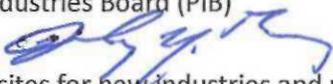




BUREAU OF CORRECTIONAL ENTERPRISES

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01-06-2021

TO: Prison Industries Board (PIB)
 FR: Wes Ray 
 RE: Prerequisites for new industries and private sector partnerships

This memo for the 01-12-2021, PIB meeting provides information about:

1. BCE's establishment of the canteen industry;
2. BCE's interest in changing from canteen to the package program industry and pursuing a private sector partnership in that; and
3. Requirements in Wisconsin Statutes Chapter 303 Prison Labor for BCE to establish a new industry and sign a private sector partnership contract.

If BCE makes requests for the actions described above, the process would begin with getting package program industry and private sector partnership approvals. BCE would plan for its package program team to work in the space where its canteen team now works. BCE would not seek PIB approval to permanently end its work in the canteen industry, but would suspend canteen operations.

The PIB approved BCE's establishment of the canteen industry during a 01-10-2010 meeting. The first plan I can find involved BCE Canteen selling to all DOC facilities and operating in the Badger State Logistics (BSL) warehouse in the City of Waupun. BSL would have moved to the old central warehouse nearby on the same property, which is not a modern warehouse and currently has significant issues. The plan changed to have BCE Canteen selling to seven DOC facilities and operating in a 5,000 square foot room inside Taycheedah Correctional Institution (TCI). The plan later changed to have BCE Canteen selling only to four facilities based on the space available, but the team has found the room accommodates inventory, fulfillment activities and brief filled order storage for the three facilities it works with.

The table below shows BCE Canteen has not been a profitable operation.

Fiscal Year	BCE Canteen P/(L)	Notes
FY17	\$ (165,829.00)	Opened the last week of June, so no time for revenue from filled orders to arrive before June 30.
FY18	\$ 4,177.00	Profit is the result of revenue received early in FY18 from FY17 sales; FY17 + FY18 = \$ (161,652).
FY19	\$ (106,048.00)	
FY20	\$ (164,187.00)	

The following are contributions to BCE Canteen not having been profitable and BCE's expectation it will not be profitable.

1. BCE Canteen is required to sell the same products sold by the contract canteen provider and at the same prices. While those two requirements may restrict BCE Canteen's financial viability, it provides a consistent canteen menu and consistent prices for persons in our care (PIOC) at each DOC facility. Varied menus and prices had created a negative climate among PIOC in years past.
2. BCE's estimate that canteen would be profitable included the following:
 - a. Sales to PIOC at seven facilities, including one with twice the avg. number of PIOC;
 - b. An avg. PIOC order count and value greater than the team's monthly avg.; and
 - c. No calculation of delivery costs.

A PIB vote to approve BCE's request to establish an industry results in the actions in 303.01 (1) (c) below by the legislature's Joint Committee on Finance (JFC). The statute does not indicate the JFC approves or denies BCE's request.

303.01 Prison industries.

(1) Creation.

(a) In this subsection "manufacturing" includes reprocessing, repairing, salvaging, servicing and storing.

(b) The department, with the approval of the prison industries board and after a hearing is held under par. (c), may establish industries for the employment of inmates in the state prisons or residents in any correctional institution operated by the department for holding in secure custody persons adjudged delinquent. Except as provided in par. (d), prison industries may engage in manufacturing articles for and providing services to the state and its political subdivisions and any tax-supported institution or nonprofit agency and for sale of such articles and services to other states or political divisions thereof or to the United States. The department shall fix the price of all products and services as near the market price as possible. Supplies, materials and equipment may be reconditioned by prison industries for sale under s. 16.72.

(c) Prior to establishing any prison industry, the department shall provide written notification of its proposed action to the co-chairpersons of the joint committee on finance. The co-chairpersons shall hold a public hearing before the committee concerning the proposal.

(d) Prison industries may sell wood and metal office furniture and laundry services only to state agencies, as defined in s. 20.001 (1).

