



DAVID STEFFEN

STATE REPRESENTATIVE • 4TH ASSEMBLY DISTRICT

**Prepared Testimony by Rep. David Steffen before the
Assembly Committee on Corrections
Assembly Bill 292: 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.
May 16, 2017**

Chairman Schraa and Committee Members,

Thank you for scheduling a public hearing for Assembly Bill 292, 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 AB 292, 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is an incredible amount of taxpayer dollars to finance repairs to a facility that at the end of the day, will still be outdated, inappropriately located, and most importantly, inadequately sized.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. Unfortunately, GBCI is not unique. Currently, every maximum security facility in Wisconsin is



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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.

AB 292: The Solution

AB 292 establishes a way to address all of the concerns currently facing GBCI: Cost, Capacity, Care, Control, and Communities.

AB 292 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.

AB 292 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, AB 292 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 AB 292, 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.

AB 292 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.¹ 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

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.

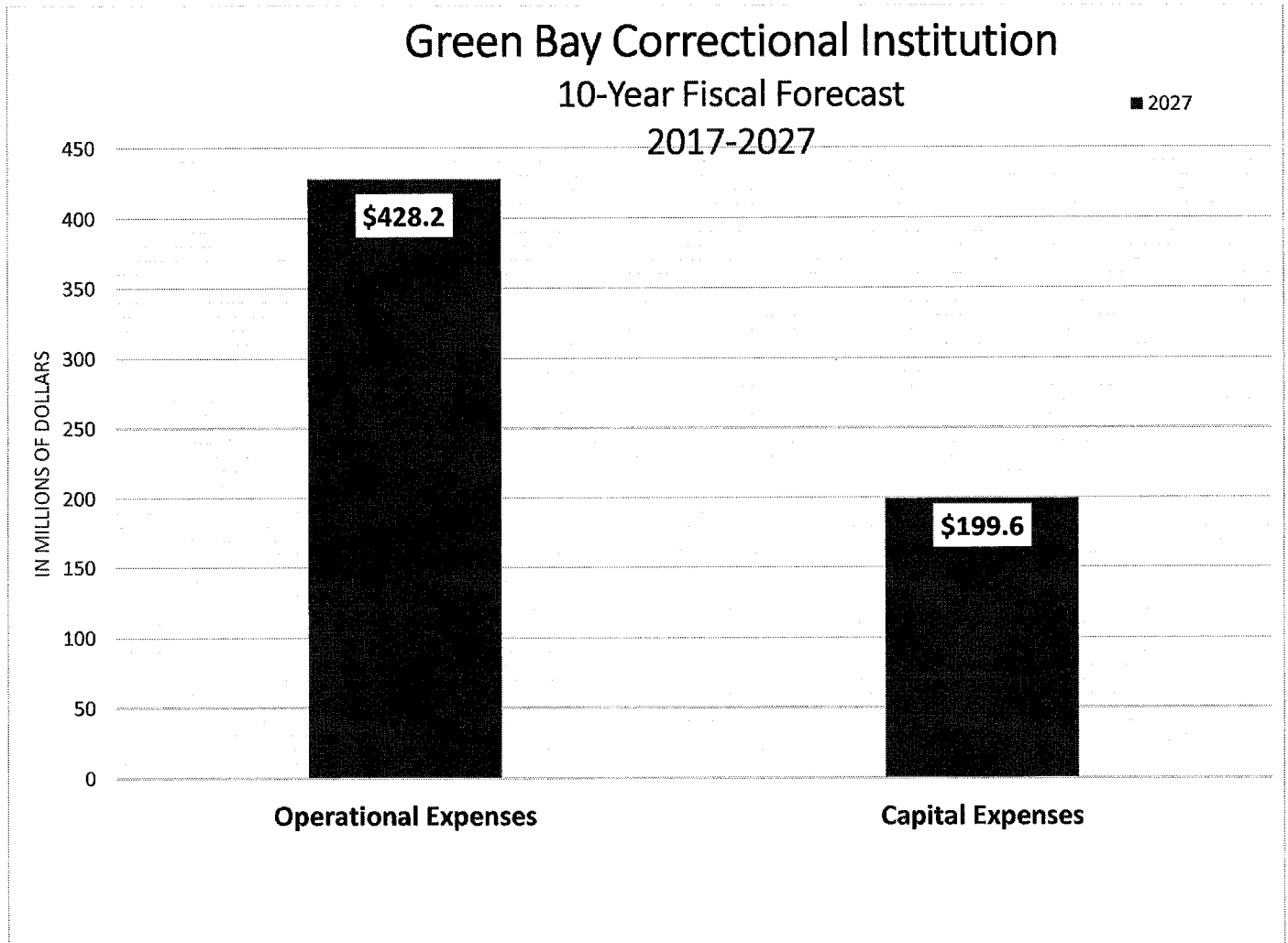
Legislating the Decommission of GBCI and the Construction of a Nearby New Facility

