## Capital Improvement

### Program Description

**Purpose**
Capital Improvements are expenditures for acquisition or construction of a new asset or for existing assets; the expenditure significantly increases the asset's value, extends the life, or makes it adaptable for a different use. The completed project cost must be less than $1 million and be capitalizable in accordance with OAM 15.60.10.

**How Achieved**
The Department of Corrections (DOC) is responsible for maintaining 325 owned buildings and over 5.4 million square feet of building space. Base Capital Improvement funding will allow the agency to perform only the most critical and immediate protection activities on its real property assets with an estimated current replacement value of $2.5 billion.

| 2017-19 Proposed Projects | Number of Beds | Agency Request |
|---|---|---|
| #104 – Technology Infrastructure – TAG Upgrade | -0- | $500,000 |
| #105 – Capital Improvements & Renewal - White City Demolition | -0- | $170,000 |
| #108 Technology Initiatives: Warehouse Bar Code System | -0- | $627,461 |
| Total | -0- | $1,297,461 |

### Agency Request Budget

**Staffing Impact**
None

**Revenue Source**

| | |
|---|---|
| General Fund | $2,824,471 |
| Other Funds | $1,297,461 |

**Capital Improvement Division**

**031 Standard Inflation**

**Package Description**

**Purpose**
This package includes funding for inflation and adjustments to reflect the Price List of Goods and Services issued by DAS. The prescribed standard inflation factors were used for all accounts in this division.

**How Achieved**
For 2017-19, inflation factors are 3.7% for standard inflation, 4.1% for Professional Services, 13.14% for Attorney General charges, 6.9% for Facility Rental and Taxes, and 3.7% for Special Payments. Inflation requested in this package is based on the 2017-19 Base Budget. Inflation associated with biennialized phased-in programs, when applicable, is included in package 021. Inflation associated with new institution start-up and operation is included in the essential package for caseload in package 040.

**Agency Request Budget**

**Staffing Impact**
None

**Revenue Source**

| | |
|---|---|
| General Fund | $100,777 |
| Other Funds | $0 |
| Federal Funds | $0 |

**2019-21 Fiscal Impact**
The actions included in this package will become part of the Base Budget for 2019-21.

# ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

**Corrections, Dept of**
**Pkg: 031 - Standard Inflation**

**Cross Reference Name: Capital Improvements**
**Cross Reference Number: 29100-088-00-00-00000**

| ***Description*** | General Fund | Lottery Funds | Other Funds | Federal Funds | Nonlimited Other Funds | Nonlimited Federal Funds | All Funds |
|---|---|---|---|---|---|---|---|
| **Revenues** | | | | | | | |
| General Fund Appropriation | 100,777 | - | - | - | - | - | 100,777 |
| **Total Revenues** | **$100,777** | **-** | **-** | **-** | **-** | **-** | **$100,777** |
| | | | | | | | |
| **Services & Supplies** | | | | | | | |
| Instate Travel | - | - | - | - | - | - | - |
| Office Expenses | - | - | - | - | - | - | - |
| Publicity and Publications | - | - | - | - | - | - | - |
| Professional Services | - | - | - | - | - | - | - |
| Attorney General | - | - | - | - | - | - | - |
| Fuels and Utilities | - | - | - | - | - | - | - |
| Facilities Maintenance | - | - | - | - | - | - | - |
| Food and Kitchen Supplies | - | - | - | - | - | - | - |
| Other Services and Supplies | - | - | - | - | - | - | - |
| IT Expendable Property | - | - | - | - | - | - | - |
| **Total Services & Supplies** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| | | | | | | | |
| **Capital Outlay** | | | | | | | |
| Land and Improvements | 98,802 | - | - | - | - | - | 98,802 |
| Building Structures | - | - | - | - | - | - | - |
| Professional Services | 1,975 | - | - | - | - | - | 1,975 |
| Other Capital Outlay | - | - | - | - | - | - | - |
| **Total Capital Outlay** | **$100,777** | **-** | **-** | **-** | **-** | **-** | **$100,777** |

# ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

**Corrections, Dept of**
**Pkg: 031 - Standard Inflation**

**Cross Reference Name: Capital Improvements**
**Cross Reference Number: 29100-088-00-00-00000**

| ***Description*** | General Fund | Lottery Funds | Other Funds | Federal Funds | Nonlimited Other Funds | Nonlimited Federal Funds | All Funds |
|---|---|---|---|---|---|---|---|
| **Total Expenditures** | | | | | | | |
| Total Expenditures | 100,777 | - | - | - | - | - | 100,777 |
| **Total Expenditures** | **$100,777** | **-** | **-** | **-** | **-** | **-** | **$100,777** |
| | | | | | | | |
| **Ending Balance** | | | | | | | |
| Ending Balance | - | - | - | - | - | - | - |
| **Total Ending Balance** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |

## Capital Improvement

### 104 Technology Infrastructure

**Purpose**

The Department of Corrections (DOC) is requesting funding for the following key areas of technology infrastructure:

- Item 1: An assessment of corrections fundamental systems,
- Item 2: Desktop and laptop lifecycle replacement,
- Item 3: Voice over internet protocol (VOIP) infrastructure installation and on-going charges adjustment,
- Item 4: Updating the TAG Central Trust system and on-going operating costs.

The resources being requested for Capital Improvement are specific to Item 4.

**Item 4: Upgrade TAG Central Trust System**

The Department of Corrections (DOC) is requesting funding for critical functional upgrades to the TAG inmate trust accounting and commissary point of sale system. The TAG trust and commissary software system supports the department's inmate banking and accounting activities, and point-of-sale processes for the inmate commissary operation.

The proposal is to move the current software from its current version up three generations to the most current, stable version. The current version used by DOC was installed in1999 and has not had any major changes since 2002. Instability related to PC operating system advances, server operating system restrictions, and hardware advancements have restricted peak operational ability, created processing issues, and created operational vulnerability with activities such as check printing. The upgrade would eliminate the restrictions, stabilize operations, eliminate vulnerability from a hardware and software standpoint, and add certain operational functions. Bringing the software to the most recent stable version also makes an upgrade to the next generation of the software easier. The next generation will have significantly greater hardware and software flexibility resulting in enhanced operational capability and lower operational cost. This also allows for the potential to improve functionality to address subsequent programming if victim's restitution efforts proceed.

**How Achieved**

**Item 4: Upgrade TAG Central Trust System**

Upgrading the current product has several advantages over soliciting for a completely new product. By upgrading the current product, the agency has lower cost for upgrades compared to a new, off-the-shelf system. Additionally, the current product uses

the same interface and will require little-to-no additional training for staff. Finally, the transition time and resources to upgrade will be much less than those required for a new system.

The project would move the TAG software up three generations to the latest stable version. The upgrade will occur over the course of seven to nine months. All current functionality will be retained in the upgrade and some additional internal control enhancements will be added. All enhancements are included in the statement of work and the price quote. Training for this upgrade would be minimal since the upgrade has few changes from a screen and functional standpoint.

An upgrade of the current software for TAG allows the department to bring more of its software current with technology and allow for additional automation to improve processes, reduce manual activity, and reduce overall cost. Cost of doing such an upgrade is estimated at $500,000. Ongoing cost for the software, accounting reconciliation, and internal controls will be slightly higher because of additional server software licensing, updated software cost, and recent audit findings related to internal control issues. The funding source is the General Fund. An Accountant 1 position (requested in Central Administration program unit) would ensure the financial integrity of the enhanced inmate accounting system and provide reconciliation of the multiple (DOC, DOJ, and OJD) agency accounts. The position will be necessary to accurately record and distribute funds collected from the inmate population to provide restitution to victims of crimes and for child support.

The resources requested specific to Item 4 are $500,000 Other Funds, 0 positions, 0.00 FTE.

**Quantifying Results**

**Item 4: Upgrade TAG Central Trust System**

Outcomes specific to this system upgrade are less about efficiency and more about system sustainability. This is a system that partially runs on a Windows XP computer where it is necessary for staff to tape magnets to printer cartridges to allow them to work in old equipment. This will allow the agency to mitigate the risk of a systems failure, while also providing the flexibility to make programming modifications if pending legislative concepts become a reality.

**Agency Request Budget**

**Staffing Impact**

| | |
|---|---|
| Positions | 0 |
| FTE | 0.00 |

**Revenue Source**

| | |
|---|---|
| General Fund | $0 |
| Other Funds | $500,000 |

**2019-21 Fiscal Impact.**

Adjustments for this package are one-time acquisition costs and will be phased out in the 2019-21 budget development process.

# ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

**Corrections, Dept of**
**Pkg: 104 - Technology Infrastructure**

**Cross Reference Name: Capital Improvements**
**Cross Reference Number: 29100-088-00-00-00000**

| ***Description*** | General Fund | Lottery Funds | Other Funds | Federal Funds | Nonlimited Other Funds | Nonlimited Federal Funds | All Funds |
|---|---|---|---|---|---|---|---|
| **Revenues** | | | | | | | |
| General Fund Obligation Bonds | - | - | 500,000 | - | - | - | 500,000 |
| **Total Revenues** | **-** | **-** | **$500,000** | **-** | **-** | **-** | **$500,000** |
| **Capital Outlay** | | | | | | | |
| Data Processing Software | - | - | 500,000 | - | - | - | 500,000 |
| **Total Capital Outlay** | **-** | **-** | **$500,000** | **-** | **-** | **-** | **$500,000** |
| **Total Expenditures** | | | | | | | |
| Total Expenditures | - | - | 500,000 | - | - | - | 500,000 |
| **Total Expenditures** | **-** | **-** | **$500,000** | **-** | **-** | **-** | **$500,000** |
| **Ending Balance** | | | | | | | |
| Ending Balance | - | - | - | - | - | - | - |
| **Total Ending Balance** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |

**Capital Improvement**

**105 Capital Improvement and Renewal**

**Package Description**

**Purpose**
The Department of Corrections (DOC) is requesting funding for 3 Capital Improvement and Renewal items:

- Item 1: Faithful & Gould Assessment
- Item 2: Fire Suppression Systems Compliance
- Item 3: Transport Buses

The resources requested for Capital Improvement in this package are reflected in Item 1.

***Item 1: Faithful & Gould Assessment***

The Department of Administrative Services (DAS) recently entered into a contract with the consultant Faithful & Gould to conduct a statewide Facility Condition Assessment of all state owned facilities. This assessment revealed that the Department of Corrections (DOC) had significant Capital Improvement and Renewal needs. According to the assessment, DOC has a current need (through 2016) of $115.8 M in Capital Improvement and Renewal projects at facilities across the state in order to protect and preserve the state owned buildings and related infrastructure. This need will grow to $152 M by the end of 2019 due to additional Capital Renewal needs and escalation if funding is not received. The values provided by Faithful & Gould are industry standard and do not take into account the additional soft costs of design and the security protocols for contractors doing work within our secure environment. The cost of these projects would have a projected mark-up of 40% more than the estimates provided by Faithful & Gould, bringing the current funding need to $162.1 M and the funding need through 2019 to $212.9 M.

DOC is requesting only a portion of the estimated $212.9 M to address the most critical items listed by Faithful & Gould. DOC plans to execute work in the following eight categories; building envelope, electrical systems, water systems, roofs, heating ventilation and air conditioning (HVAC), surveillance systems, fire systems, and professional services. This request will also include funding for additional limited duration staffing to supplement our existing facilities staff in managing this increased workload that these projects will produce. This funding supports DOC's need to protect 5.45 million square feet of publicly owned space. The request also supports DOC's vision to operate safe facilities and key performance measures on our agency scorecard.

**How Achieved**

***Item 1: Faithful & Gould Assessment***

The maintenance budgets for DOC facilities are generally insufficient to address the deterioration associated with 24-hour, 7-day per week institutions and related facilities that range from 10 years to 150 years in age. The various types of construction materials and systems used in older facilities compound the challenge of preserving the useful life of these assets. The Faithful & Gould assessment of 16 DOC facilities shows a need in excess of $219.9 M (including 40% mark-up) through the 17-19 biennium. In addition to the items noted on the assessment, DOC has essential tele-data and security system cabling, underground piping, and demolition needs. DOC is requesting funding for professional services related to the demolition of existing structures at the White City site.

The resources requested specific to Item 1 for Capital Improvement are $170,000 Other Funds, 0 positions, 0.00 FTE

- Professional Services $170,000

**Quantifying Results**

***Item 1: Faithful & Gould Deferred Maintenance Assessment***

DOC will quantify results by tracking percent of variance of expended Capital Construction funds to projected expenditures.
Variance will be calculated on a quarterly basis and will be a DOC CORE Process Measure.
The annual projected expenditures are as follows.