Among other things, the following statute restates PIB's role in approving BCF's establishment or permanent closure of an industry.

303.015 Prison industries board.

(1) The prison industries board has the following powers and duties:

(b) The board shall develop a plan containing recommendations for the manufacture and marketing of prison industries products, the provision of prison industries services and the provision of research and development activities. Whenever feasible, the plan shall include research activities with a facility involved in the co-composting of solid waste and sludge from wastewater treatment facilities. The plan may include, but is not limited to, recommended market research, product modifications, manufacturing techniques, pricing policies, advertising and elimination or establishment of specific industries or products. No prison industry may be established or permanently closed without approval of the board.

BCE's pursuit of a private sector partnership would begin with these steps in s. 303.01 (2) (em) copied below:

1. Seeking PIB approval;
2. Publishing an RFB and completing the process to select the partner;
3. Consulting with appropriate trade organizations and labor unions; and
4. Completing the JFC notification process; and
5. Gaining JFC approval to sign the contract.

303.01 Prison industries.

(2) POWERS OF DEPARTMENT. In the administration of the prison industries program, the department may:

(em) **Lease space, with or without equipment, within the precincts of state prisons, as specified in s. 302.02, or within the confines of correctional institutions operated by the department for holding in secure custody persons adjudged delinquent, to not more than 2 private businesses to employ prison inmates and institution residents to manufacture products or components or to provide services for sale on the open market. The department shall comply with s. 16.75 in selecting businesses under this paragraph. The department may enter into a contract under this paragraph only with the approval of the joint committee on finance.** The department may not enter into or amend a contract under this paragraph unless the contract or amendment specifies each state prison or juvenile correctional institution at which the private business will employ inmates or institution residents. The department shall consult with appropriate trade organizations and labor unions prior to issuing requests for proposals and prior to selecting proposals under this paragraph. Each such private business may conduct its operations as a private business, subject to the wage standards under sub. (4), the disposition of earnings under sub. (8), the provisions regarding displacement in sub.

(11), the requirements for notification and hearing under sub. (1) (c), the requirement for prison industries board approval under s. 303.015 (1) (b) and the authority of the department to maintain security and control in its institutions. The private business and its operations are not a prison industry. Inmates employed by the private business are not subject to the requirements of inmates participating in prison industries, except as provided in this paragraph;

BCE and a private sector partner would work in ways to meet the statutory requirements below. If the partnership involves the team making products the partner would sell through interstate commerce, additional federal regulations not provided here would also apply.

303.01 Prison industries.

(11) DISPLACEMENT. (a) In this subsection:

1. "Displace an employee" means to lay off an employee in this state as a direct result of work being performed in a state prison or juvenile correctional institution under a prison contract or to permanently transfer an employee in this state to another job that reduces the employee's base pay, excluding overtime, differentials and bonuses, by more than 25% as a direct result of work being performed in a state prison or juvenile correctional institution under a prison contract.

2. "Prison contract" means a contract entered into by the department under sub. (2) (em).

3. "Private employer" means a private business that is a party to a prison contract.

(b) A private employer may not displace an employee or cause another private business to displace an employee.

(c) A private employer may not employ inmates or institution residents under a prison contract if any of the following applies:

1. The inmates or institution residents are to be employed in a skill, craft or trade in which there is a surplus of available labor in the locality of the private employer.

2. The employment of the inmates or institution residents will impair the performance of other contracts to which the private employer is a party.

3. The inmates or institution residents will replace employees who are on strike against the private employer or locked out of work.

(d) A private employer shall post in all of its workplaces a notice provided by the department containing a description of the nature of the prison contract and an explanation of what it means for an employee of a private employer to be displaced under this subsection and identifying a person at the department whom an employee of a private employer may contact if the employee believes that he or she may have been displaced by a prison contract.



