

DATE: September 16, 2013

TO: Marina Dimitrijevic, Chairwoman, Milwaukee County Board of Supervisors

FROM: Mike Hafemann, Superintendent, Milwaukee County House of Correction (HOC)

SUBJECT: Report from the Superintendent, House of Corrections, requesting authorization to enter into a 1-year service contract extension with Aramark Correctional Services; Annual contract costs estimated to decline from \$3,434,449 budgeted for 2013 (\$3,406,362 projected actual) to \$3,321,767.

Issue

The Aramark contract expires 12/31/13. This year, 2013, was the final one-year contract extension. No additional extensions are available at this time. The vendor has provided satisfactory service levels and has demonstrated flexibility. They are offering the county an option to extend the contract an additional year. While the extension is primarily a means to give us time to complete an RFP for inmate food services, the contract extension will provide a savings on inmate meals and also a food service program for eligible inmates.

Discussion

Historical fiscal records indicate that kitchen costs totaled over \$6.6 million a year for the county. Outsourcing this service brought costs down by over \$2 million dollars each year. Staffing and other costs have continued to increase, yet meal pricing with Aramark has been relatively stable over the last few years. The 2013 extension was contracted at just 2.31% higher than 2012. The new 1-year contract proposal is somewhat less than 2012 pricing, as it is for a \$.03 per meal reduction in Year 1. At \$1.178 per meal, total savings on meals should be about \$84,595 in Year 1 based on our current number of meal averages.

Our kitchens are need of structural renovations and equipment replacements. However, with this option for a one-year extension, Aramark is not able to provide any capital infusion.

On the other hand, if this extension is agreed to, Aramark will be providing an inmate food services program. Developing inmate programming is key to the mission of the HOC. This is a unique program provided by Aramark that will help inmates learn about food services and prepare them for extremely tangible employment opportunities. Aramark will be absorbing the cost of the program which is estimated at about \$15,400 a year.

Recommendation

It is recommended that the County Board of Supervisors authorize the Superintendent of the House of Correction, or his designee, to enter into a 1-year service contract extension with Aramark Correctional Services. The time frame for the contract would be January 1, 2014 to December 31, 2014. This option would provide sufficient time to complete an RFP for these services.

Fiscal Effect

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. However, 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.

In conclusion, operating funds for these services have already been identified in the 2013 and 2014 budget. A fiscal note form is attached.

Respectfully Submitted,



Michael Hafemann, Superintendent
Milwaukee County House of Correction

cc: County Executive Chris Abele
Raisa Koltun, County Executive's Office
Kelly Bablitch, County Board
Don Tyler, Director, DAS
Josh Fudge, Fiscal & Budget Administrator, DAS
Steve Cady, Fiscal & Budget Analyst, County Board
Janelle Jensen, Committee Clerk-Finance, County Board Staff