

BUDGET NARRATIVE

Capital Construction

Program Description

Purpose

This program includes the purchase of land, buildings, support systems, and equipment/information technology-related projects. New building/equipment and deferred maintenance projects are included in the Capital Construction program (excludes routine maintenance and repairs). Capital Construction also incorporates those major projects or activities whose aggregate cost will exceed \$500,000.

How Achieved

By definition, there is no base budget for Capital Construction. Its limitation is valid for six years and is associated only with the biennium in which it was initially approved by the Legislature. New project and funding authority for 2015-17 is requested in Policy Packages 106 “Deferred Maintenance Priority Projects” and 119 “DAS VOIP Telephony Upgrade.”

Package 106 – Deferred Maintenance: DOC currently has an un-funded deferred maintenance liability exceeding \$68 million. The DOC’s current capital improvement funding is not keeping pace with the annual inflation on our deferred maintenance liability. This package requests financing to partially address the backlog of deferred maintenance of existing facilities. The projects included in the Agency Request Budget are designated as Priority 1, which is the highest priority for DOC.

Package 119 – VOIP: The Department of Administrative Services (DAS) is seeking a new telephony solution for all state agencies. The planned solution will transition the state out of the telephone business with all telephone services provided by the selected vendor.

Projects requested for 2015-17 biennium financing are summarized in the following table:

2015-17 Proposed Projects	Number of Beds	Agency Request
#106 - Deferred Maintenance List – priority 1 projects	-0-	\$14,220,432
#119 - DAS VOIP Telephony Upgrade	-0-	5,566,681
Total	-0-	\$19,787,113

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Agency Request Budget

Staffing Impact

None

Revenue Source

Other Funds \$19,787,113 (bond sales)

CAPITAL FINANCING SIX-YEAR FORECAST SUMMARY 2015-17

AGENCY: Corrections
 Agency #: 29100

Provide amounts in the table below, by expected use and repayment source, of agency financing needs for the 2015-17 biennium. Include proposed project amounts only (do not include debt service either from previously issued debt or from new issue).

Use of Bond Proceeds	Bond Type				
	General Obligation Bonds	Revenue Bonds	Totals by Repayment Source		
Major Construction/ Acquisition Projects					
Subtotal for General Fund Repayment:	\$	19,787,113	\$	\$ 19,787,113	GF
Subtotal for Lottery Funds Repayment:	\$		\$		LF
Subtotal for Other Funds Repayment:	\$		\$		OF
Subtotal for Federal Funds Repayment:	\$		\$		FF
Total for Major Construction	\$		\$		
Equipment/Technology Projects over \$500,000					
Subtotal for General Fund Repayment:	\$		\$		GF
Subtotal for Lottery Funds Repayment:	\$		\$		LF
Subtotal for Other Funds Repayment:	\$		\$		OF
Subtotal for Federal Funds Repayment:	\$		\$		FF
Total for Equipment/Technology	\$		\$		
Debt Issuance for Loans and Grants					
Subtotal for General Fund Repayment:	\$		\$		GF
Subtotal for Lottery Funds Repayment:	\$		\$		LF
Subtotal for Other Funds Repayment:	\$		\$		OF
Subtotal for Federal Funds Repayment:	\$		\$		FF
Total for Loans and Grants:	\$		\$		
Total All Debt Issuance	\$		\$		
Subtotal for General Fund Repayment:	\$		\$		GF
Subtotal for Lottery Funds Repayment:	\$		\$		LF
Subtotal for Other Funds Repayment:	\$		\$		OF
Subtotal for Federal Funds Repayment:	\$		\$		FF
GRAND TOTAL 2015-17:	\$	19,787,113	\$	\$ 19,787,113	

____ Agency Request

____ Governor's Budget

____ Legislatively Adopted

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CAPITAL FINANCING SIX-YEAR FORECAST SUMMARY 2017-19

AGENCY: Corrections
 Agency #: 29100

Provide amounts in the table below, by expected use and repayment source, of agency financing needs for the 2017-19 biennium. Include proposed project amounts only (do not include debt service either from previously issued debt or from new issue).