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01-06-2021

TO: Prison Industries Board (PIB)
FR: Wes Ray, BCE Director *WR*
RE: BCE request for approval to purchase replacement flat iron machines

BCE requests Prison Industries Board (PIB) a vote during the Board's 01-12-2021, meeting to approve purchase of three machines collectively referred to as a flat iron, along with services to remove the current machines and to prepare the building for and complete installation of the replacement machines. These machines together enable BCE Laundry to sell flat iron services to customers and to conduct its linen rental business. The winning bid will likely include sale of the current machines to the bidder.

More than one year ago, BCE requested quotes to get an idea of this purchase of machines and services might cost. The two quotes received are listed below. BCE is confident prices for the machines and services have increased, but the price paid will be determined through a competitive request for bids (RFB).

Herb Fitzgerald (Chicago Dryer) \$443,000

GA Braun \$387,000

Justification

1. Laundry & Flat Iron Revenue

Eighty four percent (84%) of BCE Laundry customers purchase flatwork services. Items requiring this service most often include sheets, fitted sheets, pillow cases, towels, table cloths and napkins. Without replacement machines, BCE expects to not be able to reliably provide flat iron services to customers and lose approximately 20% of its revenue.

Category	FY18	FY19	FY20	Total
All Laundry Revenue	\$ 1,599,000	\$ 1,550,000	\$ 1,752,000	\$ 4,901,000
Flat Iron Revenue	\$ 319,000	\$ 313,000	\$ 327,000	\$ 959,000
Flat Iron as % of Laundry	20%	20%	19%	20%

2. Linen Rental Revenue

Linens rented by BCE are processed by the flatiron, including those that create the bed packs that make the bulk of this business. Linen rentals is a significant source of BCE

revenue. This revenue was significantly reduced due to the COVID-related cancellations of customers' spring and summer 2020 events for which they rent BCE linens. BCE does not yet know the likelihood of those events occurring during calendar year 2021 as part of estimating the payback period for replacement flatiron equipment.

The flatiron enables BCE Laundry to quickly prepare bed packs for another rental, resulting in the team having less inventory to meet customers' needs. A bed packs is rented an average of three times a year. BCE Laundry uses flatiron services in its solicitations for additional laundry business from and potential customers. Wisconsin Statutes limit BCE Laundry sales to state government entities, such as agencies and campuses. Without replacement machines, BCE expects to not be able to reliably provide flat iron services to customers and lose approximately 2% of its revenue.

Category	FY18	FY19	FY20	Total
All Laundry Revenue	\$ 1,599,000	\$ 1,550,000	\$ 1,752,000	\$ 4,901,000
Linen Rental Revenue	\$ 33,000	\$ 31,000	\$ 33,000	\$ 97,000
Linen Rental as % of Laundry	2%	2%	2%	2%

3. Maintaining Customer Service and Satisfaction

The flat iron dries items, which removes the dryer from the process for ironed items. That reduces the wear and tear those items experience, which is good for the items' owner. Items are loaded into the flat iron in a way that removes the sorting process needed for other laundered items. The flatiron folds items. The flat iron service reduces the cost of manual labor used to process those items and expedites their movement to packaging and shipping for timely return to customers. This allows shift work to be completed by 2 specialists and, the workers who work two shifts, rather than the employees and workers that would be needed for three shifts. It also avoids BCE asking the host facility for a 3rd shift correctional officer for safety and security purposes.

4. Lower Operating and Maintenance Costs

Replacing the three current units is expected to reduce BCE Laundry's utility costs and carbon footprint because the new machines are reportedly more energy efficient. The new units should reduce maintenance costs, as is the standard case with new equipment.

5. Surpassed Industry Life

The average industry life of these three units is 25 years. BCE Laundry has used these units for 35 years. The age of these units means they need repair more frequently and at greater cost than will be expected for new machines. Some parts are not available on the new or used market, which requires BCE to pay for fabrication of those replacement parts.

6. Lower Operating and Maintenance Costs

Replacing the three current units is expected to reduce BCE Laundry's utility costs and carbon footprint because the new machines are reportedly more energy efficient.

