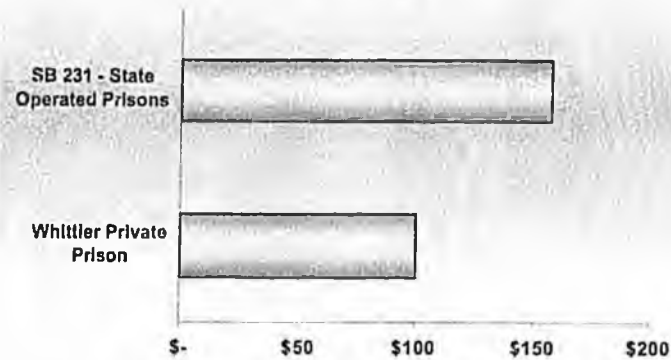


HB

498

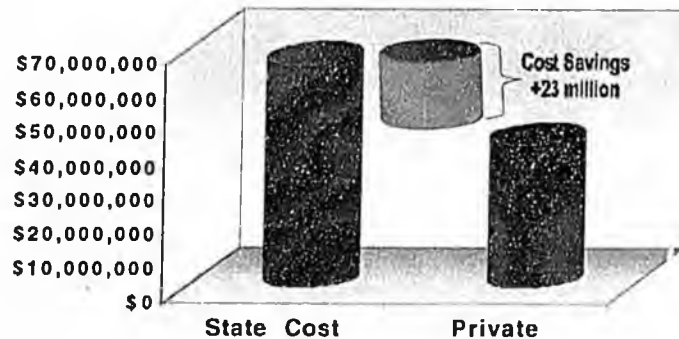
SB 231 Compared with a Private Prison

Cost Comparison per Day for Two Plans



This session, Senate Bill 231 proposes to expand seven state prisons and jails by 1,136 beds, at a cost of up to \$176 million. That amounts to a daily lease rate, per bed, of \$45.75. Supervising the prisoners will cost an additional \$111, for total cost of \$157, per prisoner, per day. The same services can be provided by the private sector for under \$100 a day, per prisoner, including facility debt service, saving the State at least \$23 million per year.

Total Annual Cost Savings
SB 231 vs. Whittier



A Commitment to the State of Alaska

Last year the Kenai Natives Association and Alaska Native Brotherhood partnered with the Kenai Peninsula Borough and Cornell Companies to develop a correctional facility that would not only save the state millions, but also tackle the serious problem of Alaska Native recidivism and over representation in the prison system. The state employees unions combined resources and successfully campaigned to kill the prison through fear and misinformation.

The problems with the State Correctional system have not changed, nor has the Alaska Native commitment to address the serious issues facing corrections and Alaska Native incarceration rates. This year the City of Whittier has picked up the banner dropped by the Kenai Peninsula. While our motivations differ, our goal is the same: to provide a cost and program effective alternative to sending Alaska prisoners to Arizona.

Our Goal: To Find an Effective Alternative to Sending Alaska Prisoners to Arizona



Alaska Native Brotherhood
320 W. Willoughby Ave. Suite 100, Juneau, Alaska 99801

Understanding Alaska's Prison Dilemma

The problem with Alaska's correctional system is cost. It simply costs too much to house a prisoner in a state-run facility in Alaska.

Housing a Prisoner in Alaska Currently Costs Almost Twice the National Average

Without facility debt service, the average cost of care, per day, per inmate, in Alaska is \$111, compared to a national average of \$58 and Western states' average of \$59. With roughly 3000 inmates, Alaska pays \$57 million dollars more each year to confine prisoners than it would cost to house the same prisoners in most other states.



Alaska's correctional system is small and one of the few unified correctional systems still operating in the United States. In most states, misdemeanor and felony services are divided between municipal, county, state and federal authorities. In Alaska, authority is centralized in one Department of Corrections, which manages all pre-trial, pre-sentence, sentenced, pre-release, probation and paroled offenders, except those in federal custody.

Over the years, Alaska's local governments have found it necessary, or expedient, to waive jurisdiction and control over local offenders. In response, the State has filled the void by operating small, multipurpose, regional correctional facilities, which, in other states, would be county or city jails.

Alaska's Prison Dilemma

Jails are historically used to confine local offenders until trial and sentenced misdemeanants for up to twelve months. Long-term prisoners are sent to larger, centralized, State or Federal prisons.

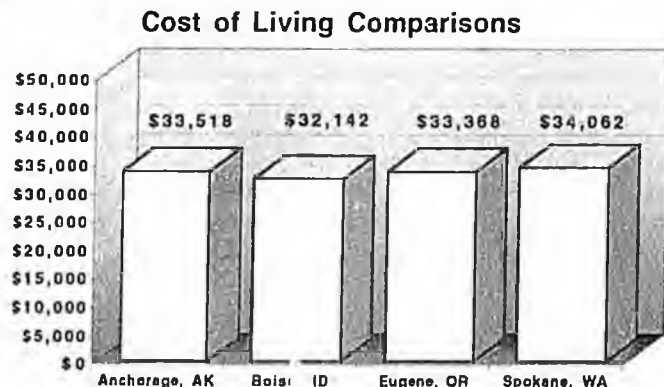
Only in Alaska is there talk of housing long-term prisoners in small, decentralized facilities. In the Federal system and other states, prisoners conform to the system, not vice versa.

The Driving Force Behind High Alaska Prison Costs are Inflated Personnel Costs

Alaska's regional correctional facilities lack the economy of scale and design efficiency to ever become cost effective. But they are a necessary component of regional public safety and should be limited to necessary and customary local jail services. Prisons should be located in the most cost effective and resource enriched areas of the state to capture economy of scale, operational efficiency and program effectiveness.

While economy of scale is a problem, the driving force behind the cost of corrections in Alaska is grossly inflated personnel costs.

The Alaska Department of Labor recently commissioned a living cost comparison between rail-belt Alaska and lower 48 communities. On the Runzheimer scale, when total costs (including taxation, but excluding the PFD)



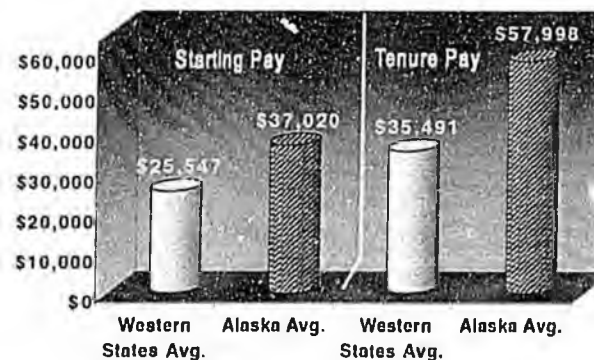
Alaska's Prison Dilemma

... Continued

are compared, the cost of living in the Anchorage area is comparable to Eugene, Spokane, Boise; Fairbanks costs less to live than Seattle and Portland. It should, therefore be fair to assume that Alaska's rail-belt correctional officer wages bear some rational relationship to Washington, Oregon and Idaho, but they are not even close.

The Corrections Yearbook, published by the Criminal Justice Institute, Inc., is the national repository for corrections statistics and lists correctional officer salaries by state. With a high school diploma, after training, correctional officers in Oregon, Washington and Idaho are paid an average starting salary of \$25,547; Alaska pays \$37,020. The maximum salary in these states is \$35,491, in Alaska it's \$58,000. By comparison, the starting wage and benefits for an Alaska private sector

Salary Comparisons



correctional officer is \$35,840. Not starting government wage and benefits, but certainly not substandard.

Correctional officer wages in the Anchorage area, where most correctional services are delivered, are fifty-five percent higher than the Northwest and national average. In addition, Alaska pays a COLA for more expensive areas of the State, as well as twenty-year retirement not available in Washington, Idaho and Oregon. Incredibly, the longevity wage and benefit package for a correctional officer in Bethel is over \$93,000 per year.

A Collaborative Effort

With no municipal, county or private sector comparison or competition, the centralized authority of the Department of Corrections has, by default, resulted in an intra-governmental monopoly that has controlled industry standards and inflated costs beyond reason. Perhaps that explains the aggressive opposition to a local government owned, but privately managed prison in Alaska.

Where correctional officer salaries and fringe benefits have been excessive, privatization has led to cost savings and forced the public sector to reexamine how it conducts business

In a monograph entitled "Emerging Issues on Privatization," the U.S. Department of Justice recently found that "where correctional officer salaries and fringe benefits have been excessive, privatization has led to cost savings and forced the public sector to re-examine how it conducts business." The federal report concurs with a recent finding by the Auditor General for the State of Arizona that private prisons "met or exceeded Department operational standards at a cost averaging about 12 percent less than state-operated beds for similar inmates." (Report No. 01-13 July 2001)

Years ago, the Department of Defense, the Federal Bureau of Prisons and a rapid growing number of states recognized that public service and safety is no longer the sole province of government, particularly in corrections. To sustain a dynamic, quality driven, Twenty First Century correctional system, Alaska's public and private sector must work together to offer Alaskans safe and effective service at a fair price. In Arizona, the collaborative effort has reduced the cost of correctional services by twelve percent.



ALASKA STATE LEGISLATURE
HOUSE FINANCE COMMITTEE
STATE CAPITOL, JUNEAU, ALASKA

Sponsor Statement

HB 498 – “An Act expressing legislative intent regarding privately operated correctional facility space and services; relating to the development and financing of privately operated correctional facility space and services; authorizing the Department of Corrections to enter into an agreement for the confinement and care of prisoners in privately operated correctional facility space; and providing for an effective date.”

House Bill 498 authorizes the construction of a local government-financed, local government-owned, and privately managed 1200 bed, medium security prison in the City of Whittier.

Ten out of the state’s 15 regional correctional facilities are currently operating over emergency capacity, the remainder approach emergency levels of prisoner overcrowding, and 750 Alaskan prisoners are housed in Arizona.

Prison overcrowding exposes inmates and staff to the risk of serious injury and death, and exposes the State to civil liability, as well as judicial intervention into the management prerogatives of the executive branch. With a total, all-time high prisoner population of 4,828, the current situation is grave and exceeds projections of the Dept. of Corrections.

This bill will create more than 500 direct and indirect, union scale construction jobs, and more than 500 permanent, direct and indirect, jobs for Alaskans associated with prison operations for the 25-year lease term authorized by the legislation. In addition, it will stimulate the Alaskan economy with the purchase of goods and services associated with an \$80-100 million construction project.

From a local perspective, a project of this magnitude will add value to the \$80 million Anton Anderson tunnel, reduce tolls and justify expanded hours of operation. Of greater importance, the prison will serve as an anchor economic engine in a community with limited economic stimulus opportunity.

The State will benefit economically and socially by providing in-state prison beds at significantly less cost than State-operated beds; by returning Alaskan prisoners closer to the resources necessary for effective rehabilitation; by diminishing State liability for the

effects of prison overcrowding; and by providing programs designed to break the cycle of Alaska Native recidivism.

With an average voter turnout of 110 residents, 88 adult residents have petitioned the Whittier City Council to adopt an ordinance authorizing the City to develop the prison in their community. The enabling ordinance passed with a unanimous vote.



ALASKA STATE LEGISLATURE
HOUSE FINANCE COMMITTEE
STATE CAPITOL, JUNEAU, ALASKA

Sectional Summary

HB 498 – “An Act expressing legislative intent regarding privately operated correctional facility space and services; relating to the development and financing of privately operated correctional facility space and services; authorizing the Department of Corrections to enter into an agreement for the confinement and care of prisoners in privately operated correctional facility space; and providing for an effective date.”

Sec. 1 expresses the Legislature’s intent that the Department of Corrections (DOC) secure additional prison space and services through a contract with the City of Whittier, similar to that currently contracted for outside the state. It further anticipates a privately-operated prison to bring competitive management styles and operations to Alaska. Finally, it expresses the intent that the initial per diem costs (excluding costs now excluded in the contract in Arizona, but including capital costs) should be in the \$89-\$91 range.

Sec. 2 in subsection (a) authorizes DOC to enter into a 25-year contract with Whittier for correctional space and services. Subsection (b) provides that the contract in (a) is predicated upon the City of Whittier having an agreement with one or more third-party contractors for construction and operation of the facility. It further requires that the City of Whittier procure the third-party contractors through a competitive procurement process. And it provides that the procurement requirements are satisfied if the City of Whittier follows its proscribed and lawful procedures under the general powers grant of the state municipal code (AS 29.35.010(15) (providing facilities for the confinement and care of prisoners).

