

MILWAUKEE COUNTY FISCAL NOTE FORM

DATE: 09/16/2013

Original Fiscal Note  X

Substitute Fiscal Note    

SUBJECT: Reduce contract with Aramark from \$3,434,449 budgeted (or \$3,406,362 projected actual) to \$3,321,767

FISCAL EFFECT:

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

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	\$0	(\$84,595)
	Revenue	\$0	\$0
	Net Cost	\$0	(\$84,595)
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. The Superintendent of the House of Correction (HOC) is requesting authorization to execute a 1-year contract extension between the HOC and Aramark Correctional Services. The HOC has been satisfied with service levels provided by Aramark. The fiscal change from Aramark providing a reduction in contract pricing is a reduction in the county's costs in providing meals for inmates at both the HOC and the Sheriff's department. The decrease in operating expenditures, based on the current number of meals average, is estimated to be \$84,595 in 2014.

Aramark will also be providing an inmate food service program. They are absorbing the estimated cost of about \$15,000 per year. This is a tremendous value to the HOC, but does not result in any tangible fiscal change.

On the other hand, Aramark will not be able to provide an immediate capital investment with this 1-year option. Funds were desired to replace some considerably outdated kitchen equipment and to make needed updates to our kitchens. At a minimum, the County will likely have to purchase some equipment that recently became outdated or inoperable at the HOC and Sheriff's Department. This could impact our 2014 capital budget by a minimum of \$60,000 to \$150,000 or more, but this spending would be required regardless of whether or not this particular contract is approved. Therefore, while sixty-thousand should cover the cost of the most necessary replacements, it is not a result of the contract itself, so it is not reported as a capital increase in this document.

Approval of this request will allow the HOC to enter into a new contract for the period of January 1, 2014 to December 31, 2014. This will provide sufficient time to conduct an RFP for future services.

B. Total 2013 and 2014 operating expenditures included in this request are \$0, as savings are anticipated. The \$15,000 in programming costs has no reportable fiscal impact. Capital expenditures are likely required in 2014 to replace kitchen equipment, but that spending would be required regardless of this contract.

The operational savings are to be \$.03 per meal for Year 1. This calculates to a price per meal reduction from \$1.208 to \$1.178 to arrive at anticipated savings on operational expenses of \$84,595 for 2014.

Office records indicate that prior fiscal administration estimated the soon to be expired 3-year contract (varies somewhat due to number of meals served) at \$3,434,449 per year. Using the current average number of meals, that existing contract would total about \$3,406,362 for a year. With the extension, the same number of meals would instead total \$3,321,767 in 2014. This difference is the estimated fiscal impact on operating expenses of \$84,595 in 2014.

C. The tax levy impact associated with approval of this request in 2013 will be neutral. In 2014, it should be a positive net savings, with projected savings on operating expenditures of \$84,595. The \$15,000 in programming will not result in savings but will allow budgeted programming funds to be spent on other planned programming.

As mentioned above, some capital expenditures will likely be required by the HOC in 2014. We estimate that a minimum of \$60,000 to \$150,000 is needed in capital improvements for inoperable and unserviceable kitchen equipment at both the Sheriff's Department and the HOC. While capital spending is going to be required, it is not a result of approving this contract.

D. This proposal assumes stable inmate populations and that approximately 2,891,836 meals a year will continue to be served at the HOC and downtown jail.

Department/Prepared By

Authorized Signature

Jay Jackson, Fiscal Ops. Mgr.  
Michael H. Jensen, SUPERINTENDENT

Did DAS-Fiscal Staff Review?

Yes

No

Did CDBP Review?<sup>2</sup>

Yes

No

Not Required