Flat Iron Components

7. Vacuum Feed Table

This unit starts the flat iron process. Workers lay damp linen on rollers driven by a ribbon/belt. A specially designed vacuum chamber stretches and holds the linen firmly to feed it into the flatwork iron. The feed table can be used to move from one to five lanes of linen at once, meaning more than one of the same can be on the feed table to get the same result. The feed table has settings to handle different linens correctly like flat or fitted sheets, pillow cases, towels, wash cloths and cloth napkins. This is an electric/pneumatic piece of equipment.

8. The Flatwork Iron

Linen are fed by the vacuum feed table into this unit, which is a multi-roll ironing system. Each pneumatic roller advances at a speed to keep linens stretched through the drying process. The flatwork iron uses steam to increase the temperature of the heat chest, which removes moisture to dry the linen and captures the resulting moisture vapors to create more steam. This unit has an electronic control that synchronizes the three units and initiates the steam and pneumatic functions.

9. Folder/Cross Folder

This unit folds the linen. It can fold linen from 12" x 12" to 130" x 120". The unit can be set for a single fold for wash cloths, a 2 fold operation for towels or pillow cases and a 3 fold operation for sheets. The computer allows for itemized setting by sort, stack and fold patterns. This unit works in with the computers in the two other units to unify the process from start to finish.



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Looking for ways to get your message out? Advertising your services, products, or job opportunities on BCE's truck fleet is a great way to have your message seen by thousands of people everyday. Vehicle advertising is also one of the most cost effective ways of sharing your message.

Mobile advertising can be twice as effective in delivering a message to your target audience than using a roadside sign. Your advertisement in motion captures the viewers' attention, and as a result is more memorable than other forms of advertising. Displaying your advertisement on a BCE truck gets results, with thousands of views occurring every day of the work week.

- Mobile billboards are viewed by 95% of people that go by them. This is almost twice the attention that static billboards receive.
 - Outdoor Advertising Association of America
- 98% of in-car audiences said they noticed truck-side ads.
 - American Trucking Association

EXAMPLE MOBILE ADVERTISING PRICES			
TRUCK TYPE	CONFIGURATION	PRINT COST*	MEDIA RATE (4 WEEKS)
Box Truck 288"W x 96"H	Rear Door	\$434.64	\$1,200.00
	Rear Door & Both Sides	\$2,607.48	\$1,762.50
Semi-Trailer 576"W x 96"H	Rear Door	\$434.64	\$1,200.00
	Rear Door & Both Sides	\$4,780.32	\$2,043.75

The media rates shown in the table above are for a 4 week display period. Additional periods and configurations are available, please contact the custom sign shop for other options and pricing.



MARKETS

Statewide coverage across multiple markets.

Major Markets:

Madison, Milwaukee, La Crosse, Eau Claire, Green Bay, Wausau, Janesville, Racine, Platteville

Medium Markets:

Oshkosh, Richland Center, Fond du Lac, Wisconsin Rapids, Sheboygan, Waukesha, Stevens Point, Prairie Du Chien

Small Markets:

Portage, Superior, Bayfield, Tomahawk, Door County, Merrill, Spooner



CUSTOMIZE YOUR ADVERTISING

One of the benefits BCE's mobile advertising provides is the ability to make your mobile advertisement to meet your own design specifications. From developing and creating your own design, to printing and installation BCE has the ability at multiple locations to accommodate those needs.

Work with our trained graphic design team! Give them your vision, and let them create your custom design for our trucks. We also can print designs provided by the customer if they meet the resolution quality requirements for the size option that is purchased.

*Print cost includes:

- Design Services
- 4 color digital printing on vinyl wrap
- Protective laminate covering
- Professional Installation



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Find out more about BCE Mobile Advertising, and a full range of our capabilities by contacting BCE's custom signage.

Contact BCE custom signage at:

BCECustomSigns@wisconsin.gov or (608)-240-5257



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