The annual projected expenditures are as follows.

| Timeframe | % Projected Expenditures |
|---|---|
| July 1, 2017 to June 30, 2018 | 5 |
| July 1, 2018 to June 30, 2019 | 15 |
| July 1, 2019 to June 30, 2020 | 25 |
| July 1, 2020 to June 30, 2021 | 25 |
| July 1, 2021 to June 30, 2022 | 20 |
| July 1, 2022 to June 30, 2023 | 10 |

**Agency Request Budget**

**Staffing Impact**

| | |
|---|---|
| Positions | 0 |
| FTE | 0 |

**Revenue Source**

| | |
|---|---|
| General Fund | $0 |
| Other Funds | $170,000 |

**2019-21 Fiscal Impact**

***Item 1: Faithful & Gould Deferred Maintenance***

The actions included in this package for Item 1 will become be phased out in the Base Budget in 2019-21.

# ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

**Corrections, Dept of**
**Pkg: 105 - Capital Improvements and Renewal**

**Cross Reference Name: Capital Improvements**
**Cross Reference Number: 29100-088-00-00-00000**

| ***Description*** | General Fund | Lottery Funds | Other Funds | Federal Funds | Nonlimited Other Funds | Nonlimited Federal Funds | All Funds |
|---|---|---|---|---|---|---|---|
| **Revenues** | | | | | | | |
| General Fund Obligation Bonds | - | - | 170,000 | - | - | - | 170,000 |
| **Total Revenues** | **-** | **-** | **$170,000** | **-** | **-** | **-** | **$170,000** |
| **Capital Outlay** | | | | | | | |
| Professional Services | - | - | 170,000 | - | - | - | 170,000 |
| **Total Capital Outlay** | **-** | **-** | **$170,000** | **-** | **-** | **-** | **$170,000** |
| **Total Expenditures** | | | | | | | |
| Total Expenditures | - | - | 170,000 | - | - | - | 170,000 |
| **Total Expenditures** | **-** | **-** | **$170,000** | **-** | **-** | **-** | **$170,000** |
| **Ending Balance** | | | | | | | |
| Ending Balance | - | - | - | - | - | - | - |
| **Total Ending Balance** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |

**Capital Improvement**

**108 Technology Initiatives**

**Package Description**

**Purpose**
The Department of Corrections (DOC) is requesting funding for several technology initiatives in the following areas:

- Item 1: Electronic Health Records
- Item 2: Intranet Communications Portal
- Item 3: Warehouse Management System

The resource request specific to Capital Improvement is Item 3.

***Item 3: Warehouse Management System***

The DOC Warehouse system currently functions using a manually driven and paper intensive process for recording and archival record keeping. This manual system creates more room for error, is not nimble, limits visibility into the inventory information and is burdened with redundant paperwork. The speed, efficiency, and volume of products processed can be greatly enhanced with a fully integrated software and hardware solution.

DOC is requesting a Warehouse Management System (WMS) that can be integrated with the agency's current operating and accounting system (JD Edwards AFAMIS). A WMS is an integral part of modern warehousing businesses. Barcodes and their associated equipment technology used for scanning and system reports are essential for all stages of warehousing operations. The use of barcodes accurately identifies product description, location, inventory quantity, product dating and receiving date, and can be used to track and locate orders in process during order filling and transport of products. This process allows for more efficient methods of storing and transporting of products. As a software-driven system, this allows for real-time data capture, automation and printing technologies into the warehouse business infrastructure.

An RFI was initiated in 2013 to legitimize the cost of this system. Even though the associated cost would likely be less than DOC is requesting, this request includes the cost of inflation since the original RFI and the possibility of unanticipated change orders from the vendor for time spent installing and initially administrating the system at all four DOC warehouses. Also included in the package would be the need for a Project Manager for one year to assist with implementation.