Subsection (c) stipulates that the agreement authorized in (a) must cover a minimum of 1200 beds and the payment from DOC must cover the capital costs, including debt service, and operating costs for a period of five years from initial operation of the facility.

Subsection (c) further provides that the payments under the agreement must be subject to annual appropriation by the legislature; that the agreement must contain a provision allowing for termination with the third-party contractor and procurement of a replacement contractor; and that the agreement is subject to a requirement that the contractor provide culturally relevant counseling to incarcerated Alaska Natives.

Subsection (d) provides that the City of Whittier may issue bonds under its municipal powers and that the bonds may be secured by the revenues from the facility.

Sec. 3 adds a section of uncodified law to provide that AS 33.30.031(a) does not apply to the above-described agreement. AS 33.30.031(a) is a grant of authority to the commissioner of corrections that allows placement of prisoners in non-state facilities if the commissioner determines there is insufficient suitable space in-state.

Sec. 4 repeals unneeded portions of last year's legislation authorizing private prison in the Kenai Peninsula Borough.

Sec. 5 provides an effective date of July 1, 2002.

THE
FOLLOWING
DOCUMENT(S)
ARE
POOR
ORIGINAL
COPIES



Alaska State Legislature

Please enter into the record my testimony to the H. STATE AFFAIRS COMM.
committee name
 committee on HB 498, dated 2/28/02
bill/subject

I oppose HB 498, so far the record, NATIONALLY, OF PRIVATE PRISONS IS EXTREMELY POOR - IN WAGES PAID, REHAB., ACCOUNTABILITY TO LOCAL COMM. & STATE GOVT AND IN TOTAL COST PER PRISONER TURNS OUT TO BE ESSENTIALLY THE SAME AS STATE PRISON SYSTEMS. A SOLE CONTRACTOR PROPOSING A BILLION DOLLAR PROJECTION IS PROBABLY A RED HERRING. THIS BILL IS SET UP TO BENEFIT CORNELL CORRECTIONS. PRISONS SHOULD BE A WHOLLY OWNED, RUN & CONTROLLED BY THE STATE - TO PROVIDE FOR A SOCIAL OUT COME - NOT WAREHOUSING OF PRISONERS.

Signed: *Pete Roberts*
 Testifier
PETE ROBERTS
 Representing (Optional)
BOX 1134 HOMER 99603
 Address
235-4113
 Phone No.



State Of Alaska
Legislative Affairs Agency
Kenai LIO
145 Main St Lp, Ste 217
Kenai, AK 99611
907-283-2030

Date: 3/7/02

Please accept the enclosed original(s) of written testimony for the ASFA teleconference hearing that was scheduled on 3/7/02.

A copy of this testimony was transmitted to your committee via fax on 3/7/02.

Thank You,

Kenai LIO



Alaska State Legislature

Please enter into the record my testimony to the House State Affairs Committee
committee name

Committee on HB 498 Private Prison, dated March 5, 2002
bill # / subject

My name is Elsie Hendryx, Vice President Kenai Native Association. I would like to testify on behalf of the Whittier Private Prison. My primary interest is bringing our Alaskan People back to Alaska and having it in Whittier would be a good place to have a prison.

As part of the treatment program is crucial since it is closer to families and family contact is a large part of the treatment program.

Signed: Elsie M Hendryx
Testifier
Kenai Native Association, Inc.
Representing (optional)
215 Fidalgo Avenue, Suite 101, Kenai 99601
Address
907-283-4854
Phone number



Alaska State Legislature

Please enter into the record my testimony to the House State Affairs
committee name
 committee on HB 498, dated March 5, 2002
bill/subject

I oppose private for-profit prisons. I am not alone. After a vigorous and expensive campaign (proponents outspent opponents 4 to 1) the private for-profit prison was resoundly defeated (3 to 1) here on the Kenai. Wrangell also rejected a private-prison. Delta is still picking up the pieces after Cornell came to town.

It is the duty of the State to house law-breakers. The state incarcerates lawbreakers, therefore state, for the safety of the community, must house them.

The hidden costs such as transportation and infrastructure will be carried by the State and communities where these prisons are located.

Please familiarize yourselves with the track record of these prison privateers. The promises of cost savings and reduced recidivism are completely fictional.

Signed: Mako Haggerty MAKO HAGGERTY
Testifier

Self
Representing (Optional)

PO Box 2001
Address

235-9055
Phone No.

FAX 907-283-3075



Alaska State Legislature

Please enter into the record my testimony to the Kenai Peninsula delegation and the appropriate
committee name

Committee on HB 498, Whittier Private Prison, dated February 28, 2002
bill # / subject

I oppose the legislature's efforts to contract with a private party for correctional facility services. I do not trust the proponents of this effort or private operators like Cornell to fulfill the legislative intent for bringing "competitive management styles and operations to Alaska". I think there is far too much opportunity for abuse of power and misuse of public money during the construction and the 25-year contract period. Based on previous unsuccessful efforts, most recently in Kenai, I do not believe a majority of informed Alaskan's support a large privately operated prison. I can understand the City of Whittier's financial interest for obtaining a large facility, but that type of biased interest is another reason why I oppose the private prison concept. I believe the corrections program should be operated by the state. I favor the approach recently presented in the Daily News whereby existing facilities would be enlarged and new facilities would be constructed in several larger rural cities.

If the legislative leadership was really serious about saving the state money, years ago they would have addressed the much larger and long term issue of state finances. We need to quit wasting time and money on private prison legislation, the public has spoken on this subject. Let us implement a state operated solution and move ahead with resolving other important issues.

Signed: Ronald T. Rozak *Ronald T. Rozak*
Testifier

Self
Representing (optional)

36641 Chinulna Drive, Kenai, AK 99611
Address

907-286-9369
Phone number



Alaska State Legislature

Please enter into the record my testimony to the House State Affairs
committee name

Committee on HB 498 Whittier Private Prison, dated 3-5-02
bill # / subject

I am opposed to any and all private/for profit prisons. Public safety is best left in the hands of public servants who answer to the people. Public prisons try to rehabilitate inmates and lower the return rate. They are also not concerned with trying to remain at full capacity.

Private prisons answer to their stockholders and are in business to make money. They will charge all the traffic will bear. The more beds they can keep full the more profit they make. For profit prisons have no interest in rehabilitating or keeping prisoners from returning.

Private/for profit prisons traditionally have problems staffing with qualified personnel. They suffer from high staff turnover due to their traditionally low wages and poor training.

The government that contracts with a for profit prison is still legally responsible for all liabilities that may arise from that private business.

Federal studies have shown that there is no savings to a community or government with a private prison. They have also shown that the communities around a private prison have increased social service costs to cover the families of the employees who do not earn a living wage from the contractor. Communities also will subsidize the building and operations of a private prison wthrough tax breaks and incentives. All of the profit in the private prison goes to the stockholders and the cost comes from the community and government. Private prisons are a lose-lose situation for everyone except the contractor.

One last point is that inmates have a better chance of not coming back if they are in a smaller prison close to home so that they can receive family support. The smaller prisons are less likely to be run by the inmates. Thankyou.

Signed: William R. Parker
Testifier

self

Representing (optional)

35367 Rabbit Run Road, Soldotna, Ak 99669
Address

(907) 262-7677

Phone number

March 6th 2002

HB 498

To
Representative:
Coghill

FAX #
907-465-
325

From Shari Miethé
874-3909 P.O. Box 963
WRG. AK 99929

I of 2 with cover.

Thank you

MARCH 5th & 7th 2002.) House Bill 498: Whittier Private Prison PRIVATE prison corporations, use incarceration as a profiteering mechanism. The "profits" generated from a Private prison located in Whittier, will primarily go to the HOUSTON, TEXAS based Prison corporation (CORNELL), and its stock-holders. Taxpayers in the state of Alaska will fund it to the tune of a minimum of \$40 million per year. (for 25 years.)

Representative Peggy Wilson reported in the Wrangell Sentinel of Feb. 28th 2002, that The State of Alaska has "three pots of money or accounts" the state draws from to pay "its bills"; The Constitutional Budget Reserve, which serves as a "shock-absorber" for the State General Fund, and the Earnings Reserve Account, (where the PERMANENT FUND is located). She stated that the CBF "has only enough funds in it for another two years". Peggy further stated that Alaskans have only "3 choices" to choose from in resolving our fiscal problem, or "gap". One "choice" would be to "cut programs state wide". If we don't close the gap, the ERA or Permanent Fund account will be the next "pot" that is dipped into.

It seems to me, a greater fiscal responsibility would be gained by not initiating "programs" that will incur a yearly minimum cost of \$40 million.

If we are so eager to "expand" an additional \$40 million a year, why not look to the needs of Alaskan communities and keep the revenue in the STATE? ie. Senior Health care services, Port expansion, Fisheries enhancement, Job placement services, Trade & Apprentice Schooling options, The list is endless.

My question is this:

How does the State justify legislating ANOTHER multi million dollar PROGRAM, while we are seeking ways to SAVE money, GENERATE revenue and CLOSE the fiscal gap?

Current bills, such as The Governors bill, SB336, will allow for the EXPANSION of existing PUBLIC prison facilities. SB336, adequately negates the need for a Private Prison Investment and its accompanying RISKS. SB336, is a far better economic choice for Alaska.

ENACTING legislation which will incur further long range EXPENSE to the state, while EXPORTING millions of dollars out of state; would become another case of poor fiscal budgeting that will ultimately end up costing the citizens of Alaska their permanent fund revenues, and much more.

If the "POT dries up" and the STATE starts utilizing the Permanent Fund to pay off Private Prison incurred expenses, those Alaskan citizens who have VOTED NOT to have PRIVATE prison expansion into Alaska, will actually end up paying for it!

Representative Wilson, since your constituents in Wrangell, voted an overwhelming, NO to a private prison proposition, I would encourage you to do the same and VOTE NO, on ANY private prison issue in the state. This includes HB 498. Thank you for your time.

Shari Mieth

PO Box 963 Wrangell, AK.99929--- E-Mail: mieth@aptalaska.net

March 5, 2002

To: Honorable Chairman and Committee Members

From: Leonard Jones
Director of Public Facilities
City of Whittier

Subject: House Bill 498

I am a 33 year resident of the State of Alaska. I have attended high school, college and raised two sons here in Alaska. Prior to November 16th, 2001, I worked as a Correctional Professional for the Alaska Department of Corrections with a 28 year career providing services to the citizens of the State of Alaska as well as to the sons, daughters, brothers and sisters of my fellow Alaskans who unfortunately found their way into the Department of Corrections for a period of incarceration. For the past 9.5 years, I worked at the executive level of the DOC providing direct contract administration and oversight for the States 10 Community Residential Centers or (half-way houses).

During my tenure, I helped establish affective programs that both I and the DOC believed would benefit the prisoners entrusted to the custody and care of the DOC. Based on the DOC's *Mission Statement, which I fully supported for years and still support reads, "In partnership with the citizens of Alaska, protect the public from repeat offender crime by using the best correctional practices available to provide a continuum of appropriate, humane, safe and cost effective confinement, supervision, and rehabilitation services. The Department will carry out its responsibility while respecting the rights of victims and recognizing the dignity inherent in all human beings".* and the *Vision "To be partners with the public in the delivery of a continuum of correctional services with integrity and a commitment to excellence".* The **City of WHITTIER** is prepared to work with the DOCs to develop fully and completely this same *Mission* and *Vision* concerning the return of our prisoners from the Arizona Detention Center in Florence, Arizona to ALASKA.

After 28 years with the DOC's, I choose to take a RISK and leave state service to work for the City of Whittier to assist as best I can with the development of a private medium security correctional facility in ALASKA to house our more than 800 prisoners currently in Arizona. The City of Whittier wants to partner with the State and the DOCs largest private operator of Community Residential Center's "*Cornell Corrections*" to continue to provide the necessary rehabilitative, custody and security programs to all offenders returned to a private prison in Whittier Alaska. This places a heavy emphasis on culturally relevant programming for our Native offenders. I have worked with the Alaska Native Brotherhood in Southeast to develop similar native programs. I personally assisted and provided guidance for the development of the Native Culturally Relevant Programs in both the Nome and Bethel Community Residential Centers to provide positive reintegration tools and community support for the Native offenders incarcerated in these rural communities. I am proud of the work I helped produce while employed by the DOCs. I provide that same high degree of professionalism to Whittier, Alaska to help this community develop programs to support the positive custody, control and management of a privately operated 1200 bed medium security prison in Alaska.

