed by Governor Scott McCallum on August 30, 2001, authorized the \$79.9 million purchase of a privately constructed prison near Stanley in Chippewa County. This decision concluded three years' of debate about the fate of the facility.

BACKGROUND

In August 1998, Dominion Venture Group, LLC, an Oklahoma company, began construction of a 1,500-bed medium-security prison at Stanley without express legal authorization from the State of Wisconsin. At the request of Senate Majority Leader Chuck Chvala, Attorney General James E. Doyle issued an opinion (OAG 2-99), dated May 28, 1999, stating that, while a private company could build a private prison, it could not operate the facility without statutory authorization that do so. According to the opinion, Dominion could not house either Wisconsin inmates or prisoners from out-of-state because state law as it then existed gave the private company no power to do so. Without any formal directive from the State of Wisconsin, the company indicated later in 1999 that the "goal of the project is to build a modern prison . . . that will be operated by the [state] to house Wisconsin inmates."

Although passage of the 1999-2001 budget was delayed until October 6, 1999, those supporting the leasing of the Stanley facility for operation by the Department of Corrections (DOC) were unable to get the proposal included in the budget act or in separate legislation that year.

In December 1999, the Joint Committee on Finance released \$550,600 in the 1999-2001 biennium to DOC "to support the costs of 9.0 GPR positions to: a) address issues of correctional institution crowding and long range planning; and b) staff correctional facilities." DOC allocated seven of these positions to the Stanley prison, including a position for warden.

On September 1, 2000, the Department of Administration (DOA) entered into an agreement with Stanley Correctional Properties (SCP), LLC, a division of Dominion Venture Group, to lease the Stanley prison with an option to purchase. The terms of the agreement required SCP to provide the state access to the property, beginning September 1, 2000, so it could modify and prepare the facility for prison use. In exchange, DOA agreed to request authorization from the legislature in the 2001-03 budget to lease and operate the property.

LEGISLATIVE ACTION

The 2001-03 state budget bill, as proposed by Governor Scott McCallum, requested \$43.6 million to lease and staff the Stanley prison over the next biennium. The Joint Committee on Finance recommended, instead, that the facility be purchased for \$79.9 million with \$74.9 million raised through state general obligation bonding and \$5 million provided by the federal government. Act 16, as finally enacted, included the state Building Commission's authoriza-

tion of the purchase and a provision that the owners of the Stanley facility would be paid carrying costs of \$650,000 per month for the period of July 1 through October 31, 2001, or the date on which the state purchased the facility, whichever was earlier.

Although the legislators approved purchase of the privately-built Stanley facility, some members questioned the procedures involved in its acquisition. To address these concerns, Act 16 includes several provisions that require prior state authorization for any prisons built by private parties after January 1, 2001. First, it prevents private developers from beginning construction of a correctional facility or undertaking the conversion of an existing building to a correctional facility without the specific authorization of the state Building Commission. (Construction commenced prior to January 1, 2001, was exempted from this provision.) The prohibition also applies to facilities used to confine juveniles, with the exception of secure group homes. Second, Act 16 also bars the state Building Commission from leasing or acquiring a building, structure, or facility, or portion thereof, for initial occupancy as a state prison, unless the building has previously been approved by the legislature in the authorized state building program or was completed before January 1, 2001.

OUT-OF-STATE PLACEMENTS AND THE STANLEY PRISON

Wisconsin's prison population has almost tripled in the last decade from an average daily population of 7,117 for fiscal year 1990-91 to 20,672 in 2000-01. Although the state launched a building campaign in 1985 that thus far has included seven new state prisons, the system was operating at 119.5% of its defined capacity on October 5, 2001.

As the number of Wisconsin prisoners began to exceed the capacity of its prisons, DOC was authorized to contract for beds outside its own institutions. As early as 1983, the department was authorized to contract with Wisconsin counties and municipalities for space in local lockups in 1983. 1995 Wisconsin Act 344 permitted contracts with the federal government and governmental subdivisions in other states, and 1997 Wisconsin Act 27 allowed placements in privately operated facilities in other states. In the the case of out-of-state placements, Wisconsin prisoners are subject to the laws governing the prison in the receiving state. By mid-2000, the population housed in contract facilities exceeded 5,700 inmates.

Support for returning Wisconsin inmates to the state has been recently increasing. As of February 2000, DOC limited out-of-state incarcerations to 48 months, and by December 21, 2000, the state had fulfilled its commitment to bring all female prisoners back to Wisconsin. Despite these efforts to lessen dependence on contract beds, DOC reported 4,849 male prisoners in contract facilities as of October 5, 2001, including 4,286 out-of-state placements in Tennessee (1,670), Oklahoma (1,454), and Minnesota (1,162).

