

MILWAUKEE COUNTY FISCAL NOTE FORM

DATE: 02/18/2014

Original Fiscal Note X

Substitute Fiscal Note

SUBJECT: Authorization to enter into a contract with Wisconsin Community Services, Inc. (WCS) to provide electronic monitoring services

FISCAL EFFECT:

- | | |
|---|--|
| <input type="checkbox"/> No Direct County Fiscal Impact | <input type="checkbox"/> Increase Capital Expenditures |
| <input type="checkbox"/> Existing Staff Time Required | <input type="checkbox"/> Decrease Capital Expenditures |
| <input checked="" type="checkbox"/> Increase Operating Expenditures (If checked, check one of two boxes below) | <input type="checkbox"/> Increase Capital Revenues |
| <input type="checkbox"/> Absorbed Within Agency's Budget | <input type="checkbox"/> Decrease Capital Revenues |
| <input type="checkbox"/> Not Absorbed Within Agency's Budget | |
| <input checked="" type="checkbox"/> Decrease Operating Expenditures | <input type="checkbox"/> Use of contingent funds |
| <input type="checkbox"/> Increase Operating Revenues | |
| <input type="checkbox"/> Decrease Operating Revenues | |

Indicate below the dollar change from budget for any submission that is projected to result in increased/decreased expenditures or revenues in the current year.

| | Expenditure or Revenue Category | Current Year | Subsequent Year |
|-----------------------------------|--|---------------------|------------------------|
| Operating Budget | Expenditure | (\$108,750) | (\$159,000) |
| | Revenue | \$572,900 | \$572,900 |
| | Net Cost | (\$681,650) | (\$731,900) |
| Capital Improvement Budget | Expenditure | \$0 | \$0 |
| | Revenue | \$0 | \$0 |
| | Net Cost | \$0 | \$0 |

DESCRIPTION OF FISCAL EFFECT

In the space below, you must provide the following information. Attach additional pages if necessary.

- A. Briefly describe the nature of the action that is being requested or proposed, and the new or changed conditions that would occur if the request or proposal were adopted.
- B. State the direct costs, savings or anticipated revenues associated with the requested or proposed action in the current budget year and how those were calculated. If annualized or subsequent year fiscal impacts are substantially different from current year impacts, then those shall be stated as well. In addition, cite any one-time costs associated with the action, the source of any new or additional revenues (e.g. State, Federal, user fee or private donation), the use of contingent funds, and/or the use of budgeted appropriations due to surpluses or change in purpose required to fund the requested action.
- C. Discuss the budgetary impacts associated with the proposed action in the current year. A statement that sufficient funds are budgeted should be justified with information regarding the amount of budgeted appropriations in the relevant account and whether that amount is sufficient to offset the cost of the requested action. If relevant, discussion of budgetary impacts in subsequent years also shall be discussed. Subsequent year fiscal impacts shall be noted for the entire period in which the requested or proposed action would be implemented when it is reasonable to do so (i.e. a five-year lease agreement shall specify the costs/savings for each of the five years in question). Otherwise, impacts associated with the existing and subsequent budget years should be cited.
- D. Describe any assumptions or interpretations that were utilized to provide the information on this form.

- A. We are requesting authorization to award RFP#4300-01 and to execute a contract with Wisconsin Community Services, Inc. (WCS) for Electronic Monitoring (EM) services. Sufficient monies were budgeted for the EM program, so no change to funding is being requested.
- B. Maintaining a robust EM program does appear to benefit the County. At this time, the per diem revenues collected are greater than expenses.

The \$870,000 budget to fund the electronic monitoring units appears to be sufficient to cover these costs. The RFP helps ensure costs stay under the budget allocation of \$870,000. Based on the rates included in the contract, the annualized cost will be approximately \$711,000, which is \$159,000 less than the budget of \$870,000. Program revenue is also on pace to be above budget by \$572,900 based on the number of employed inmates taking part in the program. These figures could change as the year progresses, depending on the number of inmates deemed eligible to participate, their employment rate, and their ability to make timely payments of their rental charges.

- C. The tax levy impact associated with this request in 2014 will be positive, as revenues are greater than expected (due to number of inmates in the program) and will exceed the associated operating expenses. The EM program is currently generating a \$24 per diem per inmate (as set under County Ordinance 20.01). The costs are

currently less than these revenues. On a monthly basis, the total cost for both vendors is currently about \$76,000. The impact of continuing the EM program at a lower cost due to the RFP is a reduction in costs to about \$59,250 per month. Therefore, the cost savings are estimated at about \$201,000 per year. However, our 2014 budget was set at \$870,000 for these costs, so the budget change is a reduction in costs of \$108,750 in 2014 and \$159,000 in 2015. The revenue average over the last few months has been about \$90,500/month which could equate to \$1,086,400 per year (depending on the number of inmates eligible and out on EM). The revenue target for the 2014 budget was \$513,500. Therefore, the overall net is additional revenue of \$572,900, as well as the reductions in costs.

*There can be additional costs associated with electronic monitoring which might be reflected elsewhere in the actual budget (e.g., additional Correction Officers to manage the program or participate in an Absconder unit). A recent audit that was completed by the County's Audit Department shows the cost benefits of maintaining a robust EM Program.

This program does not impact capital expenditures.

D. Revenues and expenses are both variable based on number of inmates eligible and out on EM. This proposal assumes that per diem rates set by Ordinance remain stable. It also assumes that we have approximately two hundred EM units in use.

Department/Prepared By Jane Jackson
 Authorized Signature Michael Hoffmann

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|------------------------------|------------|----|--------------|
| Did DAS-Fiscal Staff Review? | <u>Yes</u> | No | |
| Did CBDP Review? | <u>Yes</u> | No | Not Required |