Last week, a gentlemen from Homer made a particular statement during these Legislative hearings suggesting that family member, loved ones and others who may visit this prison site are "Not the kind of people you want in your community". He spoke of the increase in possible crime and other negative ideations he felt would be a negative impact on any City and the State as a whole. I disagree Mr. Chairman and Committee Members and the all the Citizens of the State of Alaska listening this morning. YOU must all remember that one day each and every offender who has strayed for whatever reason into the custody and care of the DOCs will **ONE DAY BE RELEASED BACK TO THEIR COMMUNITY. THESE OFFENDERS WHEATHER YOU WANT TO ACKNOWLEDGE THIS FACT OR NOW WILL BECOME YOUR NEIGHBOOPS AGAIN SOMEDAY.**

The State and its DOCs needs to fully and openly support the return of our offenders to Alaska. I encourage the Legislature, the Governors Office and the Commissioner of the Department of Corrections to support any legislation which affects this action. YES, there are specifics issues to be addressed as previously identified by Margo Knuth, Strategic Plan Coordinator for the DOCs. The issues of concern are legitimate; however, they are not insurmountable concerns that cannot be resolved with cooperation and team work between the DOCs, Cornell Corrections and the City of Whittier.

In the process of development a community such as Whittier may be fortunate enough to improve it's economic base and demonstrate their desire, fortitude and dedication to providing a service to the State of Alaska, which addresses the establish concerns of the Department of Corrections to operate and manage this 1200 bed private correctional facility. Do not forget currently the DOCs pay for an employee to be on staff in Arizona to monitor and ensure prisoner rights are afforded each of our Alaska prisoners, as well as travel of Central Classification staff to Arizona regularly. These same services would and should be provided to the City of Whittier to professionally assist with oversight and management of this facility. Cornell is dedicated to meeting the high standards of the ADOC and the American Correctional Association Standards for the operation and management of an Adult Correctional Facility.

I fully support this opportunity for the State of Alaska and the citizens of the City of Whittier, "*The Western Gateway to Prince William Sounds*". Thank you for your time and attention to this critical and sensitive issue.

Respectfully,



Leonard G. Jones

Director of Public Facilities and Harbormaster
City of Whittier

Phone. (907) 472-2375

**"Corrections + Community Partnerships
A New Way of Doing Business"**

Summary

Location	# Beds	Type	Total Cost (Millions)
Bethel	96	Jail/Sentenced	\$18.594
Fairbanks	80	Jail/Sentenced	\$15.152
Palmer	217	Medium	\$44.494
Seward	150	Juvenile/Sentenced	\$28.130
Mat-Su	102	Jail	\$27.517
Anchorage	192	Jail/Special Need	\$26.428
Pt. Mac	88	Minimum	\$9.908
Kenai	256	Medium	\$50.050
Juneau	64	Jail/Sentenced	\$11.312
Ketchikan	24	Jail	\$7.478
Total Beds	1,269	Total Capital Costs For beds and Infrastructure	\$239.060

"The State now has an overabundance of medium custody inmates"

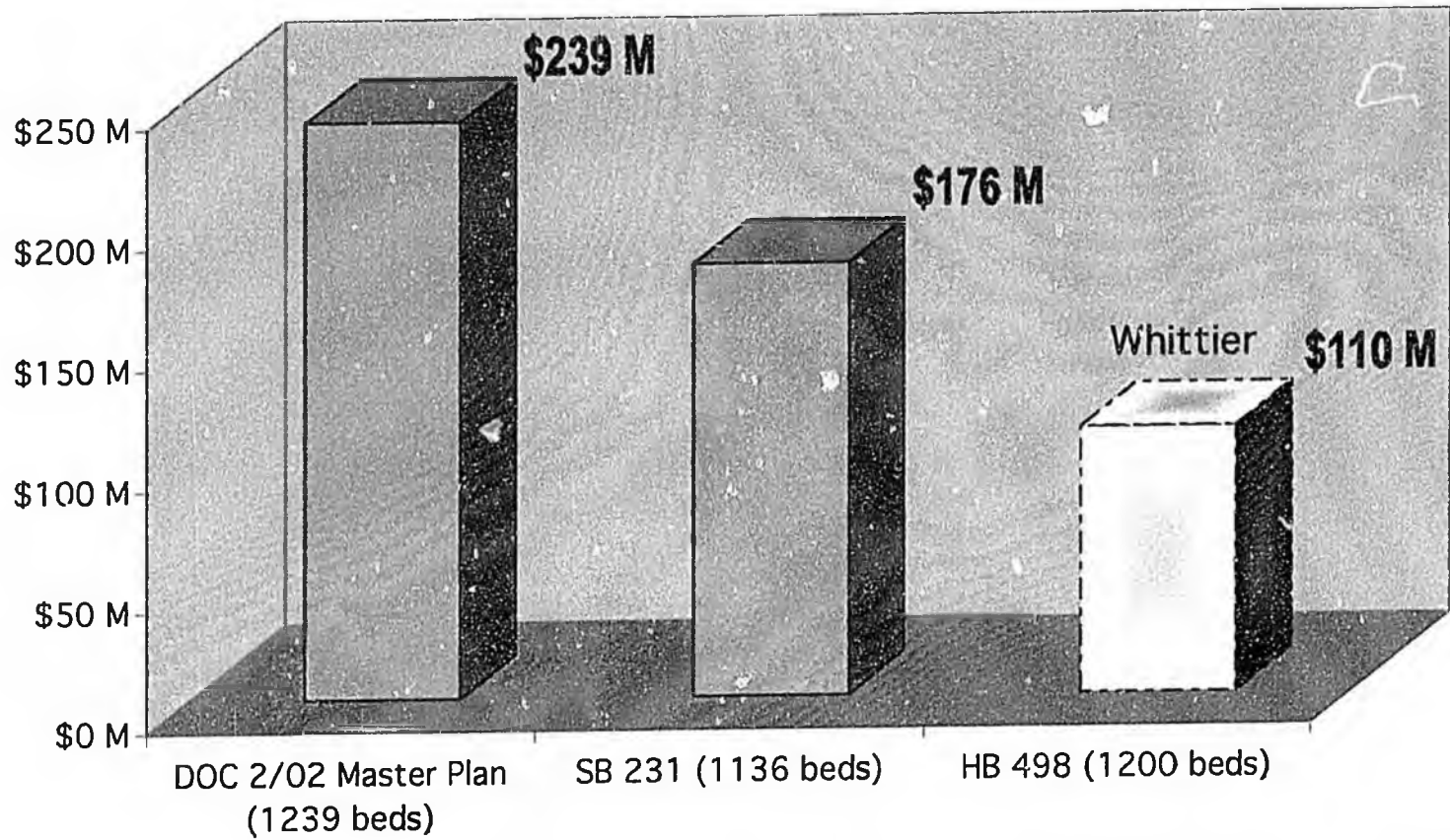
Page 2, *Corrections + Community Partnerships - A New Way of Doing Business*, February 2002

Medium Security Prison Space Demand

Palmer	217
Kenai	256
Arizona	750 (High Medium)

Total Beds Needed 1,223

Proposed Capital Costs: 1200 Beds

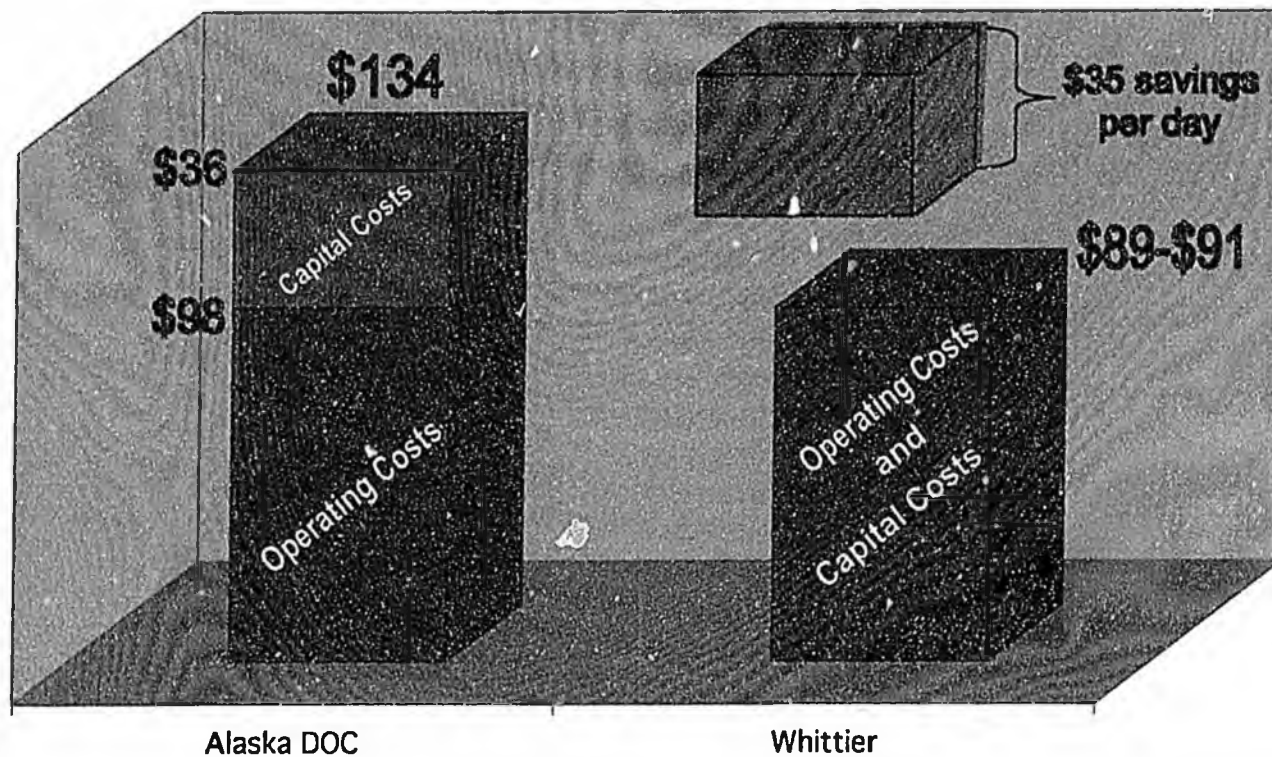


Instate Inmate Count - Alaska Department of Corrections - February 2002

	104	403	211	233	58	170	85	78	214	176	108	486	255	113	92	Emergency Cap		2786
	102	397	200	225	52	164	82	78	207	176	104	466	249	112	88	Maximum Cap	2702	
Day	AMCC	CIPT	FCC	HMCC	KCC	LCCC	MSPT	MCCC	PCCmed	PCCmin	SIXTH	SCCC	WCC	WPT	YKCC	Totals	Over Max	
1			203	222	57			77		176				94	91	2859	106%	
2			206	224			85	77		176	108			106		2887	107%	
3			204	226				78		176				105		2907	107%	
4				226			85	75		178				104		2916	108%	
5			211	226			83	77		176				105		2921	108%	
6				226				77		176	107			104		2913	108%	
7				230			84	77		176	107			103		2917	108%	
8				231	55		82	77		175	108			111		2905	107%	
9			211				85	77		175	107			110		2920	108%	
10							85	77		175	108			109		2932	108%	
11						168	85	77		176	101			103		2916	108%	
12				232		169	84	77		176	100			104		2912	107%	
13			210	229			82	77		176	107			106		2915	107%	
14				227			78	77		175	104			97		2909	107%	
15				222			79	77		178				110		2928	108%	
16				223			75	77		176				111		2938	108%	
17				231			75	78		176				109		2944	108%	
18				230			81	78		175	106		253	108		2943	108%	
19				230			79	78		176	104		252	105		2946	108%	
20				226			80	78		176	106		253	109		2942	108%	
21				218	58		79	78		176	107			109		2939	108%	
22			204	216	57		79	76		176				107		2931	108%	
23				219			77	76		176				110		2951	108%	
24				218			81	75		176				110		2952	108%	
25				217			85	78		176				97		2961	109%	
26				215			82	78		176				102		2963	109%	
27				215			81	77		176	102			102		2917	107%	
28				212	57		82	77		176	102			99		2920	107%	
Avg.	113	437	214	225	61	177	82	77	228	176	110	541	261	105	104	2911	108%	104%

 = Over Maximum Capacity
 = Over Emergency Capacity












Difference Between State and Whittier Daily Costs Per Bed
(Medium Security Beds in Southcentral Alaska)



Notes:

1. \$98 is the Wildwood and Palmer Average Daily Cost of Care, plus Inmate Programs, Admin and Support, and Statewide Indirect; less Major Medical
2. \$36 is the construction of the State's planned Palmer and Kenai medium security prison additions amortized over 25 years.