According to DOC, opening the Stanley prison will provide space to bring as many as 1,500 inmates back into Wisconsin correctional institutions.

Update from Legislative Counsel: 1/31/17

As requested, I am providing a summary of changes related to purchase of privately-constructed prisons made by 2001 Wisconsin Act 16 (the budget). I am also noting state laws that impact the ability of the state to purchase a prison constructed by a private developer.

Restrictions Enacted in the 2001 Budget

The 2001 budget added several provisions to state law that made purchase of a privately-built prison more difficult. First, the Act limited the ability of the state to purchase a privately-constructed prison. The Act prohibited the Building Commission from "acquiring" a building for the purpose of confining people unless the construction either: (a) was completed before January 1, 2001; or (b) was enumerated in the state building program. [2011 Wisconsin Act 16, sec. 994d; s. 20.924 (1) (i), Stats. (2001-02).]

Second, 2001 Wisconsin Act 16 limited the ability of a private company to build a prison in Wisconsin. The Act prohibited anyone from "commencing construction" of a correctional facility unless the building is enumerated in the authorized state building program (but created an exception for buildings completed before January 1, 2001). [2001 Wisconsin Act 16, sec. 3337m; s. 301.19 (2) and (3) (b), Stats. (2001-02).]

I am attaching the Fiscal Bureau's Comparative Budget Summary from 2001. All provisions relating to the Stanley Correctional Facility begin on page 447; however, the relevant portions describing what was actually enacted appear on page 450 after the title "Senate/Legislature":

http://docs.legis.wisconsin.gov/misc/lfb/budget/2001 03 biennial budget/100 comparative summary of budget provsiosn 2001 act 16 volume 1 december 2001.pdf

<u>Current Statutes Impacting Privately-Constructed Prisons</u>

The limitations on state purchase of privately-constructed prisons imposed by 2001 Wisconsin Act 16 remain in state law. Thus, current state law prohibits the State Building Commission from buying or leasing any new prison unless construction began *after* the prison was enumerated in the authorized state building program. A project can be enumerated in the authorized state building program as a non-statutory provision in the Budget Act, or can be enumerated directly in the statutes. [s. 20.925 (1) (i) 2., Stats.] Current state law also prohibits any person (including a company) from constructing a new prison or converting an existing building into a prison unless the prison is enumerated in the authorized state building program. [s. 301.19 (2), Stats.] Thus, the state cannot buy a new, privately-constructed prison, and a private company cannot build a new prison, unless the prison has been officially authorized in law.

There are additional statutory provisions that relate to the state purchase of privately-constructed prisons, though they were not created by the 2001 budget. State law allows the Building Commission to lease a facility for DOC with an option for the state to purchase the facility, and also allows the Building Commission to authorize the lease or purchase of a facility in lieu of state construction. However, any such prison must still meet the requirement that it was either built before 2001, or that it is enumerated in the authorized state building program. The facility must also be built to meet DOA specifications and the company constructing the facility must allow DOA to inspect site. [s. 13.48 (19) and (27), Stats.] In addition, state law provides that any construction of "additional correctional facilities" must first be approved by the State Building Commission and the Joint Committee on Finance. [s. 301.18 (4), Stats.]

I have included relevant statutory language below:

13.48 Long-range public building program.

- (19) ALTERNATIVES TO STATE CONSTRUCTION.
 - (a) Whenever the building commission determines that the use of innovative types of design and construction processes will make better use of the resources and technology available in the building industry, the building commission may waive any or all of s. 16.855, except s. 16.855 (13) and (14m) (a) to
 - (c), if the action is in the best interest of the state and is approved by the building commission.
 - (b) Subject to the requirements of s. 20.924 (1) (i), the building commission may authorize the lease, lease purchase or acquisition of facilities in lieu of state construction of any project enumerated in the authorized state building program.
- (27) Lease of Correctional Facilities. Subject to the requirements of s. 20.924 (1) (i), the building commission may lease any facility for use of the department of corrections as a part of the authorized state building program, with an option to purchase the facility by the state. Any lease shall provide for the facility to be constructed in accordance with requirements and specifications approved by the department of administration and shall permit inspection of the site and facility by agents of the department.

20.924 Building program execution.

- (1) Except as provided in sub. (3), in supervising and authorizing the implementation of the state building program under the appropriation authority of s. 20.867, the building commission:
- (i) Shall not acquire or lease or authorize the acquisition or leasing of any building, structure, or facility, or portion thereof, for initial occupancy by the department of corrections for the purpose of confining persons serving a sentence of imprisonment to the Wisconsin state prisons or for the purpose of confining juveniles alleged or found to be delinquent unless one of the following applies:
 - 1. If the building, structure, or facility was converted for that purpose, the conversion either was completed before January 1, 2001, or began after the building, structure, or facility was enumerated in the authorized state building program.
 - 2. If the building, structure, or facility was not converted for that purpose, the **construction of the building**, structure, or facility either was completed before January 1, 2001, or began after the building, structure, or facility was enumerated in the authorized state building program.