Use of Bond Proceeds	Bond Type			
	General Obligation Bonds	Revenue Bonds	Totals by Repayment Source	
Major Construction/ Acquisition Projects				
Subtotal for General Fund Repayment:	\$	\$	\$	GF
Subtotal for Lottery Funds Repayment:	\$	\$	\$	LF
Subtotal for Other Funds Repayment:	\$	\$	\$	OF
Subtotal for Federal Funds Repayment:	\$	\$	\$	FF
Total for Major Construction	\$	\$	\$	
Equipment/Technology Projects over \$500,000				
Subtotal for General Fund Repayment:	\$	\$	\$	GF
Subtotal for Lottery Funds Repayment:	\$	\$	\$	LF
Subtotal for Other Funds Repayment:	\$	\$	\$	OF
Subtotal for Federal Funds Repayment:	\$	\$	\$	FF
Total for Equipment/Technology	\$	\$	\$	
Debt Issuance for Loans and Grants				
Subtotal for General Fund Repayment:	\$	\$	\$	GF
Subtotal for Lottery Funds Repayment:	\$	\$	\$	LF
Subtotal for Other Funds Repayment:	\$	\$	\$	OF
Subtotal for Federal Funds Repayment:	\$	\$	\$	FF
Total for Loans and Grants:	\$	\$	\$	
Total All Debt Issuance	\$	\$	\$	
Subtotal for General Fund Repayment:	\$	\$	\$	GF
Subtotal for Lottery Funds Repayment:	\$	\$	\$	LF
Subtotal for Other Funds Repayment:	\$	\$	\$	OF
Subtotal for Federal Funds Repayment:	\$	\$	\$	FF
GRAND TOTAL 2017-	\$	\$	\$	

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____ Agency Request

____ Governor's Budget

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CAPITAL FINANCING SIX-YEAR FORECAST SUMMARY 2019-21

AGENCY: Corrections
 Agency #: 29100

Provide amounts in the table below, by expected use and repayment source, of agency financing needs for the 2019-21 biennium. Include proposed project amounts only (do not include debt service either from previously issued debt or from new issue).

Use of Bond Proceeds	Bond Type			
	General Obligation Bonds	Revenue Bonds	Totals by Repayment Source	
Major Construction/Acquisition Projects				
Subtotal for General Fund Repayment:	\$	\$	\$	GF
Subtotal for Lottery Funds Repayment:	\$	\$	\$	LF
Subtotal for Other Funds Repayment:	\$	\$	\$	OF
Subtotal for Federal Funds Repayment:	\$	\$	\$	FF
Total for Major Construction	\$	\$	\$	
Equipment/Technology Projects over \$500,000				
Subtotal for General Fund Repayment:	\$	\$	\$	GF
Subtotal for Lottery Funds Repayment:	\$	\$	\$	LF
Subtotal for Other Funds Repayment:	\$	\$	\$	OF
Subtotal for Federal Funds Repayment:	\$	\$	\$	FF
Total for Equipment/Technology	\$	\$	\$	FF
Debt Issuance for Loans and Grants				
Subtotal for General Fund Repayment:	\$	\$	\$	GF
Subtotal for Lottery Funds Repayment:	\$	\$	\$	LF
Subtotal for Other Funds Repayment:	\$	\$	\$	OF
Subtotal for Federal Funds Repayment:	\$	\$	\$	FF
Total for loans and grants:	\$	\$	\$	
Total All Debt Issuance	\$	\$	\$	
Subtotal for General Fund Repayment:	\$	\$	\$	GF
Subtotal for Lottery Funds Repayment:	\$	\$	\$	LF
Subtotal for Other Funds Repayment:	\$	\$	\$	OF
Subtotal for Federal Funds Repayment:	\$	\$	\$	FF
GRAND TOTAL 2019-21 :	\$	\$	\$	

____ Agency Request

____ Governor's Budget

____ Legislatively Adopted

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BUDGET NARRATIVE

Capital Construction

106 Deferred Maintenance Priority Projects

Purpose

DOC currently has an un-funded Deferred Maintenance liability exceeding \$68 million. The DOC's current Capital Improvement funding is not keeping pace with the annual inflation on our Deferred Maintenance liability. In light of these issues, DOC is requesting funding to address maintenance needs evaluated as Priority 1. DOC is requesting \$10,220,432 in Capital Construction funds to correct these items of priority.