Benefits to the State

-  Returns \$18 million per year to Alaska economy; economic multiplier effect benefits all of Alaska
-  325 Union construction jobs*
-  228 Indirect construction related jobs*
-  225-275 permanent prison jobs*
-  200 permanent indirect jobs*
-  Purchase of goods, materials and services associated with construction and operation over 25 years
-  35% less costly than State built and operated prison beds
-  Mitigates state liability for prison overcrowding
-  Returns Alaska prisoners nearer to Alaska rehabilitation resources and families
-  Only prison plan that focuses on Alaska Natives with programs *for Natives by Natives*
-  Adds value to \$90 million Anton Anderson Tunnel

* Adapted from Information by Scott Goldsmith, University of Alaska

BJA Bureau of Justice Assistance

**Emerging Issues on
Privatized Prisons**

James Austin, Ph.D.
Garry Coventry, Ph.D.

National Council on Crime and Delinquency

February 2001

Monograph

NCJ 181249

**U.S. Department of Justice
Office of Justice Programs
810 Seventh Street NW.
Washington, DC 20531**

John Ashcroft
Attorney General

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World Wide Web Home Page
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**For grant and funding information contact
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1-800-421-6770**

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The Bureau of Justice Assistance is a component of the Office of Justice Programs, which also includes the Bureau of Justice Statistics, the National Institute of Justice, the Office of Juvenile Justice and Delinquency Prevention, and the Office for Victims of Crime.

Summary

The Diminishing Returns on Privatization

This report supports the basic premise that private facilities appear to perform at the same level of efficiency as public facilities. Although they tend to house a higher proportion of minimum-custody inmates in relatively new facilities, private facilities tend to have the same staffing patterns; provide the same levels of work, education, and counseling programs for inmates; and have the same rates of serious inmate misconduct as public facilities. The few credible impact studies show more similarities and fewer differences between the two methods of operation.

What seems to have evolved in the United States is a privatization model that essentially mimics the public model but achieves modest cost savings, at least initially, by making modest reductions in staffing patterns, fringe benefits, and other labor-related costs. There is no evidence showing that private prisons will have a dramatic impact on how prisons operate. The promises of 20-percent savings in operational costs have simply not materialized. Even if they had, the limited market share of less than 5 percent of private prisons would have had a limited impact on prison budgets. For example, assume that 10 percent of a state's prison system becomes privatized and that each private prison produced a 10-percent savings in operational costs. Even at this level, the overall impact on a state prison budget would be only 1 percent (10 percent of 10 percent=1 percent). This amount of savings will not revolutionize modern correctional practices.

Today it appears that achieving even a 10-percent market share will prove to be increasingly difficult for several reasons. The growing number of well-publicized stories of poor performance in private prisons is growing (e.g., Colorado, Louisiana, Oregon, South Carolina, and Texas). The problems associated with the CCA-operated Northeast Ohio Correction Center in Youngstown, Ohio, have dramatized how badly a privatized prison can be operated. In this facility, 17 inmates were stabbed, 2 were murdered, and 6 escaped in the first 15 months of operation. Operational flaws were linked to inexperienced staff, inadequate training, and a willingness on the part of prison authorities to accept inmates who should not have been transferred to the facility (Clark, 1998). If nothing else, the private sector has shown that it is as equally capable of mismanaging prisons as the public sector.

These problems suggest that the sales division of the private sector may well be outperforming the production division. It may well be that the difficulties private prisons are experiencing may increase simply because they, like prisons in the public sector, are finding it increasingly difficult to recruit competent staff.

The Future of Privatization

Despite these criticisms, privatization still provides a vital function within the correctional system. Although the private sector has been unable to keep its promise of greatly improving prison operations, its mere presence has had a significant impact on traditional prison operations. Gaes and colleagues (1998) acknowledge that privatization has forced the public sector to reexamine how it conducts business. Certainly in those markets where correctional officer salaries and fringe benefits have been excessive, privatization has fostered a reexamination of those costs, which has led to cost savings. In this sense, privatization has served as a catalyst for change by demonstrating other means for doing the business of corrections. As limited as they are, however, these cost-saving innovations should not be the only items on the privatization agenda.

It would be extremely interesting and productive for the private sector, in partnership with the public sector, to become the vehicle for testing far more substantive changes in correctional policy in a number of areas—not just prisons and jails. For example, an extremely promising strategy would be for the private sector to test the long-term effects of state-of-the-art correctional programming in reducing recidivism in the areas of education, vocational training, and various forms of counseling, both in prison and after release. One could also test the effects of reducing prison terms and other correctional policies using the flexibility of the private sector. Finally, new management techniques, staff training, and facility designs could be tested by the private sector under controlled conditions. All such innovations should be directed at reducing the current ineffective correctional practices rather than producing a system that is less expensive but as ineffective as the public-sector system.



State of Arizona
Office
of the
Auditor General

PERFORMANCE AUDIT

**ARIZONA
DEPARTMENT
OF
CORRECTIONS**

Private Prisons

**Report to the Arizona Legislature
By Debra K. Davenport
Auditor General**

**July 2001
Report No. 01-13**

SUMMARY

The Office of the Auditor General has conducted a performance audit of the Private Prisons subprogram at the Arizona Department of Corrections (Department) in response to a June 16, 1999, resolution of the Joint Legislative Audit Committee. This performance audit was conducted under the authority vested in the Auditor General by A.R.S. §41-1279 and as part of the Sunset review set forth in A.R.S. §41-2951 et seq. This audit is the fourth in a series of six audits of the Department of Corrections. Previous audits focused on Security Operations, Human Resources Management, and Support Services. The remaining audits will focus on Agency I Correctional Industries.

Arizona statutes a doing so offers a co comparable levels c contracts for three: tities, with a total capacity of 1,450 inmates. These facilities, located in Florence, Marana, and Phoenix, primarily house inmates who have committed Driving Under the Influence (DUI) or drug-related offenses. In addition to a Department administrator who is responsible for all privatization projects, 15 Department employees administer the subprogram. These employees monitor contract compliance and carry out functions such as classification and discipline of inmates housed in the private prisons. Most of these employees work on-site at the private prisons.

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The Department Exercises Strong Oversight of Prison Contractors (See pages 9 through 12)

Through strong contract requirements and extensive oversight activities, the Department has ensured that contracted facilities operate almost exactly like state-operated facilities, and at a lower cost. The Department requires its contractors to follow the

same policies and procedures as its state-operated prisons, extending to specific details such as following the same daily menus as state-operated facilities. Full-time contract monitors at each private prison assess compliance with Department requirements, and additional on-site Department staff perform inmate classification and handle inmate grievances and discipline. Department reviews show that its contractors met or exceeded Department operational standards at a cost averaging about 12 percent less than state-operated beds for similar inmates. This difference resulted in a savings of \$5.5 million in fiscal years 1998 and 1999, including the costs of program administration and contract monitoring. These savings are derived mainly from providing lower salaries and benefits compared to those of state employees.


The Department's review and oversight activities are more extensive than those in most other states. However, the approach appears to be effective, based on the private prisons' compliance with Department standards and the lower cost of housing inmates in private prisons compared to the cost of state-operated facilities.

**The Department Should Begin
Gathering Information To Make
Future Privatization Decisions
(See pages 13 through 17)**

The Department should plan ahead so it can use private prisons most effectively when it needs more beds to accommodate inmate population growth or replace unsatisfactory facilities. In addition to the substance abuse and DUI inmates already sent to private prisons, the Department may wish to consider privatizing incarceration of other inmate groups, such as women, geriatric inmates, sex offenders, or mentally ill inmates. Other states have privatized or are considering privatizing some of these populations. However, in order to compare the costs of incarcerating in state-operated versus private facilities for such inmates, the Department needs to begin tracking such costs as health care,

special programs, or facility modifications required for these inmate groups. Because the Department has moved many of these types of inmates into separate units within Department-operated complexes, it may be easier to track these costs.

**Other Pertinent Information
(See pages 19 through 23)**



The prisons that have contracts with the Department are not the only private prisons operating in Arizona. Three additional prisons operate in Arizona and house inmates from other jurisdictions, such as three federal agencies, two other states and the District of Columbia, and a tribal government. More such prisons may open in the near future. Currently, state regulation of prisons without Department contracts is minimal. However, the Department would like the State to have more stringent regulation of these prisons.

ALASKA ECONOMIC TRENDS



<http://www.labor.state.ak.us/research/research.htm>

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	Total Standard Costs	Percent of Standard City Taxation	Percent of Standard City	Transportation	Percent of Standard City	Housing	Percent of Standard City	Misc. Goods & Services, Other	Percent of Standard City	
State of Alaska composite	\$35,331	110.4	\$2,756	77.9	\$4,807	105.2	\$17,469	124.6	\$10,028	104.4
Anchorage, AK	33,518	104.7	2,892	81.8	4,918	107.6	15,656	111.7	9,781	101.9
Fairbanks, AK	34,398	107.5	2,927	82.8	4,825	105.6	16,325	116.4	10,050	104.7
Juneau, AK	38,076	119.0	2,448	68.2	4,678	102.4	20,426	145.7	10,253	106.8
West										
Eugene, OR	33,368	104.3	3,703	104.7	4,351	95.2	15,697	111.9	9,346	97.3
Las Vegas, NV	32,518	101.6	3,144	88.9	5,416	118.5	13,708	97.8	9,979	103.9
Los Angeles, CA S4 ✓	33,756	105.5	2,997	84.8	5,300	116.0	14,907	106.3	10,281	107.1
Portland, OR ✓	35,014	109.4	3,480	98.4	4,544	99.4	16,819	119.9	9,900	103.1
Sacramento, CA ✓	34,017	106.3	2,895	81.9	5,002	109.5	15,713	112.1	10,136	105.6
Salt Lake, UT ✓	35,262	110.2	3,111	88.0	4,631	101.3	17,457	124.5	9,192	102.0
San Diego, CA ✓	39,618	123.8	2,448	69.2	4,965	108.6	21,621	154.2	10,513	107.4
Seattle, WA S1 ✓	39,433	123.2	2,448	69.2	5,023	109.9	21,076	150.3	10,515	110.6
Spokane, WA ✓	34,062	106.4	2,899	82.0	4,807	105.2	15,514	110.6	10,571	110.1
Southwest/Mountain										
Boise, ID	32,142	100.4	3,281	92.8	4,351	95.2	14,949	106.6	9,290	96.8
Dallas, TX	30,117	94.1	3,344	94.6	4,702	102.9	12,365	88.2	9,435	98.3
Denver, CO	38,270	119.6	2,734	77.3	5,065	110.8	20,515	146.3	9,685	100.9
Phoenix, AZ	31,749	99.2	3,612	102.1	5,066	110.9	13,188	94.1	9,612	100.1
Midwest										
Columbia, MO	29,004	90.6	3,935	111.3	4,252	93.0	11,516	82.1	9,030	94.1
Dayton, OH	30,971	96.8	4,533	128.2	4,176	91.4	12,454	88.8	9,537	99.3
Oklahoma City, OK	29,221	91.3	4,272	120.8	4,494	98.3	10,397	74.1	9,787	101.9
Southeast										
Augusta, GA	27,303	85.3	4,248	120.1	4,585	100.3	8,638	61.6	9,561	99.6
Orlando, FL	29,523	92.3	3,361	95.1	4,445	97.3	11,674	83.3	9,772	101.8
Raleigh, NC	31,029	97.0	3,837	108.5	4,281	93.7	13,250	94.5	9,390	97.8
Atlantic/New England										
Baltimore, MD	33,828	105.7	3,649	103.2	4,663	102.0	15,585	111.1	9,660	100.6
Washington, DC	37,231	116.3	3,033	85.8	4,724	103.4	19,176	136.8	10,027	104.4