**How Achieved**

***Item 3: Warehouse Management System***

Purchasing, developing, and integrating a statewide WMS at all warehouse locations would:

- Position the warehouse system business model with the most modern inventory management technology
- Better manage inventory logistics across a diverse geographical area
- Allow for the utilization of real time technology for product transfers between warehouse locations
- Allow for more efficient staging of received product into warehouse storage
- Better track the timely disposition of dated product to minimize outdated product loss
- Reduce the need for redundant use and waste of printed paper
- Engage staff and work crews with the most up-to-date warehouse inventory technology and business techniques

Due to the need to improve efficiencies, reduce costs, and support sustainability, as well as positioning the DOC warehouse system into the current business model, DOC is requesting $627,461 Other Funds, 0 positions, 0.00 FTE.

**Quantifying Results**

***Item 3: Warehouse Management System***

Intended results to be achieved from this proposed system would greatly enhance and streamline current efficiencies as follows:

- Improved inventory accuracy achieved due to electronic technology as opposed to manual processes
- Better integration of product dating information into the system to transition such products through in a timely manner
- Instantaneous access to product location information within the warehouses to prevent misplacement of goods and avoid unnecessary future purchases
- Improved environmental and cost savings through the reduction of paper generated by current manual processes
- Real time tracking of orders in process
- Positions DOC warehouses into private industry accepted standards for inventory and accountability control

**Agency Request Budget**

**Staffing Impact**

| | |
|---|---|
| Positions | 0 |
| FTE | 0.00 |

**Revenue Source**

| | |
|---|---|
| General Fund | $0 |
| Other Funds | $627,461 |

**2019-21 Fiscal Impact**

***Item 3: Warehouse Management System***

Adjustments made in this package are one-time purchase costs and will be phased out in the 2019-21 budget development process.

# ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

**Corrections, Dept of**
**Pkg: 108 - Technology Initiatives**

**Cross Reference Name: Capital Improvements**
**Cross Reference Number: 29100-088-00-00-00000**

| ***Description*** | General Fund | Lottery Funds | Other Funds | Federal Funds | Nonlimited Other Funds | Nonlimited Federal Funds | All Funds |
|---|---|---|---|---|---|---|---|
| **Revenues** | | | | | | | |
| General Fund Obligation Bonds | - | - | 627,461 | - | - | - | 627,461 |
| **Total Revenues** | **-** | **-** | **$627,461** | **-** | **-** | **-** | **$627,461** |
| **Capital Outlay** | | | | | | | |
| Data Processing Software | - | - | 222,581 | - | - | - | 222,581 |
| Professional Services | - | - | 57,098 | - | - | - | 57,098 |
| Other Capital Outlay | - | - | 347,782 | - | - | - | 347,782 |
| **Total Capital Outlay** | **-** | **-** | **$627,461** | **-** | **-** | **-** | **$627,461** |
| **Total Expenditures** | | | | | | | |
| Total Expenditures | - | - | 627,461 | - | - | - | 627,461 |
| **Total Expenditures** | **-** | **-** | **$627,461** | **-** | **-** | **-** | **$627,461** |
| **Ending Balance** | | | | | | | |
| Ending Balance | - | - | - | - | - | - | - |
| **Total Ending Balance** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |

# DETAIL OF LOTTERY FUNDS, OTHER FUNDS, AND FEDERAL FUNDS REVENUE

**Corrections, Dept of** | **Agency Number: 29100**
**2017-19 Biennium** | **Cross Reference Number: 29100-088-00-00-00000**

| *Source* | 2013-15 Actuals | 2015-17 Leg Adopted Budget | 2015-17 Leg Approved Budget | 2017-19 Agency Request Budget | 2017-19 Governor's Budget | 2017-19 Leg Adopted Budget |
|---|---|---|---|---|---|---|
| **Other Funds** | | | | | | |
| General Fund Obligation Bonds | - | - | - | 1,297,461 | - | - |
| **Total Other Funds** | **-** | **-** | **-** | **$1,297,461** | **-** | **-** |

# DETAIL OF LOTTERY FUNDS, OTHER FUNDS, AND FEDERAL FUNDS REVENUE

| Source | Fund | ORBITS Revenue Acct | 2013-15 Actual | 2015-17 Legislatively Adopted | 2015-17 Estimated | 2017-19 Agency Request | 2017-19 Governor's Balanced | 2017-19 Legislatively Adopted |
|---|---|---|---|---|---|---|---|---|
| General Obligation Bonds | Other | 0555 | $0 | $0 | $0 | $1,297,461 | $0 | $0 |