DOC has established a Communications Infrastructure Unit to maintain, repair and upgrade critical systems infrastructure. This package will support the design and installation of the "critical systems" infrastructure (conduit, fiber optics, cabling and switches) necessary to provide the multiple pathways needed to support the internal (data, voice, security electronics, building management and inmate services) and external (vendor access, Telmate, and video visitation) communications vital to maintaining safe and secure institutions and to provide the programming required to support successful re-entry. DOC is requesting \$4,000,000 in Capital Construction funds to perform the design and installation of the critical systems infrastructure at fourteen locations throughout the state.

How Achieved

Projects requested for the 2015- 2017 biennium are summarized below:

Project	Number of Beds	Completion Date	Net Additional Authorization Requested
Agency Priority 1 Deferred Maintenance	-0-	June 2021	\$10,220,432
Critical Systems Installation at 14 locations	-0-	June 2021	\$4,000,000
Total			\$14,220,432

Ventilation and Heating

- **Culinary Ventilation System Upgrade (OSP) \$702,000** - The OSP kitchen was installed in the early 1970's, when the inmate population was approximately 1,200. Today, the kitchen serves three meals per day for an inmate population averaging 2,000. The kitchen's ventilation, exhaust, and heating supply systems are inadequate for the upgraded food preparation equipment that was installed after 1989, when the inmate population was increased to its current level. Upgrading of the kitchen's ventilation, exhaust, and heating systems will resolve all current problems. Failure to fund and accomplish the upgrade of the kitchen's ventilation, exhaust, and heating supply system will directly affect the welfare, health, and safety of staff and the adult-in-custody work crews who prepare the institution's meals.

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- **Central Heating – Natural Gas Supply Upgrade (SCI) \$210,600** - Building 5 at SCI currently utilizes electric heating. There is no filtered air conditioning or ventilation capability within this building. Installing a central heating system in this building will provide for efficient, even heating and cooling of the facility, as well as provide filtered ventilation of the internal air, improving the health of staff and adult-in-custody. Failure to fund this project will result in Building 5 continuing to be heated using electric resistive heat. Stagnant air quality issues will continue to be a risk.
- **Hydronic Boiler Burner Replacement (TRCI) \$505,440** - The burners on the installed hydronic boilers have exceeded their service life and require replacement. Replacing the burners will ensure continued capability to provide heating necessary for the safe and secure operation of the institution. Failure to fund the burner replacement will result in an inability to operate the boilers when the burners fail and would impact the safe and secure operation of the institution.
- **Boiler Control Upgrades (OSCI) \$631,800** - The controls on the installed boilers have exceeded their service life, are no longer supported with repair parts and require replacement. Replacing the boiler controls will ensure continued capability to provide heating necessary for the safe and secure operation of the institution. Failure to fund the boiler controls replacement will result in an inability to operate the boilers when the controls fail and would impact the safe and secure operation of the institution.

Electrical

- **Upgrade UPS System (SRCI) \$947,700** – Uninterruptible Power Supply (UPS) units are critical for institutions camera, door control, telephone, and data system. These systems are beyond repair and failing. Replacing the current UPS units will ensure power is available to critical systems during interruptions in commercial power. Failure to fund the replacement of this equipment will result in the critical systems being inoperable during the time necessary for the emergency generator to start. A failure of the emergency generator to start during a utility power interruption will result in the failure of all critical systems powered by these units.
- **Replace two UPS (CCCF) \$43,692** - Replacing the current UPS units will ensure power is available to critical systems during interruptions in commercial power. Failure to fund the replacement of this equipment will result in the critical systems being inoperable during the time necessary for the emergency generator to start. A failure of the emergency generator to start during a utility power interruption will result in the failure of all critical systems powered by these units.

