

COUNTY OF MILWAUKEE
INTEROFFICE COMMUNICATION

DATE: February 18, 2022

TO: Marcelia Nicholson, County Board Chairwoman

FROM: Chantell Jewell, Superintendent, Milwaukee County House of Correction
Theodore Chisolm, Chief of Staff, Milwaukee County Sheriff's Office
Shakita LaGrant-McClain, Director, Department of Health and Human Services
Joe Lamers, Director, Office of Strategy, Budget and Performance

SUBJECT: ARPA funding request of \$6.3 million for the purchase and/or replacement of kitchen equipment and traying equipment across corrections facilities

Request:

The House of Correction, Office of the Sheriff, and the Department of Health and Human Services (Departments) request a combined \$6.3 million of American Rescue Plan Act (ARPA) funding for the purchase and/or replacement of 1.) Kitchen Equipment; 2.) Food Traying Equipment.

ARPA Request Detail:

A project for the purchase and/or replacement of Kitchen Equipment and Food Traying Equipment is being recommended for ARPA funding across facilities due to a combination of factors including the age and condition of existing kitchen equipment, financing requirements, impact on pending food service provider RFP, future operating cost savings, and quality of food. Following are some additional details on each of these factors.

- Age and Condition of Equipment: Each department is operating with aged food service equipment which results in routine and emergency repair needs, difficulty identifying parts, inability to maintain hot and cold food temperatures, and impacts on quality of food provided.
 - o The House of Correction (HOC) is operating with equipment that is over 25 years old which results in lack of reliability, has significant repair needs, and there are issues finding replacement parts when repairs are needed. The age of the traying system does not allow for hot and cold food temperatures to be maintained. Tray assembly equipment is inoperable. With all three of the correctional and detention facilities supported by the House of Correction, reliability is key to the program success.
 - o The operation at the Vel Phillips Youth Detention Center does not support batch cooking or a tray assembly process that provides thermal control of hot and cold food.
 - o The operation at the Milwaukee County Jail faces similar challenges with heating and holding hot food items, and the hot food tray equipment is inoperable.

- Cash Financing Requirement: This project is not bond eligible and requires cash financing. While the County faces significant capital project funding shortfalls, this is particularly the case for projects that require cash financing. For example, based on the County's five-year

capital plan, current estimates indicate that only 28% of cash financed capital project requests will receive funding in 2023 based on the County's bonding cap and goal to cash finance 20% of projects. By comparison, it is estimated that 57% of bondable project requests will receive funding in 2023.

2023 Capital Funding Estimates			
Description	Bonds	Cash	Total
Estimated Capital Funding Available in 2023 Under Bonding Cap & 20% Cash Goal*	\$47,215,741	\$11,803,935	\$59,019,676
Estimated Project Requests for 2023 Based on Five Year Capital Plan	\$83,369,610	\$41,592,083	\$124,961,693
Estimated 2023 Capital Shortfall	(\$36,153,869)	(\$29,788,148)	(\$65,942,017)
Estimated % of Project Requests Funded	57%	28%	47%

* The 2022 budget included \$7.9M cash financing, which was below the County goal to cash finance 20% of projects. If this level of funding is maintained in 2023, only 19% of cash capital requests will receive funding.

- Impact on RFP for Food Service Provider: A new RFP for the County's correctional food service provider is due. However, the RFP has dependencies upon the future path for replacing food service equipment. The County has the option to replace its equipment through capital project financing. Another option is to have a vendor replace equipment as part of the RFP process.
- Future Operating Cost Savings: As indicated, food service equipment in County corrections facilities is outdated and needs replacement. The County has an option to replace the equipment through a capital project, or to have a vendor make the investment to replace kitchen equipment. If a vendor is required to replace the equipment, this will need to be factored into the food service provider RFP and will result in an increase in the price per meal and an increase in the annual operating budget for food service.
- Improved Quality of Food Service: The age and condition of current kitchen equipment has an impact on the reliability of food service provision, including the ability to control food temperatures. New kitchen equipment, combined with a completed RFP for food service, is expected to result in significant improvements in the quality of food across facilities.

Background:

The House of Correction currently provides institutional food service to residents through on-site food preparation through a contract operator (Aramark). The food prepared on-site at HOC is also delivered daily to the Behavioral Health Division (BHD), Vel Phillips youth detention center (VP), and the County Jail (CJF). The facilities have warming kitchens to hold the delivered meals. Warming kitchens without the ability to batch cook non-transportable hot food menu items requires food items to be cooked and held for elongated periods greatly decreasing food quality.