Source: Runzheimer's Living Cost Index, December 2000

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5 pages
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**The Corrections Yearbook™
2000
ADULT CORRECTIONS**

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**AVERAGE COST PER INMATE PER DAY IN 1999 AND AGENCY CHARGE
FOR HEALTH CARE OF INMATES AS OF JANUARY 1, 2000**

	Total	Food	Health	Charge for Health Care	Maximum Charge	Minimum Charge
Alabama	\$23.40	\$1.03	\$1.12	○		
Alaska ¹	\$110.73	\$4.91	\$16.36	*		\$4.00
Arizona ²	\$52.81	\$3.82	\$7.32	*	\$3.00	\$3.00
Arkansas ³	\$37.65	\$3.75	\$5.26	○		
California	\$62.38	\$3.83	\$9.91	*	\$5.00	
Colorado ⁴	\$71.93	\$3.00	\$8.81	*	\$3.00	\$0.50
Connecticut ⁵	\$66.91	\$3.69	\$8.57	*	\$3.00	
Delaware	\$62.03	\$3.78	\$5.52	*	\$4.00	\$4.00
Dist. of Col.	\$78.00	\$5.00	\$13.00	○		
Florida	\$50.97	\$1.84	\$9.40	*	\$4.00	\$4.00
Georgia	\$47.68	\$1.57	\$7.58	*		\$5.00
Hawaii	\$91.00	\$13.00	\$10.00	*	\$3.00	\$3.00
Idaho	\$51.51	\$5.57	\$6.40	*	\$3.00	
Illinois	\$50.68	\$3.31	\$3.52	*	\$2.00	\$2.00
Indiana	\$56.12	\$3.00	\$3.66	*	\$5.00	\$0.00
Iowa ⁶	\$58.00	\$4.88		*	\$3.00	\$3.00
Kansas ⁷	\$51.94	\$3.75	\$6.97	*	\$2.00	
Kentucky	\$42.25			*	\$2.00	
Louisiana ⁸	\$30.28	\$2.12	\$4.69	*	\$3.00	\$2.00
Maine	\$76.46	\$3.03	\$5.90	○		
Maryland	\$46.00			*	\$3.00	\$2.00
Massachusetts	\$90.34	\$2.16	\$9.76	*	\$5.00	
Michigan ⁹	\$58.31	\$2.56	\$14.15	*		\$3.00
Minnesota	\$86.16	\$3.02	\$9.53	*	\$3.00	\$3.00
Mississippi ¹⁰	\$37.50	\$2.18	\$5.07	*		\$3.00
Missouri	\$35.61	\$2.11	\$4.74	○		
Montana	\$58.00	\$5.74	\$8.26	○		
Nebraska	\$61.10	\$3.82	\$6.09	○		
Nevada	\$55.87	\$2.35	\$8.16	*	\$4.00	\$4.00
New Hampshire	\$53.12	\$3.33	\$6.74	*	\$5.00	\$0.00
New Jersey ¹¹	\$69.37	\$3.27	\$8.05	*	\$5.00	\$1.00
New Mexico ¹²	\$75.98	\$4.75	\$11.91	○		
New York	\$64.34	\$2.93	\$6.72	○		
North Carolina ¹³	\$63.43					
North Dakota ¹⁴	\$50.60	\$3.51	\$3.83	*		
Ohio	\$53.36	\$4.32	\$6.11	*	\$3.00	\$3.00
Oklahoma	\$42.36		\$1.58	*	\$2.00	\$2.00
1998 - Oregon	61.30			*		
Pennsylvania	\$67.46	\$5.02	\$9.59	*	\$2.00	\$2.00
Rhode Island ¹⁵	\$100.61			○		
South Carolina	\$38.13	\$2.43	\$6.59	○		
South Dakota	\$31.96	\$5.18	\$5.12	*	\$2.00	\$2.00
Tennessee	\$45.69	\$3.37	\$5.84	*	\$5.00	\$3.00
Texas ¹²	\$38.71	\$1.96	\$6.31	*	\$3.00	\$3.00
Utah	\$58.55	\$2.65	\$9.28	*	\$4.00	\$0.00
Vermont ¹⁶	\$64.00	\$4.00	\$8.00	○		
Virginia ¹⁷	\$51.05	\$3.07	\$4.56	*		
Washington	\$63.16	\$5.42	\$9.31	*	\$3.00	\$3.00

PRISON BUDGETS

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Cost Per Inmate Per Day and Agency Charges for Inmate Health Care, continued

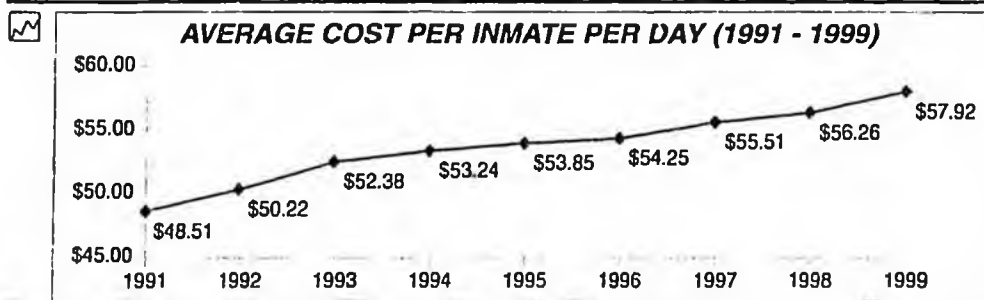
	Total	Food	Health	Charge for Health Care	Maximum Charge	Minimum Charge
West Virginia ¹⁸	\$49.50	\$3.20	\$6.53	*		
Wisconsin	\$56.42	\$3.95	\$5.73	*	\$2.50	
Wyoming ¹⁹	\$54.88	\$7.66	\$7.28	o		
Federal ²⁰	\$59.41	\$4.97	\$8.88	o		
Total/Average	\$57.92	\$3.78	\$7.34	32	\$3.33	\$2.48

* = "yes," o = "no" ¹Maximum charge is open. ²Food and health costs do not include costs for privately operated facilities. ³Figures are for the Department of Corrections; Department of Community Punishment (DCP) total is \$40.00, food is \$2.45 and health is \$4.59. ⁴Total is calculated by fiscal year. ⁵Total is average daily inmate expenditure (agency general funds). ⁶Food is based on a range of \$2.44 to \$7.32 per day per meal. ⁷Total does not include the allocation of costs for central office administration, correctional industries and debt service. ⁸Total includes adult institutions, Office of Adult Services and Sheriff's payments; food and health exclude two privately managed adult institutions. ⁹Maximum charge is based on the inmate's ability to pay. ¹⁰Minimum charge is for inmate initiated visits. ¹¹\$5.00 for inmate initiated sick call and \$1.00 for prescription medication. ¹²Health includes medical, mental health and administrative mental health costs. ¹³Latest available cost per inmate per day figure is for FY 99. ¹⁴Minimum charge is 15%. ¹⁵Total is for FY 99. ¹⁶Figures are as of 1/1/00. ¹⁷Food represents average cost per meal consumed for confined inmates, excluding two facilities which have unique food requirements which would distort average costs; health does not include personal services expenditures. Charges for health care include \$2.00 per prescription; \$5.00 per medical evaluation; half cost of prosthesis; and \$2.00 per dental procedure. There are a number of exclusions. ¹⁸Fees for health care vary. ¹⁹Total includes the cost of food, food supplies and inmate salaries. ²⁰Food and health include staff salaries and operations costs.

PRISON BUDGETS

Snapshot: Cost Per Inmate Per Day and Agency Charges for Inmate Health Care

- Total Cost per Inmate per Day:** Agency-calculated average daily cost per inmate for inmates actually confined in institutions. Excludes the cost of inmates in halfway houses or under community supervision.
- Food/Medical:** Agency-calculated average daily cost per confined inmate for food and for medical costs.
- Charge for Health Care:** Agencies that charge inmates for any type of routine health care services.
- The average daily cost per confined inmate during 1999 was \$57.92 in 51 prison systems.
- The average daily cost per inmate for food was \$3.78 in 46 agencies and for medical was \$7.34 in 46 agencies.
- Thirty-two agencies charged inmates for health care as of January 1, 2000.
- The highest food cost was in Hawaii (\$13.00) and the lowest was in Alabama (\$1.03). The highest medical cost was in Alaska (\$16.36) and the lowest was in Alabama (\$1.12).
- Alaska had the highest total cost (\$110.73), and Alabama had the lowest (\$23.40).
- Cross agency comparisons of cost per inmate per day is difficult due to the different ways agencies calculate these costs.



Notes Details Trends Caveats Summary Definitions

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CORRECTIONAL OFFICER SALARIES AS OF JANUARY 1, 2000

	Entry Level	Completion of Training	Completion of Probation	Max. Salary
Connecticut	\$27,529	\$30,587	\$30,587	\$39,812
Maine	\$18,990	\$18,990	\$18,990	\$23,524
Massachusetts	\$34,061	\$34,061	\$34,061	\$46,840
New Hampshire	\$22,766	\$24,471	\$25,449	\$28,465
New Jersey	\$34,070	\$34,070	\$37,479	\$52,127
New York	\$25,029	\$26,436	\$30,511	\$43,320
Pennsylvania	\$22,971	\$22,971	\$24,327	\$49,907
Rhode Island	\$25,808	\$25,808	\$26,704	\$36,606
Vermont	\$21,133	\$21,133	\$23,338	\$41,496
Northeast Average	\$25,817	\$26,503	\$27,938	\$40,233
Illinois	\$27,192	\$27,192	\$29,640	\$36,360
Indiana	\$20,956	\$20,956	\$20,956	\$32,890
Iowa	\$27,976	\$27,976	\$29,140	\$36,961
Kansas	\$20,384	\$20,904	\$21,382	\$31,595
Michigan	\$26,079	\$26,810	\$30,255	\$41,154
Minnesota	\$25,766	\$25,766	\$26,559	\$38,419
Missouri	\$20,700	\$20,700	\$21,456	\$29,184
Nebraska	\$22,825	\$22,825	\$22,825	\$30,753
North Dakota	\$18,000	\$18,000	\$21,528	\$32,960
Ohio	\$26,749	\$26,749	\$27,414	\$32,510
South Dakota	\$17,680	\$17,680	\$18,564	\$26,250
Wisconsin	\$19,038	\$19,038	\$19,610	\$47,412
Midwest Average	\$22,779	\$22,883	\$24,111	\$34,704
Alabama	\$22,318		\$22,872	\$33,920
Arkansas ¹	\$19,388	\$20,454	\$19,388	\$21,521
Delaware	\$22,685	\$22,685	\$22,685	\$34,027
Dist. of Col.	\$27,856	\$27,856	\$27,856	\$51,049
Florida	\$24,561	\$25,924	\$25,924	\$37,183
Georgia	\$22,044			\$37,524
Kentucky	\$18,264	\$18,264	\$19,177	
Louisiana	\$15,324	\$15,324	\$17,076	\$27,084
Maryland	\$24,924	\$24,924	\$24,924	\$39,554
Mississippi	\$17,073	\$19,000	\$19,950	\$23,095
Oklahoma	\$16,672	\$16,672	\$17,805	\$43,607
South Carolina	\$19,267	\$19,267	\$20,041	\$31,690
Tennessee	\$18,576	\$18,576	\$18,576	\$29,736
Texas	\$18,924	\$21,741		\$26,724
Virginia	\$22,643	\$22,643	\$24,753	\$36,962
West Virginia	\$18,610	\$18,610	\$19,210	\$37,500
South Average	\$20,571	\$20,853	\$21,445	\$34,078
Alaska	\$32,688	\$37,020	\$37,020	\$57,996
Arizona	\$23,504	\$23,504	\$24,689	\$35,568
Colorado	\$29,532	\$29,532	\$31,008	\$39,324
Hawaii	\$26,220	\$26,220	\$26,220	\$34,800
Idaho	\$22,818	\$22,818	\$23,388	\$33,550
Montana	\$16,964	\$16,964	\$16,964	\$24,172
Nevada	\$25,797	\$25,797	\$29,163	\$37,566
New Mexico	\$15,620	\$17,707	\$18,326	\$50,145
Oregon	\$27,960	\$27,960	\$29,340	\$38,556