Safety and Security

- **Critical Systems Infrastructure \$4,000,000** – The Department of Corrections (DOC) requires additional infrastructure (conduit, fiber optics, cabling and switches) to provide the multiple pathways necessary to support increased internal and external data communication requirements, and is requesting \$4.0 million to perform design and installation of critical systems infrastructure at

BUDGET NARRATIVE

fourteen locations. Without funding to upgrade critical systems infrastructure the agency will be unable to reliably process the increasing electronic communications resulting from; 1) additional monitoring and recording requirements of PREA, 2) the speed and volume necessary to support the upcoming electronic inmate health record system, and 3) maintain our security electronic systems in our older institutions as the existing proprietary systems require replacement.

- **Campus-wide camera replacement and upgrades: \$2,269,693** – The video monitoring system requires upgrade, replacement and expansion to support additional monitoring and recording to verify compliance with the Prison Rape Elimination Act (PREA). Upgrading, expanding or replacing the camera and recording system will eliminate blind spots and allow video monitoring of areas of the institution currently not covered by the camera system. Failure to fund the upgrade, expansion, or replacement of these systems could result in the agency being unable to maintain a safe PREA compliant environment for the adult felons sentenced to DOC custody.

Project Description	Institution	Cost
Campus-wide camera replacement	CCCF	\$711,393
Yard & Perimeter Camera Upgrades:	OSCI	\$301,860
	SRCI	\$384,556
Security Camera Upgrades:	TRCI	\$189,540
	EOCI	\$401,544
	PRCF	\$280,800
Total		\$ 2,269,693

- **Replace Fire Alarm Sensors (WCCF) \$51,882** - The installed fire alarm system sensors are beginning to fail and require replacement. Replacing the Fire Alarm System Sensors will provide continued emergency situation monitoring capability at the institution. Failure to fund the replacement of the Fire Alarm System Sensors will result in loss of notification of emergency situations and could result in personnel injury and significant loss of property.
- **Intercom/PA system:**
 - **SRCI - \$351,000** - The Intercom/PA System is obsolete and has failed. Components are no longer available for repair. Replacing the Intercom/PA System will restore the ability to provide critical communications. Failure to fund the replacement of this equipment will result in the system remaining inoperable creating significant safety and security concerns.

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- **OSCI - \$315,900**- The installed intercom system is providing two-way communication between the control station and institution access points is beyond repair and requires replacement. Replacing the current intercom system will ensure communication capability necessary for the safe and secure operation of the institution. Failure to fund the intercom replacement would result in a loss of communications capability when the current system fails.

Sewer Systems

- **Rebuild Road and stabilize erosion (SFFC) \$350,000** - The river is causing erosion of the bank and roadway exposing piping and electrical conduit associated with the sanitary sewer system. Erosion stabilization will support continued operation of the sanitary sewer system and allow access to equipment and support systems. Failure to fund the erosion stabilization will allow erosion to continue and will result in the sewer system becoming inoperable due to piping failure. A failure of the sanitary sewer system will impact the safe operation of the facility and may result in the discharge of effluent to the river.
- **Sewer System Upgrades (SFFC) \$386,604** - The filter modules for the septic system require upgrade and the electrical controls for the lower septic tank level control system are failing and require upgrade. Upgrading the filtering modules and level control system will support continued operation of the sanitary sewer system required to meet the current needs of the institution. Failure to fund the upgrade of this equipment could result in the sewer system becoming inoperable due to control failure. A failure of the sanitary sewer system will impact the safe operation of the facility and may result in the discharge of effluent to the river.
- **EVAC System Upgrades (TRCI) \$947,700** - The vacuum sanitary sewer system requires an upgrade to function properly. Upgrading the system components and equipment will support continued operation of the sanitary sewer system. Failure to fund the upgrade of this equipment could result in the sewer system becoming inoperable due to component failure. A failure of the sanitary sewer system will impact the safe operation of the facility and may result in health impacts to staff and adults-in-custody.

Roof and Floor

- **Institution Roof Replacements -**
 - **CRCI (\$912,600)** - The roof was installed in 1991, when the institution was built using 20-year roofing materials. The roofing material has exceeded its expected life and requires replacement. Replacing the roof on the institution will ensure the integrity of the building structure and the ability to continue to house adults in custody at this location.
 - **SCI (\$351,000)** - The roof was installed in the early 1990's using 20-year roofing materials. Replacing the roof on the Multi-Purpose Building will ensure the integrity of the building structure and the ability to continue to provide indoor recreation to adults in custody at this location.