During review of 2021 requested projects, Capital Improvements Committee (CIC) staff met with the House of Correction and Sheriff staff to review the Sheriff's 2021 capital request. Upon this review, it was determined that the Sheriff's 2021 request for CJF kitchen updates is similar to the existing HOC capital project WJ11101-HOC Admin 600 and 400 Dorm Kitchen Equipment and that the two should be reviewed and possibly combined into one project with an updated scope. As a result, the Sheriff's related 2021 capital request was not included in the CIC's recommended 2021 capital projects nor was it included in the County Executives 2021 Recommended Capital Improvements Budget.

Prior to moving forward with any capital projects related to the HOC/CJF kitchen updates (as well as related BHD, VP, CJF, and Aging food services), additional investigation and review of overall institutional food services provided by the County was recommended.¹

In December 2020, adopted County Board file #20-892 provided (consultant) funding for review and investigation of overall institutional food services provided primarily at the County Jail, House of Correction, and the Vel Phillips Youth Detention Center (Aging and Behavioral Health were also included in the review). **A key finding of this review included the need to replace critical kitchen equipment that is beyond its useful life and is necessary for continued efficient food service operations.** Central management of all equipment with planned maintenance and implementation of direct contract oversight was recommended by the consultant and additional funding was included as part of the 2022 Adopted Operating Budget to accommodate this need.²

The Departments submitted 2022 capital requests for tray and kitchen equipment replacement, however, the projects were not adopted as part of the final capital budget and remain unfunded.

Fiscal Note:

If the equipment is purchased/replaced using ARPA funding, annual operational levy savings will likely be realized as the costs of repairs and/or replacement by the food service vendor will not be passed on through the service contract. Due to the age of the equipment, repair will continue to increase and with the lack of available replacement parts, emergency replacement of the equipment will be necessary as some piece will not be repairable. Annual operational levy savings are anticipated to be \$125,000.00 for fiscal year 2022.

If the equipment is replaced as part of the RFP process, the contracting process would become much more complicated. This RFP format would potentially limit the number of food service vendors that are able or willing to participate in developing a proposal. Less participants means less competition bringing higher meal pricing. Any contract with a requirement for a significant investment would need to have a provision for payment to the food service vendor if the contract

¹ Budget authority of \$99,226 (for Design only) was included in the 2020 Adopted Capital Budget for project WJ11101. Limited design work has been completed (due to the food service consultant review/options) and the remaining budget authority (approximately \$98,000) is anticipated to be lapsed and the project to be closed.

² 1.0 FTE Manager Contract Compliance is created to oversee food service contracting (primarily associated with the House of Correction, Juvenile Justice Center, and Office of the Sheriff) and assist the House of Correction with other contract-related activities. Additionally, \$20,000 was included in the 2022 Adopted Operating Budget to provide foodservice equipment repair and preventative support.

would be cancelled before the end of first full term of the contract. Lastly, the evaluation of the proposals and management of the food service vendor procured equipment will be substantially more difficult and could present opportunities for protests after proposals are evaluated due to the complexity of the evaluation process.

Based on the 2021 food services consultant review and analysis, the estimated funding breakdown is as follows:

<u>Traying Equipment Replacement</u>	
Sheriff	\$433,000
HOC	\$1,356,000
DHHS	\$120,000
Total Traying	\$1,909,000

<u>Kitchen Equipment Replacement</u>	
Sheriff	\$821,000
HOC	\$3,482,000
DHHS	\$56,000
Total Kitchen Equip	\$4,359,000

Total Traying + Kitchen Equip **\$6,268,000**

Recommendation:

The Departments recommend an appropriation of \$6.3 million in ARPA funding for the purchase and/or replacement of kitchen and traying equipment in order to provide more efficient and effective food service(s) to both its residents in care and the County.

Chantell Jewell

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Superintendent, House of Correction

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Chief of Staff, Office of the Sheriff

Shakita LaGrant

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Director, Department of Health and Human Services

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Cc: David Crowley, Milwaukee County Executive
Jason Haas, Chair, Finance and Audit Committee
Mary Jo Meyers, Chief of Staff, Office of the County Executive
Scott Manske, Comptroller
Steve Cady, Research and Policy Director, Office of the Comptroller
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