PRISON STAFF

- Notes
- Details
- Trends
- Caveats
- Summary
- Definitions

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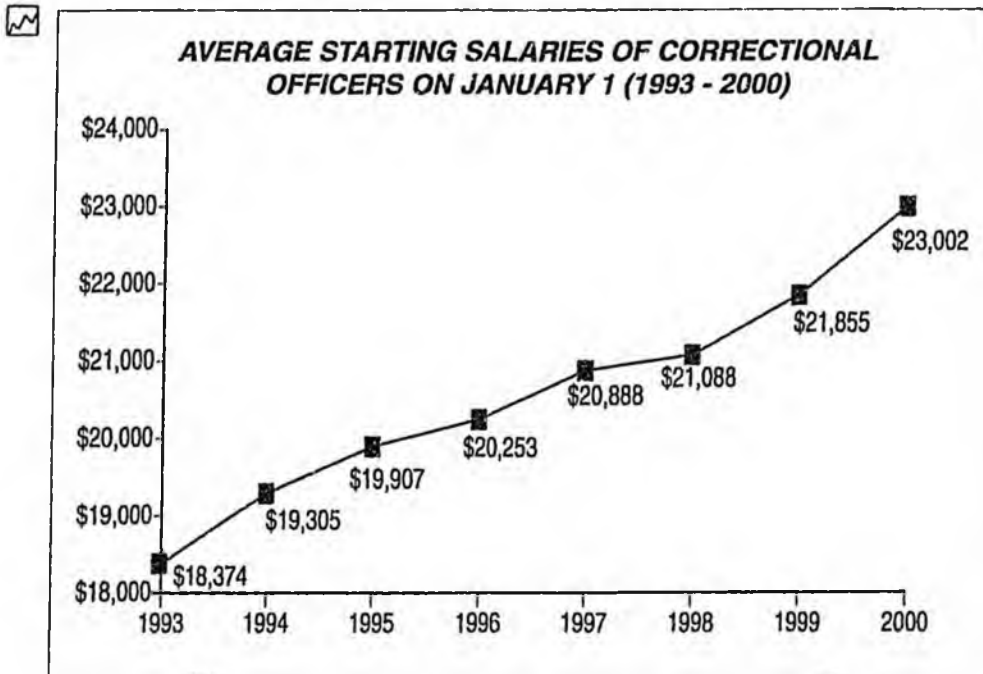
Correctional Officer Salaries As of January 1, 2000 (continued)

	Entry Level	Completion of Training	Completion of Probation	Max. Salary
Utah	\$22,993	\$23,622	\$25,634	\$37,456
Washington	\$25,872	\$25,872	\$27,108	\$34,368
Wyoming	\$18,420	\$18,420	\$19,620	\$25,992
West Average	\$24,032	\$24,620	\$25,707	\$37,458
Federal	\$26,880	\$26,880	\$28,345	\$40,858
Overall Average	\$23,002	\$23,487	\$24,538	\$36,328

¹Figures for the DCP and DOC are the same for entry level and completion of probation. Maximum salary for DCP is \$24,931.

Snapshot: Correctional Officer Salaries As of January 1, 2000

- Among 52 adult correctional agencies, correctional officer starting salaries ranged from \$34,070 in New Jersey to \$15,324 in Louisiana. The national average starting salary for a correctional officer was \$23,002 per year.
- At the completion of training, correctional officer salaries averaged \$23,487 and at the completion of probation they averaged \$24,538.
- The average maximum salary a correctional officer could earn on January 1, 2000 was \$36,328. Maximum salaries ranged from \$57,998 in Alaska to \$21,521 in Arkansas.



PRISON STAFF

17

Matt Rowley

From: Frank Smith [fsmith@kanokla.net]
Sent: Thursday, December 27, 2001 3:51 AM
To: admin@ci.whittier.ak.us
Cc: rowley@ci.whittier.ak.us
Subject: Freedom of Information Act request

Dear City of Whittier,

I wrote to the City Mayor and City Council a couple of months ago. I had requested that my letter be distributed to the City Council. I never got any confirmation that my request had been honored.

I would like to make a Freedom Of Information Act request. I would like copies of all correspondence, including both e-mail and hard copy correspondence, with the City, the Mayor, the City Manager and the Council concerning proposals for a prison at Whittier. I would like to also get confirmation that my request has been received and a timetable for the forwarding of those documents to me. This request is being made in the public interests of both the people of Whittier and the people of the State of Alaska.

This requests extends to correspondence to and from the principals of the proposed project, such as employees of the proponent Cornell Corrections (including Frank Prewitt) but also to their various agents such as lobbyists Joe Hayes, and Kent Dawson, and those who have been acting in a quasi-agent status, such as Blaine Gilman and Mark Higgins. I would also like copies of any correspondence to and from legislators concerning the issue of a private prison in Whittier. All these are public documents, of course.

If Larry Gilman is related to Blaine Gilman, who was a proponent and supported of the rejected prison at Kenai, and who offered his services pushing a prison in Ketchikan to that municipal body, I would like to know such, and if he has abstained from any votes involving Mr. Gilman if there is such a consanguinal relationship.

Finally, I would like copies of all other correspondence received by the City regarding this issue.

Thank you very much for your assistitance.

Frank Smith
390 S.E. 110 Ave.
Bluff City, KS 67018-7630
(620) 967-4616

Matt Rowley

From: Frank Smith [fsmith@kanokla.net]
Sent: Friday, November 16, 2001 4:55 PM
To: admin@ci.whittier.ak.us
Subject: Private prison proposal

Dear City of Whittier,

I'm sending the following out by hard copy today, but thought you might like to see it more quickly. I've attached a word document for your convenience:

Frank Smith
390 S.E. 110 Ave.
Bluff City, KS 67018-7630
(620)967-4616
fsmith@kanokla.net
November 16, 2001

The Honorable Ben Butler
City Council of Whittier
P.O. Box 608
Whittier, AK 99693

Dear Mayor Butler and Councilpersons,

From the Anchorage Daily News, I see that the Music Men have come to Whittier to sell the town their bill of goods.

I would tender a few cautions:

- Two municipalities in Alaska, at least, have invested substantial sums in trying to bring prisons to their localities. Each did so without a mandate from the residents, and each suffered heavily for the unwise commitments tendered by their elected officials. In Delta Junction, after voters sacked those local officeholders who supported the project, the City paid over \$1,000,000 to proponents to abandon the project. The costs of wasted feasibility studies, lobbyist fees, staff time, travel, etc., will leave those communities reeling for years.
- These costs have been experienced by other areas, such as the state of Utah, which had to pay Cornell over \$1,000,000 to "compensate" for another unbuilt prison, and Ventura, California, which backed out of a halfway house siting after public protest. Cornell, in their Kenai campaign, misrepresented its behavior by claiming it was not company policy to sue municipalities.
- In Kenai, Cornell also sought to assuage local fears by misrepresenting its pathetic escape record by pointing to a single year, reported in a 1998 almanac, in which they had minimal escapes. This would be like claiming a batter was a 1.000 hitter based on a single box score. Ironically, there were other parts of the same year's report that were highly uncomplimentary toward Cornell.
- The record of the proposed contractor and its predecessor, Allvest, with the state of Alaska has been extremely rocky, so the presumption of a cooperative relationship is unfounded.
- There are questions of insurance and liability that remained unresolved in Kenai. Cornell has

been successfully sued in various localities for recurrent offenses such as sexual abuse of female prisoners by staff, in places like Bethel. Studies in California, for instance, have indicated that the presence of new prisons in rural communities have led to an increase in the local crime rate.

- Staffing has remained a severe problem in rural communities. Burlington, Colorado is perhaps the poster child for the inability of an operator, in this case CCA, the world's largest, to provide adequate staff.
- An extremely comprehensive economic analysis is available to you having been commissioned by the City of Delta Junction. It indicated that, despite the fact that the operator would get a free military base with facilities only needing conversion, rather than construction, and including housing for staff, it would only break even at about \$98 per day, per prisoner. It presently costs the state \$54 per day for these prisoners in Arizona. So moving these prisoners to an 800-bed prison in Whittier would cost the state an extra \$12,000,000 or so, per year, at least. Can the legislature be expected to approve such an uneconomic proposal?
- The only rationale for moving these prisoners back to Alaska is that they would be closer to family and support systems. However, bush Alaskans rarely are even able to visit their families at even the Eagle River prison, as they tend not to have drivers licenses, credit cards, and vehicle insurance for auto rentals and public transportation to the facility is effectively non-existent or unaffordable to them.
- Can you imagine the nightmare involved in moving 800 medium security prisoners upon a moment's notice were there to be a repetition of the 1964 earthquake and Tsunami?
- Cornell gives the appearance if not the proven actuality of fostering municipal corruption. I direct your attention to their paying the bagmen of the Mayor of Richmond, VA, \$44,500 for no work whatsoever, for which the Mayor went to federal prison on RICO charges. This was only discovered when a mayor's aide was arrested on cocaine distribution charges and blew the whistle in return for a lighter sentence. In the Delta Junction suit, a city councilman who was said to be on the phone constantly to Frank Prewitt's and Bill Weimar's homes in the evenings, was said to have sworn to "take the Fifth," if called by the City as a hostile witness.
- Cornell promised to pay Kenai and Delta correctional staff at least \$13 per hour, but in actuality the company has been recruiting in Anchorage and Fairbanks at \$8.50 per hour.
- Low pay in private prison facilities have caused them to have a yearly turnover rate of up to 200%, and training provided has therefore been only the most basic. This is not a career opportunity, any more than the fast food business is.
- Numerous studies, which I'd be happy to provide, have indicated that the presence of prisons in rural areas have had no overall positive effect on the economies, in part because of the "give backs" which the cities have been talked into providing, such as infrastructure, tax forgiveness and exemptions, and increased need for public services have zeroed out the ostensible gains. The projects have normally been "sold" to municipalities which have had high unemployment or lost industries. This is not the case with Whittier. Instead, the presence of a prison would substantially and negatively change the character of a community that has drawn its present residents attracted to it for what it is today.
- The state of Oklahoma has been forced to levy six figure fines against the contractor for its malfeasance.
- In other localities, prisons have become an unbearable liability for their hosts. A private prison company in Texas constructed eight facilities that were so substandard that the municipalities which bonded them had to eventually unload them to the state at "half off" sales, and new costs were incurred to convert them to mental institutions. Hawaiian prisoners in another private Texas facility twice burned down the institution, "voting with their matches," so to speak.
- Mismanagement of another fairly new facility in Youngstown, Ohio, including escapes by murderers without the City being notified in a timely manner, recently caused the federal

contract to be cancelled and the facility closed. The congressman who was instrumental in its siting is presently under indictment. The loss of payroll and taxes has struck at the heart of a city that hoped to replace steel mill jobs from factories that have fled outside the U.S.

- Another CCA prison in Florence was found by an audit to be essentially in the control of the inmates.
- Unforeseen costs and stresses include the transportation and trials of prisoners who have committed additional offenses within their facilities.

All the things I've cited above are in the public record. This is hardly an exhaustive list of the drawbacks to such a project. You are welcome to do your own Internet searches to verify the veracity of my allegations, if you'd care, or I'll happily provide you with sources.

By the way, I have been retired for over four years, and my interest in this area is born of a passionate desire for good government. I still do contract work for the Barrow courts and own property in Alaska. I have run treatment programs in three Alaska prisons and have visited most public prisons in Alaska. I have even visited the private prison where Alaskans are held in Arizona. I have been involved in criminal justice reform for 30 years and both my graduate and undergraduate work focused in the area of corrections. I have no monetary interest in either the success or failure of these private or public prison proposals. I have served on numerous public and private non-profit Boards of Directors.

If you so desire, I would also be happy to address the City Council concerning issues such as these. There are many others nationwide with expertise in private prison and rural prison siting who are potentially available. I would caution you also on depending on the "expertise" of a couple of individuals who have lost their public positions as a result of concealing their investment and/or occupational interest in the private prison sector.

Please feel free to call, write or e-mail me if you seek further information. I would appreciate it if you would circulate this letter to the City Council.