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Failure to replace these roofs could result in the buildings becoming unusable.

- **Food Service Floor Repair (OSCI) \$126,360-** The floor in the institution's kitchen is beyond repair and needs replacing. A total removal of the flooring is needed and will be replaced using an epoxy floor covering. Broken pieces of tile create a security risk to the institution. Replacing the flooring with the proper epoxy covering, will create an impermeable waterproof seal. The floor will be non-slip and have a much longer service life. Failure to fund this project will result in the floor covering continuing to pose as a safety and health problem to staff and Adult in Custody crews working in the kitchen.

Other Institutional Projects

- **Lighting Panel Upgrades (SRCI) \$252,720-** The existing Lighting Control System does not support control of exterior lighting at the institution. Upgrading the Lighting Panels to support control from a central point will allow remote operation and control of the institution exterior lighting. Failure to fund the upgrade of this equipment will result in the system continuing to require manual operation creating safety and security concerns.
- **Master Control panel to touch screen upgrade (WCCF) \$256,932 -** The control panel installed in Master Control to operate institution access points requires upgrade due to not being able to purchase replacement switches that fit in the current panel without modifications. Upgrading the control panel will ensure the continued ability to control institution access necessary for the safe and secure operation of the institution. Failure to fund the panel upgrade could result in an inability to operate and control the secure perimeter of the institution.
- **Replace Nurse Call System (CCCF) \$55,851 -** The Nurse Call System is obsolete and components are no longer available for repair. Replacing the Nurse Call System will ensure continued ability to provide critical communications. Failure to fund the replacement of this equipment will result in the system being inoperable when needed creating significant safety and security concerns.
- **Walk-in Cooler (CRCI) \$85,644 -** The institution lacks freezer space necessary for storing perishable foods. Installing a Walk-in freezer will provide expanded food storage capability at the institution. Failure to fund the installation of a Walk-in freezer will result in continued limitations on cold storage and could result in increased costs due to performing more frequent deliveries of food.

Support Costs: \$465,314

BUDGET NARRATIVE

Support costs include the cost of limited duration project managers to review contractor designs and cost estimates, inspect construction projects to verify contractors follow the agreed to contract specifications and pay escorts to facilitate contractor's entering facilities.

Staffing Impact

Positions	0
FTE	0.00

Quantifying Results

DOC will achieve a reduction in the backlog of deferred maintenance issues at eleven of our institutions, and replacement of the critical systems infrastructure at fourteen of our locations including twelve institutions.

Revenue Source

General Fund	\$0
Other Funds	\$14,220,432
Federal Funds	0

2017-19 Impact

This is a one-time expense, and the only impact for the 2017-19 biennium is related Debt Service payments of resulting from the sale of new bonds.

ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Corrections, Dept of
Pkg: 106 - Deferred Maintenance Priority Projects

Cross Reference Name: Capital Construction
Cross Reference Number: 29100-089-00-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
Revenues							
General Fund Obligation Bonds	-	-	14,220,432	-	-	-	14,220,432
Total Revenues	-	-	\$14,220,432	-	-	-	\$14,220,432
Services & Supplies							
Other Services and Supplies	-	-	465,314	-	-	-	465,314
Total Services & Supplies	-	-	\$465,314	-	-	-	\$465,314
Capital Outlay							
Building Structures	-	-	13,755,118	-	-	-	13,755,118
Total Capital Outlay	-	-	\$13,755,118	-	-	-	\$13,755,118
Total Expenditures							
Total Expenditures	-	-	14,220,432	-	-	-	14,220,432
Total Expenditures	-	-	\$14,220,432	-	-	-	\$14,220,432
Ending Balance							
Ending Balance	-	-	-	-	-	-	-
Total Ending Balance	-	-	-	-	-	-	-

BUDGET NARRATIVE

Capital Construction

119 DAS VOIP Telephony Upgrade

Agency Overview

Policy Option package 119 seeks to address issues related to Voice-Over Internet Protocol (VOIP) and infrastructure upgrades throughout several divisions within the Department of Corrections. There are no personnel actions taken as part of this policy package. Below is the Agency Impact Summary. Please see division-specific narrative for more detail.