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.

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

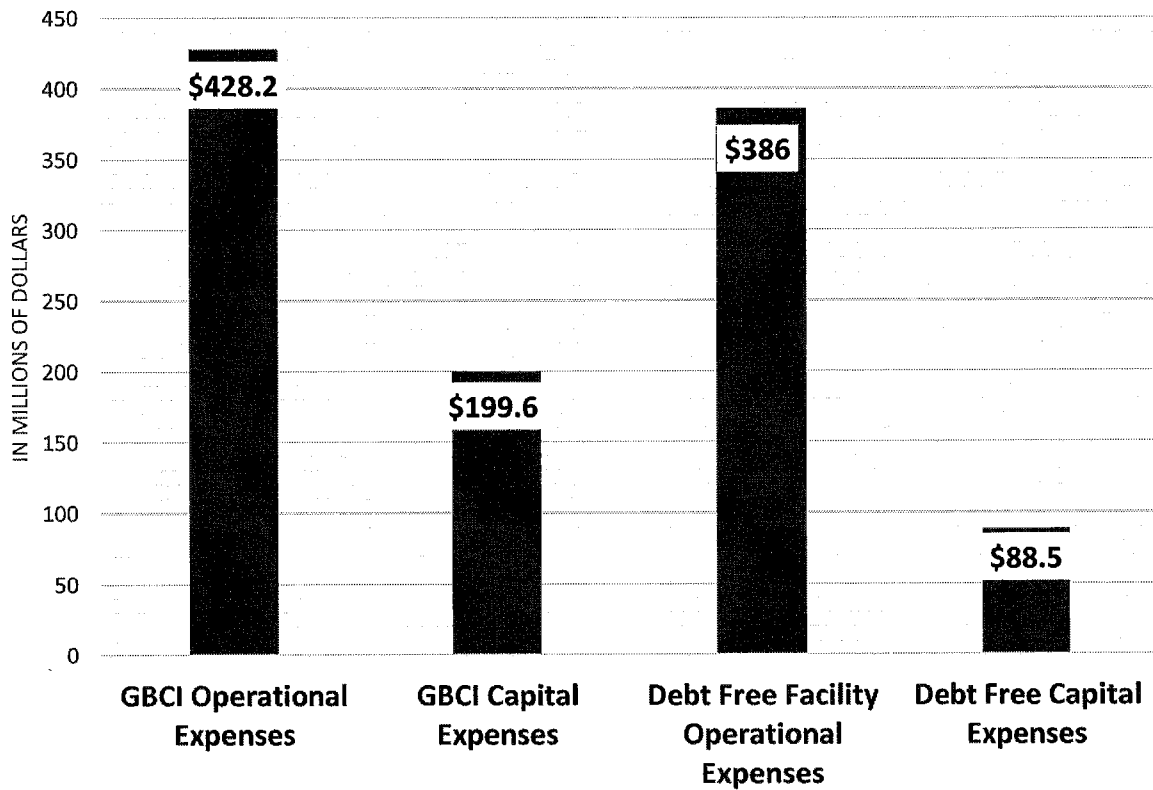
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VS.