Sincerely,

Frank Smith

Matt Rowley

From: Frank Prewitt [fprewitt@ak.net]
Sent: Tuesday, October 23, 2001 10:55 AM
To: rowley@ci.whittier.ak.us
Subject: prison

Matt

I have e-mailed a draft ordinance and draft RFQ that was prepared for Wrangell. I believe that this may end up a horse race between Whittier and Wrangell, so time is truly of the essence. By the way, the City will own the prison so the "disposing of property" provision may not apply. Feel free to give your attorney my phone number if he has questions about the structure of the deal. I am free to give you advise up until the City takes official action.

I do believe that calling a Town Hall meeting would be helpful. I would be happy to put together an information packet and appear to explain the project and answer questions.

Thanks

Frank

Matt Rowley

From: Frank Prewitt [fprewitt@ak.net]
Sent: Tuesday, October 23, 2001 10:48 AM
To: rowley@ci.whittier.ak.us
Subject: Draft Prison Ordinance

CITY OR BOROUGH OF _____
ORDINANCE _____

AN ORDINANCE AUTHORIZING THE CITY (BOROUGH) TO NEGOTIATE AN AGREEMENT WITH THE STATE OF ALASKA TO LEASE SPACE WITHIN A CORRECTIONAL FACILITY LOCATED IN _____, AND TO PUBLICLY SOLICIT BIDS FOR THE PROMOTION, DESIGN, CONSTRUCTION AND OPERATION OF AN 800 BED CORRECTIONAL FACILITY, TO BE FINANCED WITH MUNICIPAL REVENUE BONDS

WHEREAS, the State of Alaska Legislature passed SCS CSHB 149 (FIN) am S, "An Act expressing legislative intent regarding correctional facility space; relating to correctional facility space; authorizing the Department of Corrections to enter into an agreement to lease facilities for the confinement and care of prisoners within the Kenai Peninsula Borough; and providing for an effective date."; and

WHEREAS, the Kenai Peninsula Borough has been barred from implementing the terms of SCS CSHB 149 (FIN) am S by a popular vote of the residents of the Kenai Peninsula Borough; and

WHEREAS, the State of Alaska continues to house 800 Alaska prisoners at a privately owned and privately operated correctional facility in Florence, Arizona; and

WHEREAS, the State of Alaska spends over 18 million Alaskan dollars annually to house prisoners in Arizona; and

WHEREAS, _____ has suffered grave economic harm by the timber policies of the federal government and closure of timber related industries; and

WHEREAS, _____ seeks to diversify its economic base by stimulating new industries and development to backfill the economic void left by timber industry closures; and

WHEREAS, building a correctional facility in _____ will generate over 300 direct and over 228 Davis Bacon wage scale indirect local construction jobs for eighteen to twenty four months; and

WHEREAS, siting a correctional facility in _____ will generate 220 direct and over 200 indirect local permanent jobs; and

WHEREAS, siting a correctional facility in _____ will circulate \$28 million dollars annually through the _____ economy; and

WHEREAS, the best interest of the City (Borough) would be served by soliciting competitive bids to select an experienced and able contractor to promote, design, build and operate a correctional facility for the City (Borough) of _____; and

Matt Rowley

From: Kreger, Mike-ANC [KREGM@PerkinsCoie.com]
Sent: Thursday, December 06, 2001 1:21 PM
To: Rowley (E-mail)
Subject: Livingstone Sloan inquiry re: use of Acct to review financials

Importance: High

This can be done, if you have an accounting firm you want to hire to review and rate the financials. Let me know if you want to do that, and I'll prepare another addendum. Time is fleeting.

Mike Kreger
kregm@perkinscoie.com
(907) 279-8561

Matt Rowley

From: Matt Rowley [rowley@ci.whittier.ak.us]
Sent: Wednesday, October 31, 2001 4:57 PM
To: Frank Prewitt
Subject: RE: prison proposals

Thanks. I'll be ready to send a packet out as soon as I get the green light from the council, hopefully Monday.

Matt

-----Original Message-----

From: Frank Prewitt [mailto:fprewitt@ak.net]
Sent: Wednesday, October 31, 2001 4:31 PM
To: rowley@ci.whittier.ak.us
Subject: prison proposals

Matt

The Kenai Peninsula Borough sent their request out to five corrections companies: Wackenhutt Corrections in Florida, Corrections Corporation of America, Management and Training Corporation (mtc) in Utah, an outfit with an odd sounding name in Bakersfield California and Cornell Companies of Alaska (274-6667) located in Anchorage on International rd. near C st.

You can probably find them on the internet. I believe only three companies responded to the solicitation.

FYI

Matt Rowley

From: Frank Prewitt [fprewitt@ak.net]
Sent: Friday, October 26, 2001 9:41 AM
To: rowley@ci.whittier.ak.us
Subject: Prison Q and A EDITED

WHITTIER PRISON QUESTIONS & ANSWERS

1. Why should a 800 bed, medium security, privately operated prison be located in Whittier?

Alaska currently houses 800 medium security prisoners in Arizona because Alaska's prisons are full. The greatest demand for prison beds is in South-central Alaska. A Whittier site is ideally located in close to goods and services with ready access to ground and air transportation and local justice systems.

2. How does the City of Whittier benefit from a prison?

- 60 million dollar construction project
- 325 direct and 228 indirect construction jobs for two seasons
- 25 to 30 million dollar annual operating revenue
- 220 permanent prison jobs
- stable industry not affected by boom or bust economy
- goods and services consumed by 1000 inmates and 220 staff and families
- increased property values
- Whittier will own the facility and receive rental income after 20 years payoff

3. Why private instead of State operated?

Over 133,000 prison and jail beds are now managed by private corrections companies, with projections of 300,000 by the year 2004. State, local and Federal agencies realize construction and/or operational savings through privatizing correctional services.

The Alaska Legislature and Governor have passed three pieces of legislation authorizing construction of a privately operated prisons at Delta Junction and Kenai. Delta Junction failed after Fort Greely was selected as a national missile defense system site. Kenai failed after a public vote rejected siting the facility on the Kenai Peninsula.

4. Why do the Legislature and Governor support a private prison in Alaska?

In July 1999, the Council of State Governments published an analysis of private prison cost and safety. The Council found that the greatest savings are to States where government employee wage and benefits are high because prisons are driven by personnel costs (70% to 75%). In February the U.S. Department of Justice verified that private correctional facilities are operated as well and as safely as government facilities

The Corrections Yearbook, published by the Criminal Justice Institute Inc., is the national statistical authority for the corrections industry. The Yearbook reports that the highest maximum salary for

correctional officers in the U.S. is Alaska, nearly twice the national average. In addition to the highest wages, Alaska's correctional officers work "week-on/week-off" schedules with increased pay for evening and night shifts, full retirement after 20 years and a benefits package valued at 38% above salary.

The combined effect raises Alaska's prison costs to the highest in the nation and creates an opportunity for the State to purchase equivalent services at less cost from a private provider.

5. Will other State facilities be privatized?

Neither the Knowles Administration, nor the Alaska Legislature propose, plan or have entertained the notion of privatizing existing State operated facilities.

6. Who opposes private prisons and Why?

Opposition comes from citizens who are concerned about personal safety when a prison is sited near them and State employee unions who oppose privatization. In Kenai, the teamsters, laborers union, carpenters union and IBEW actively endorsed the proposed prison.

7. Are private prisons run as safely and as well as State prisons?

There are 158 private prisons and jails in the U.S. In the United Kingdom and Australia 25% to 40% of prisoners are housed under contract with private prison operators.

While advocates and opponents can always dig up individual cases of abuse for both government and privately operated prisons, the Council of State Governments in 1999 found that:

- private prisons function as well as public prisons
- operating costs for private prisons reduce expenses where public employee wage and benefit rates are high
- management problems in private prisons are the result of poorly drafted contracts, lack of oversight and improper inmate classification
- private prisons are built faster and cheaper than public facilities
- private prisons are staffed, programmed and operated as safely as public prisons

Several studies by the National Institute of Corrections have verified that public concerns over living near a prison are misfounded. Property values do not decline, inmates' families do not move into the communities in any quantifiable numbers, escapes occur no more often than government facilities. Because of the increased law enforcement presence, many communities experience a reduction in local criminal activity.

8. To what standard of construction will the prison be built?

Construction must comply with state and local building codes for institutions, the security standards of the American Correctional Association and existing standards of the State of Alaska Department of Corrections. The prison will be required to achieve full accreditation with the American Correctional Association.

9. What training standards will be used to staff the facility?

All security staff must be trained in compliance with standards adopted by the Alaska Police Standards Council as well as Department of Corrections training standards.

10. What will the staffing levels be?

Staffing levels are determined by the offender population to be served, their program and security needs as well as the design of the prison. The staff to inmate ratio, however, must meet or exceed national standards for similar facilities. The facility will have on site supervision and monitoring by the Alaska Department of Corrections.

11. What kind of inmates will be housed at the prison?

The State Department of Corrections has identified a need for medium security prison beds. The targeted population is medium security, male felons with roughly four to seven years remaining to serve. The prison is intended to meet the particular needs of Native Alaskan offenders and will house at least the Statewide average of 34% Native Alaskan prisoners.

12. Will prisoners be free to leave the prison unescorted?

No. State of Alaska Department of Corrections transportation officers or State Troopers will transport prisoners arriving or leaving the facility for transfers, medical or court appearances. Under Department of Corrections policy the only prisoners that could be released to the City of Whittier after expiration of the sentence are local citizens who were Whittier residents at the time of arrest.

13. What about visitors and inmate families?

During the course of incarceration prisoners transfer to many different facilities. A report by the City of Kenai Chief of Police, after surveying other communities, found that fear over inmate families moving to communities where family members are incarcerated are unfounded. Visitation policies are strictly regulated by State policy and regulation. For example, ex-felons and offenders under active probation or parole supervision are not allowed to visit. This has not been a problem in any community where State prisons operate.

14. What is the possibility of an escape from the prison?

While escapes can and have occurred from State operated prisons and jails, they are a rare occurrence, especially in medium security prisons. Since 1980 there have been over 30 escapes from State correctional facilities, half of which were from a minimum-security facility with no fence at Palmer.

Most medium security prisoners have already demonstrated responsible behavior while at higher security facilities. They are usually involved in programs to prepare them for custody reduction and eventual transfer to lower security facilities.

15. What kind of jobs will be available at the prison?

In addition to the construction jobs, there will be roughly 220 permanent and contract positions and services. While the majority of positions are security related, there are many positions in the health care industry, mental health, food services, maintenance and inmate programs.

16. How will the prison impact property values and the local economy?

The U.S. Department of Justice, National Institute of Corrections has tracked this question for many years and published findings that property values are either unaffected or rise as a result of prison development. The residual impact upon the local economy, however, is substantial. In short, prisons are a clean industry that generates above average jobs, substantial income, significant consumption of local goods and services and enhanced economic stability in the communities where they are located.

17. How will the prison be financed and what is the risk to the City of Whittier?

The State will enter into an agreement that guarantees the purchase of at least 800 prison beds for a minimum of 20 years. The City of Whittier will sell tax-exempt bonds to finance construction. The bonds are secured by the full faith and credit of the State, with no financial risk to the City of Whittier. Operational risk is assumed by the contractor through contractual indemnification and insurance to protect the State and the City of Whittier.

**WHY SHOULD THE STATE SPEND MORE FOR CONTRACTED PRISON
BEDS IN ALASKA THAN IN ARIZONA?**

Subj: Fw: prison
Date: 10/17/01 1:27:13 PM Alaskan Daylight Time
From: fprewitt@ak.net (Frank Prewitt)
Reply-to: fprewitt@ak.net (Frank Prewitt)
To: mayorbutler@aoi.com

----- Original Message -----

From: Frank Prewitt
To: billelberson@remax.net ; lrpm63@hotmail.com
Sent: Wednesday, October 17, 2001 1:17 PM
Subject: prison

To: Bill Elberson and Roger Stone
Sent: Wednesday, October 17, 2001
Subject: prison

Bill & Roger,

As you know, I represent the team that has successfully brought the private prison opportunity to the doorstep of two Alaskan communities. In both instances local procurement procedures were followed, contracts were signed, preliminary planning and designs were performed and legislation was passed. In Delta Jct., the project did not move forward because of an anti-prison majority shift in the City Council, notwithstanding a positive public vote. On the Kenai Peninsula the project failed when the Borough chose to put the issue to a public vote AFTER months of public hearings, AFTER contracts to perform were signed and AFTER legislation was passed. This was done with full knowledge that, under Alaska case law, the prison was not a legally appropriate subject matter for a referendum. The decision to put the prison to a public vote was made to appease an anti-prison citizens group, who then rallied public employee unions to invest nearly one hundred thousand dollars in a campaign to frighten the public.