- Capital Construction: 0 Pos., 0.00 FTE, Other Funds: \$5,566,681
- General Services Division: 0 Pos., 0.00 FTE, General Fund: \$1,469,799
- Total Package: 0 Pos., 0.00 FTE, Total Funds: \$7,036,480

Purpose

The Department of Administrative Services (DAS) is seeking a new telephony solution for all state agencies. The planned solution will transition the state out of the telephone business with all telephone services provided by the selected vendor. To accomplish this change from analog to digital telephony, DOC will need to upgrade nearly all its infrastructure from CAT 3 to new CAT 6, fiber, and pathway infrastructure to support VOIP. In some cases this upgrade will be required to be accomplished in 20-, 50-, or 100-year-old buildings, incurring significant costs for new conduit and wire installation and abatement of asbestos-containing building materials. Additionally, all of the old switches and handsets will no longer be functional and will require replacement. This planned solution will result in direct billing for telephone services to the agency and an increase in monthly telephone charges.

How Achieved

Approximately \$5.6 million of infrastructure will be incurred as a one-time Capital Outlay to be financed with XI-Q bonds. Most of this will be Cat 6 cable, fiber, and pathway infrastructure, as well as network racking and termination. Additionally, ongoing General Fund telecommunications costs will increase by approximately \$1.5 million per biennium.

Staffing Impact

Positions: 0
FTE: 0.00

Quantifying Results

The agency telephones will be compatible with the State's Voice-Over Internet Protocol telephony system and fully supported by the contracted vendor.

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Revenue Source

General Fund	0
Other Funds	\$5,566,681
Federal Funds	0

2017-19 Impact

The Other Funds portion of this package will not become part of the 2017-19 Base Budget.

ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Corrections, Dept of
Pkg: 119 - DAS VOIP Telephony Upgrade

Cross Reference Name: Capital Construction
Cross Reference Number: 29100-089-00-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
Revenues							
General Fund Obligation Bonds	-	-	5,566,681	-	-	-	5,566,681
Total Revenues	-	-	\$5,566,681	-	-	-	\$5,566,681
Capital Outlay							
Building Structures	-	-	5,566,681	-	-	-	5,566,681
Total Capital Outlay	-	-	\$5,566,681	-	-	-	\$5,566,681
Total Expenditures							
Total Expenditures	-	-	5,566,681	-	-	-	5,566,681
Total Expenditures	-	-	\$5,566,681	-	-	-	\$5,566,681
Ending Balance							
Ending Balance	-	-	-	-	-	-	-
Total Ending Balance	-	-	-	-	-	-	-

DETAIL OF LOTTERY FUNDS, OTHER FUNDS, AND FEDERAL FUNDS REVENUE

Corrections, Dept of
2015-17 Biennium

Agency Number: 29100

Cross Reference Number: 29100-089-00-00-00000

<i>Source</i>	2011-13 Actuals	2013-15 Leg Adopted Budget	2013-15 Leg Approved Budget	2015-17 Agency Request Budget	2015-17 Governor's Budget	2015-17 Leg Adopted Budget
Other Funds						
General Fund Obligation Bonds	-	4,961,000	4,961,000	19,787,113	-	-
Total Other Funds	-	\$4,961,000	\$4,961,000	\$19,787,113	-	-

DETAIL OF LOTTERY FUNDS, OTHER FUNDS, AND FEDERAL FUNDS REVENUE

Source	Fund	ORBITS Revenue Acct	2011-2013 Actual	2013-15 Legislatively Adopted	2013-15 Estimated	2015-17		
						Agency Request	Governor's Balanced	Legislatively Adopted
Bonds and Certificates of Participation to finance construction of Junction City Prison	Other	0580	\$0	\$0	\$0	\$0	\$0	\$0
General Fund Obligation Bonds to finance construction projects and related staff, deferred maintenance projects and related staff, and other expenses	Other	0555	0	4,961,000	0	19,787,113	0	0