Debt Free Facility Option

10-year Fiscal Forecast

2017-2027



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

	2017/2018	2018/2019	2019/2020	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	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	\$ 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	2025/2026	2026/2027
Operating Expenses					
Operational costs ¹	\$ 43,206,197	\$ 44,156,733	\$ 45,128,181	\$ 46,121,001	\$ 47,135,664
Cumulative Operational Costs	245,680,076	289,836,809	334,964,991	381,085,992	428,221,656
Capital Expenses					
Recommended Capital Projects - Mead & Hunt ²	19,707,962	19,707,962	19,707,962	19,707,962	19,707,961
Cumulative Capital Expenses	120,771,810	140,479,772	160,187,734	179,895,696	199,603,657
Cumulative Cost of Continued Operation	\$ 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***	<u>54,869,527</u>	<u>1,932</u>	<u>28,400</u>	<u>77.81</u>
	\$725,767,033	22,416	\$32,377	\$88.70

*Data from departmental average daily population reports.

**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.

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.

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:

Recommended Major Capital Projects and Estimate of Probable Cost

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.		\$ 61.0m			
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		
TOTAL:		\$ 61.0m	\$ 81.4m		

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:

2011-13 Act 32

Green Bay Correctional Institution - Shower Building	3,834,000
Green Bay Correctional Institution - Visiting Building	<u>3,812,000</u>
Total:	\$ 7,646,000 ^A

2013-15 Act 20

Green Bay Correctional Institution - North and South Cell Hall Improvements	\$ 3,750,000
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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	3,750,000
Increase to projects	<u>18,482,000</u>
Total Budget Request	\$ 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	\$ -

Debt Free Facility Option

Compiled By: David Steffen, State Representative

	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022
Operational Expense (Revenue)					
Operational costs	\$ 38,751,772	\$ 39,604,311	\$ 40,475,605	\$ 41,366,069	\$ 42,276,122
Lease revenue	-	-	-	-	-
Cumulative Operational Expense, Net	<u>38,751,772</u>	<u>78,356,083</u>	<u>118,831,688</u>	<u>160,197,757</u>	<u>202,473,879</u>
Capital and Other Expenses					
GBCI - Minimal capital improvements	-	1,000,000	1,000,000	1,000,000	500,000
Leaseback payments	500,000	500,000	500,000	500,000	500,000
New facility lease payments	-	-	-	-	2,500,000
Cumulative Capital and Other Expenses	<u>500,000</u>	<u>2,000,000</u>	<u>3,500,000</u>	<u>5,000,000</u>	<u>8,500,000</u>
Total Cumulative Cost of Debt Free Facility Option	<u>\$ 39,251,772</u>	<u>\$ 80,356,083</u>	<u>\$ 122,331,688</u>	<u>\$ 165,197,757</u>	<u>\$ 210,973,879</u>

Assumptions:

- 2.2% operational annual inflation rate
- GBCI annual attrition rate of 12%-14%
- \$2 million annual revenue generation from county lease agreements
- \$500,000 annual escalator on new facility lease payment, base lease payment \$15,000,000

Debt Free Facility Option

Compiled By: David Steffen, State Representative

	2022/2023	2023/2024	2024/2025	2025/2026	2026/2027
Operational Expense (Revenue)					
Operational costs	\$ 40,324,157	\$ 38,697,168	\$ 37,340,986	\$ 38,162,488	\$ 39,002,063
Lease revenue	(2,000,000)	(2,000,000)	(2,000,000)	(2,000,000)	(2,000,000)
Cumulative Operational Expense, Net	<u>240,798,036</u>	<u>277,495,204</u>	<u>312,836,190</u>	<u>348,998,678</u>	<u>386,000,741</u>
Capital and Other Expenses					
GBCI - Minimal capital improvements	-	-	-	-	-
Leaseback payments	-	-	-	-	-
New facility lease payments	15,000,000	15,500,000	16,000,000	16,500,000	17,000,000
Cumulative Capital and Other Expenses	<u>23,500,000</u>	<u>39,000,000</u>	<u>55,000,000</u>	<u>71,500,000</u>	<u>88,500,000</u>
Total Cumulative Cost of Debt Free Facility Option	<u>\$ 264,298,036</u>	<u>\$ 316,495,204</u>	<u>\$ 367,836,190</u>	<u>\$ 420,498,678</u>	<u>\$ 474,500,741</u>

Assumptions:

- 2.2% operational annual inflation rate
- GBCI annual attrition rate of 12%-14%
- \$2 million annual revenue generation from county lease agreements
- \$500,000 annual escalator on new facility lease payment, base lease payment \$15,000,000

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.