301.19 Restriction on construction of correctional facilities.

(1) In this section:

- (a) "Authorized jurisdiction" means a county, 2 counties acting jointly under s. 302.44, the United States, or a federally recognized American Indian tribe or band in this state.
- (b) "Correctional facility" means an institution or facility, or a portion of an institution or facility, that is used to confine juveniles alleged or found to be delinquent or a prison, jail, house of correction, or lockup facility.
- (2) No person may commence construction of a correctional facility or commence conversion of an existing building, structure, or facility into a correctional facility unless the building, structure, or facility is enumerated in the authorized state building program.
- (3) Subsection (2) does not apply to any of the following:
 - (a) A building, structure, or facility that is constructed or converted under a contract with and for use by an authorized jurisdiction.
 - (b) A building, structure, or facility the construction of which was completed before January 1, 2001, if the building, structure, or facility was designed to confine persons convicted of a criminal offense.

301.18 Correctional and other institutions; expansion and establishment of facilities.

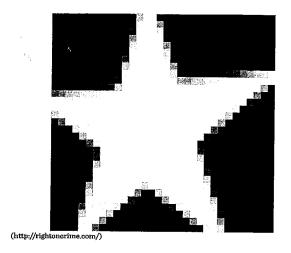
- (1) The department of corrections shall:
 - (a) Provide the facilities necessary for at least 25 additional beds at Camp Flambeau.
 - (b) Provide the facilities necessary for at least 45 additional beds for a corrections drug abuse treatment program on the grounds of the Winnebago Mental Health Institute.
 - (bp) Provide the facilities necessary for not more than 400 beds at the correctional institution under s. 301.16 (1m).
 - (bw) Provide the facilities necessary for the correctional institution under s. 301.16 (1n).
 - (bx) Provide the facilities necessary for the Racine Correctional Institution.
 - (by) Provide the facilities necessary for the Racine Youthful Offender Correctional Facility under s. 301.16 (1r).
 - (bz) Provide the facilities necessary for not more than 170 additional beds at the Kettle Moraine Correctional Institution for use associated with alcohol and other drug abuse treatment.
 - (c) Provide the facilities necessary for the correctional institution under s. 301.16 (1v) using the Highview building located at the Northern Wisconsin Center for the Developmentally Disabled and converted to a correctional facility under 1999 Wisconsin Act 9, section 9107 (1) (b) 1.
 - (d) Provide the facilities necessary for at least 40 additional beds at the Green Bay work release center.
 - (e) Provide the facilities necessary for at least 20 additional beds at Black River camp.
 - (f) Provide the facilities necessary for at least 20 additional beds at the Oregon camp.
 - (g) Provide the facilities necessary for housing to alleviate overcrowding.
- (1m) The department of health services shall provide the facilities necessary to operate the Wisconsin resource center with 460 beds. The facilities may be used for persons transferred under ch. 302.
- (2) In addition to the exemptions under s. 13.48 (13), construction or establishment of facilities necessary to comply with sub. (1) or (1m) shall not be subject to the ordinances or regulations relating to zoning, including zoning under ch. 91, of the county and municipality in which the construction or establishment takes place.
- (3) For compliance with this section, the department of corrections may expend moneys authorized under chapter 29, laws of 1977, section 1606c (1) (b) relating to the correctional system which have not been expended or encumbered or moneys available under residual existing general fund supported borrowing, not to exceed \$1,500,000.

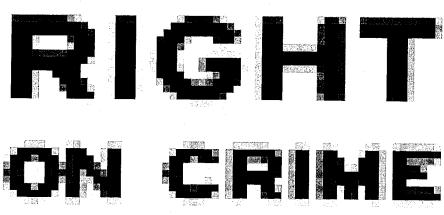
(4) Any purchase, lease or construction of additional correctional facilities is subject to prior approval by the building commission and the joint committee on finance.

- (5) This section constitutes enumeration in the authorized state building program for purposes of s. 20.924.
- (6) The building commission is encouraged and authorized to utilize the most economical and expeditious construction alternatives available to effectuate completion of the construction projects.

I hope this information is helpful. Please let me know if you need anything else. Have a good day, Katie

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The conservative approach to criminal justice: fighting crime, supporting victims, and protecting taxpayers.

THE CASE FOR REFORM (HTTP://RIGHTONCRIME.COM/THE-CONSERVATIVE-CASE-FOR-REFORM/)

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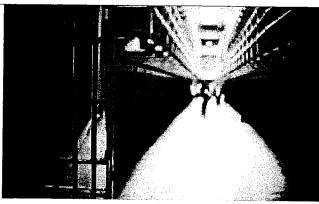
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(http://rightoncrime.com/2017/09/conservatives-for-criminal-justice-reform/)

Conservatives for Criminal Justice Reform

RIGHT ON CRIME (HTTP://RIGHTONCRIME.COM/AUTHOR/RIGHT-ON-CRIME/) | SEPTEMBER 27, 2017

This article by Right on Crime Signatory Grover Norquist originally appeared in Wall Street Journal (https://www.wsj.com/articles/conservatives-for-criminal-justice-reform-1506463970? mg=prod/accounts-wsj), September 26th, 2017.

Every so often I'm asked to list the conservative movement's most important recent accomplishments. One always ranks near the top: criminal justice reform.

With leadership from Republican governors and legislators and groups such as Right on Crime, conservatives have pushed to rein in runaway prison spending and adopt cost-conscious correctional policies that improve public safety. Starting 10 years ago in Texas, more than half of all states have now shifted course, changing laws to ensure that violent offenders serve hard time while those who are not a danger are steered toward less expensive alternatives that can help alter the paths of their lives and make communities safer.

Taxpayers benefit. In 2007 (http://www.pewtrusts.org/~/media/legacy/uploadedfiles/www.pewtrustsorg/reports/state-based_policy/psppprisonprojections0207pdf.pdf) the Pew Charitable Trusts projected that state prisons would grow 14% over five years, costing states \$27.5 billion more. Instead, the reforms have bent the curve. The state prison population is down 5%. Between 2010 and 2015, 31 states reduced both crime and imprisonment, proving that fiscal discipline and safe streets can go hand in hand.

Many of us on the right are concerned by rumblings we're hearing in Washington and beyond. It's disturbing that reports of isolated increases in violence in a handful of cities are fueling predictions of a looming American crime wave. There is no evidence for such predictions. The U.S. violent crime rate rose 3.4% last year, but it remains about half of what it was in 1991, when crime reached its modern-day peak.

While any uptick in crime merits our attention, we must be clear-eyed in our interpretation of the numbers and while developing an effective response. Americans are safer than they have been at almost any time in the last quarter-century, and returning to the failed policies of the past would be a costly mistake.

For decades, state spending on prisons and jails was the second-fastest-growing area of state budgets, behind only Medicaid. From 1980 to 2009, state corrections spending grew more than 400%. In North Carolina in 2016, the average cost of incarcerating an inmate was \$89.30 a day, or \$32,594 a year—compared with only \$4.85 a day (\$1,770 a year) for probation or parole.

Some criminals need to be in expensive prison cells, but shouldn't we be doing a better job of determining who? For too long, courts and corrections officials were given a blank check to incarcerate at will yet were never held to answer for the poor results: high recidivism rates, driven by offenders who left prison with unresolved drug and mental-health problems and no job prospects.



(Photo: Gannett Central Wisconsin Media file photo)

The New Mexico legislature, meanwhile, has unanimously passed a civil asset forfeiture bill that would create powerful protections for the state's citizens.

Wisconsin is now entering the debate. This is not some ungainly compromise cobbled together in the mushy middle. Rather, a diverse collection of legislators and groups — urban, conservative, rural, liberal, progressive and free-market — are coming together to develop strategies based on facts, not slogans.

Thanks to the leadership of Rep. Rob Hutton, R-Brookfield; Sen. Lena Taylor, D-Milwaukee; Sen. Jerry Petrowski, R-Stettin; Rep. Evan Goyke, D-Milwaukee; and Rep. Mandela Barnes, D-Milwaukee; the Second Chance Legislation is now being debated in Wisconsin. The measure would make sure that 17-year-old first-time offenders charged with minor crimes are prosecuted in the juvenile system.

My support springs from a fundamental belief that government programs should be evaluated on outputs. If we measure inputs we are thinking like 1980s liberals who measure welfare success by the budget of the program. The outputs of prosecuting adolescents as adults are notoriously bad. Repeated studies have found that adult prosecution makes a young person more likely to offend again and can turn non-violent offenders into violent ones.

If all Americans are to have faith in their system of justice, if our communities are to feel safe in the thought that the police are there only to serve and protect, if the rights of citizens are to be ensured then this mess has got to be cleaned up. Conservatives are finding strange bedfellows on the left fighting for criminal justice reform for a completely different set of reasons, and developing reforms based on facts, not slogans.

Taxpayers and our families deserve better.

Grover Norquist is president of Americans for Tax Reform. He recently appeared as keynote speaker on criminal justice reforms to a bipartisan group of legislators in Madison.