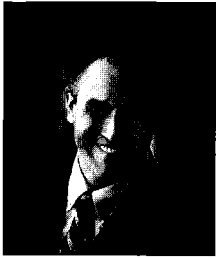
\$2,000,000 in annual revenue is accounted for in each year following the opening of the new facility. This revenue is generated through county lease agreements wherein the state houses jail inmate overflow to reduce jail overcrowding.

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.

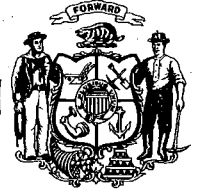
The base lease payment of \$15,000,000 is based on a facility that houses 1200-1500 inmates. An annual escalator of \$500,000 is placed on each year after the facility's occupancy. Similar agreements with private developers add a 1-2% annual escalator in such agreements. \$500,000 provides some flexibility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



Frank Lasee

WISCONSIN STATE SENATOR

FIRST SENATE DISTRICT



Senator Lasee's Testimony

Assembly Bill 292/ Senate Bill 228
Solving the problems at Green Bay Correctional

Assembly Bill 292 and companion bill Senate Bill 228 are 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.

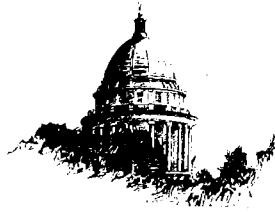
In 2015, there were 91,338 state prisoners and 34,934 federal prisoners housed in private prisons nationwide. According to the August 2016 United States Department of Justice Inspector General's *Review of the Federal Bureau of Prisons' Monitoring of Contract Prisons*, federal private prisons had

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.



PAUL TITTL

STATE REPRESENTATIVE • 25TH ASSEMBLY DISTRICT

Assembly Committee on Corrections
Assembly Bill 292 Testimony
May 16, 2017

First of all, I would like to thank you, Chairman Schraa and committee members, for allowing me to testify before you today on Assembly Bill 292.

I am in full support of this bill. The current facility is old, and the cost to update it would not be cost effective. The arrangement set forth in the bill provides a much better use of taxpayer dollars.

I appreciate the testimony that has been given already, and I won't take time to reiterate the points that have already been made.

However, I would like to highlight one opportunity this bill provides in regard to mental health.

A large percentage of our prison system inmates suffer from mental health problems. Our corrections staff work hard to serve these inmates effectively so they can live healthy lives while they are in the prison system and when they return to the community. A new facility could be built to include appropriate mental health facilities to support the kinds of programming necessary to address those mental health needs.

Thanks for hearing this bill today. I would be happy to answer any questions you might have.

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GREATER GREEN BAY
CHAMBER

To: Members of the Assembly Committee on Corrections
From: Jayme Sellen, Government Affairs Director
Date: May 16, 2017
Subject: Support for Assembly Bill 292; relocation of the Green Bay Correctional Institution

Thank you for the opportunity to submit written testimony in support of Assembly Bill 292 regarding the sale and relocation of the Green Bay Correctional Institution. The Greater Green Bay Chamber is made up of over 1,200 members from a variety of industries who work in partnership to accomplish a common mission of economic and workforce development for the improved quality of life in our region.

At 119 years old, the GBCI is a facility that has more than out lived its useful life. It would require extensive investment to bring up to today's standards, is about 400 inmates over its capacity and has presented considerable challenges when it comes to the safety of inmates and staff. If the state does not take action, these problems will continue to accumulate at the expense of taxpayers. Over the next ten years, the estimated operational expenses for GBCI would total \$428 million and capital expenditures would add another \$199 million.

The relocation of GBCI would provide the community a great opportunity for the repurposing and redevelopment of the 60 acre parcel GBCI currently sits on. The Village of Allouez has estimated this land would generate \$80 million in economic development due to its prime location with river frontage and direct access to highway infrastructure.

The Chamber believes Representative Steffen's plan to relocate GBCI as a starting point for addressing all of the concerns mentioned above and a catalyst for repurposing and redeveloping a valuable piece of real estate that will result in business and talent attraction.

Thank you for your consideration of this important issue.