Gentlemen, our team has been working on this project for five years and the principals have invested nearly three million dollars in "signed, sealed and delivered" projects only to watch them fail because of mistakes made at the local political level.

When we met, I laid out the steps that are necessary to deliver this project to your community. Due to the time constraints, you must: 1) Select a local government entity that is legally able, and politically willing, to sell revenue bonds without a public vote; 2) Put out a Request For Qualifications (RFQ) to select a contractor to promote, design, build and operate an 800 bed prison; 3) Select a contractor; 4) Negotiate and execute a contract; and 5) Complete the process by January 1, 2002.

Opponents will criticize the process as "fast tracked". Indeed, if the Borough wants to seize this economic development opportunity from another community it must be willing to expedite the public process. The public policy justification for these revenue bonds by passing a public vote is that they are secured by the full faith and credit of the State of Alaska; there is no financial risk to the Borough or the public. Presumably, government officials are elected to make administrative decisions that enhance the general welfare of the public. If they make decisions that the voters disagree with they can be replaced at the polls.

Last year, the Kenai Peninsula Borough's mid-session bill introduction was heavily criticized and near fatal. It is imperative that the Ketchikan Borough legislative package be ready for introduction when the legislature reconvenes on, or about, January 12th. This will leave very little time for planning and production work, even if the Borough meets the January timeframe.

After Monday night's Borough Assembly action I am deeply concerned that Ketchikan is not able, or willing, to take our advice. Today is October 16. In order to meet the January deadline, the Borough must draft,

Wednesday, October 17, 2001 America Online: MayorButler

approve and issue an RFQ by November 1. If the Borough allows three weeks for responses, and only one week to evaluate, it will be mid December. The Borough must then award, negotiate and approve a contract, which is, at best, a three week process. With any slippage due to the holiday season we are in the first week of January.

Whether selected, or not, we are the only team with the experience, data bank and expertise required to guide an able and willing community through the steps that are necessary to meet the timeline and deliver the project. We have put two other viable communities on hold because Ketchikan was the first to contact us. But we cannot afford the time that will be lost by referring the matter to a volunteer citizens committee and waiting for regularly scheduled assembly meetings. We are also concerned by a statement made by the economic development committee chairwoman that this project will not move forward without an economic impact study and a public vote, whether required, or not.

An RFQ must be issued by the first of November and the Borough must be willing to do everything in its power to complete the process by the first of January. Without that assurance, the project cannot be put together in time for the next legislative session and we will feel compelled to respond to one of the communities who have indicated they can meet the timelines. I hate to put you two under this kind of pressure, but people must be made to understand that if they truly want this project they must act quickly and decisively.

I look forward to hearing from you, good luck.

----- Headers -----

Return-Path: <fprewitt@ak.net>

Received: from rly-yd05.mail.aol.com (rly-yd05.mail.aol.com [172.18.150.5]) by air-yd05.mail.aol.com (v81.9) with ESMTP id MAILINYD54-1017172718; Wed, 17 Oct 2001 17:27:18 -0400

Received: from mta-1.gci.net (mta-1.gci.net [208.138.130.82]) by rly-yd05.mx.aol.com (v81.9) with ESMTP id MAILRELAYINYD55-1017172815; Wed, 17 Oct 2001 17:28:15 -0400

Received: from mmp-1.gci.net ([208.138.130.80]) by mta-1.gci.net (Netscape Messaging Server 4.15) with ESMTP id GLDCVF01.6UD for <mayorbutler@aol.com>; Wed, 17 Oct 2001 13:28:03 -0800

Received: from w5r7t6 ([24.237.13.182]) by mmp-1.gci.net (Netscape Messaging Server 4.15) with SMTP id GLDCVD00.F41 for <mayorbutler@aol.com>; Wed, 17 Oct 2001 13:26:01 -0800

Message-ID: <008301c15751\$abaa0b60\$6401a8c0@anchorageak.net>

Reply-To: "Frank Prewitt" <fprewitt@ak.net>

From: "Frank Prewitt" <fprewitt@ak.net>

To: <mayorbutler@aol.com>

Subject: Fw: prison

Date: Wed, 17 Oct 2001 13:21:22 -0800

MIME-Version: 1.0

Content-Type: multipart/alternative;
boundary="====_NextPart_000_0080_01C1570E.9D5C11E0"

X-Priority: 3

X-MSMail-Priority: Normal

X-Mailer: Microsoft Outlook Express 5.00.2815.200

X-MimeOLE: Produced By Microsoft MimeOLE V5.00.2815.200

Matt Rowley

From: Frank Prewitt [fprewitt@ak.net]
Sent: Tuesday, October 23, 2001 10:49 AM
To: rowley@ci.whittier.ak.us
Subject: wrangell Prison RFQ (1)

City of Wrangell

REQUEST FOR QUALIFICATIONS

"CORRECTIONAL FACILITY PLANNING, PROMOTION, DESIGN, CONSTRUCTION AND OPERATION"

1.0 GENERAL INFORMATION

1.1 Purpose

The City of Wrangell ("city") is requesting responses from qualified firms demonstrating their qualifications and capabilities to contract with the city for the planning, promotion, design, construction and operation of an 800 to 1000-bed medium security correctional facility. The city is preparing a legislative proposal that will be submitted to the Alaska State Legislature ("ASL") and the Alaska Department of Corrections ("ADC") for a privately constructed and operated correctional facility located within the city. The city currently envisions a public-public-private (three-way) arrangement eventually consisting of two or more separate contractual agreements. The first, a long-term government-to-government contract between the Alaska Department of Corrections and the City of Wrangell, is expected to require that the city design, construct and operate an 800-bed medium security prison subject to conditions and standards established by the ADC and ASL. The city expects to meet its obligations under this agreement through a contract with a private builder/operator ("private firm"). The contract will require that the private firm plan, promote, design, construct and operate the proposed correctional facility subject to conditions and standards established by the ADC, ASL and the city. The city intends to select the private firm through this request for qualifications ("RFQ"). The top rated respondent will be invited to enter into a contract with the city.

The city currently anticipates that it will own the correctional facility, and finance its design and construction through the issuance of tax-exempt private development revenue bonds.

This RFQ provides the information that the city deems necessary for interested respondents to effectively present their qualifications and capabilities to participate in this project. The RFQ includes:

- Background Information
- Project Structure and Role of Participants
- Rules Governing Competition
- General Conditions
- Submittal Format
- Evaluation Criteria and Process
- Contract Award Procedure

Matt Rowley

From: Matt Rowley [rowley@ci.whittier.ak.us]
Sent: Wednesday, October 31, 2001 4:57 PM
To: Frank Prewitt
Subject: RE: prison proposals

Thanks. I'll be ready to send a packet out as soon as I get the green light from the council, hopefully Monday.

Matt

-----Original Message-----

From: Frank Prewitt [mailto:fprewitt@ak.net]
Sent: Wednesday, October 31, 2001 4:31 PM
To: rowley@ci.whittier.ak.us
Subject: prison proposals

Matt

The Kenai Peninsula Borough sent their request out to five corrections companies: Wackenhutt Corrections in Florida, Corrections Corporation of America, Management and Training Corporation (mtc) in Utah, an outfit with an odd sounding name in Bakersfield California and Cornell Companies of Alaska (274-6667) located in Anchorage on International rd. near C st.

You can probably find them on the internet. I believe only three companies responded to the solicitation.

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Saturday, January 24, 1998

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Edition: Final

LETTERS FROM THE PEOPLE

Get wise to prison racket

Your recent business puff piece on Corrections Corporation of America head "Doc" Crants is an excellent example about what's wrong with reporting, though it did contain some helpful information in addition to various factual errors.

It notes that the AFL/CIO is not opposing Crant's attempted takeover of the whole Tennessee system. That not true. It says that he heads "the country's first and largest private prisons operator." We have had, unfortunately, private prisons in the United States since the 19th century.

It says CCA is "among the nation's 100 fastest-growing businesses." That is a gross understatement. The value of his stock grew almost 1000% in just two years, 1994 and '95. His profits grow 50-75% each year. He has done this, as the article comes tantalizingly close to pointing out, by buying politicians.

Where's the real harm in this? Well, when there's profits to be made in convicts, there's more profits to be made in more convicts. The private prison business is making law in states where it's entrenched.

In California, it was responsible for the passage of a three-strikes law which may bankrupt the state, with pizza thieves doing 25 to life.

Crants has tried to make inroads into Alaska, where we already have porkers like Bill Allen and Bill Weim shouldering the other hogs from what they feel should be their trough. So he gave \$22,000 to Tennessee cops. Big deal. In Alaska he could let Mulder and Ward sniff his \$80 million wallet and they'd perform like dancing bears.

When I was in Minneapolis last month, the papers were full of stories about a van load of prisoners from other states who got loose when one guard made a doughnut run and his near-minimum wage partner was overpowered while reading the paper. One murderer was picked up on the bus as far away as Chicago, kidnapping a family in their home. Do you think a system which makes money on cons is going to try to rehabilitate them? These are the kind of guys who make \$400 toilet seats. When Crants' cons bust out of corral, who's going to pick up the tab for the roundup? Wake up and smell the coffee.

- Frank Smith

Barrow

Fairy dust in Juneau

Isn't it just like our narrow-minded Legislature to honor a bunch of fairies for stopping the legitimate collection of revenue and then turn around and cut another \$60 million from services to Alaskans. Tell me, who is wishing for child abuse, lost city services and drivers who speed through school zones? Now tell me who fairies are that can grant such despicable wishes?

*Charles Campbell 3020 Douglas Hwy, Juneau, Alaska 99801
(907) 586-5793 cfc@gci.net*

Representative John Coghill, Chairman
State Affairs Committee
House of Representatives
Alaska State Legislature

March 6, 2002

Dear Representative Coghill:

I appreciate your great courtesy to me during yesterday morning's hearing on House Bill 498. And I thank you for your suggestion that I expand in writing, on the comments I made about the bill. I will do this by addressing each of the eleven "*Benefits to the State*" offered by Cornell spokesman Frank Prewitt during his testimony.

Returns \$18 million per year to Alaska economy; economic multiplier effect benefits all of Alaska.

There is no evidence the HB 498 proposal would be significantly more beneficial in this respect than any of the other three prison bills that have been filed. They are Representative Crawford's bill, HB388, Senator Green's bill, SB 231, and the Governor's bill, SB 336. Each of these bills propose a regional approach.

325 union construction jobs

This is essentially a guess on the part of the Cornell people. In any case, any one of the other bills would provide a similar benefit. The jobs would be distributed, however, and thus be of more benefit to the state.

228 in direct construction related jobs.

Another guess. The other bills would be no less beneficial in this respect.

225-275 permanent prison jobs.

Obviously, Cornell has not done a post analysis and can't know about this, but it may be that their estimate is based on the staff complement of some prison or prisons down south. In any case, it would be very difficult for Cornell to recruit up to 275 qualified people to staff the

proposed prison. Why would an individual able to meet the qualifications for a job in a DOT facility, choose to work at the proposed prison at Whittier? I would be very uneasy about a 1,200 bed prison in the hands of kind of people Cornell would end up having to rely on—especially without adequate law enforcement backup close by. And there would be the problem of high staff turnover that characteristically plagues private prisons.

The regional approach offered by the other prison bills would also result in job opportunities, but probably fewer, because the addition of bed space to an existing facility does not require proportional addition of staff. A shift sergeant, for example, might have one or two additional posts to supervise, but there might be no need for a significant increase in the number of supervisory employees. (I have to wonder, where Cornell would be able to find competent supervisory personnel willing to live in Whittier. My worry is that they would try to get by with people who aren't up to the task. This could be very problematic.)

Purchase of goods, materials and services associated with construction and operation over 25 years.

I see no advantage offered by the Cornell proposal in this respect. I would rather see purchase of goods, materials and services etc. benefiting several regions around the state.

35% less costly than state built and operated prison beds.

How does Cornell support this claim? The state doesn't build prisons. Private construction companies do. When it comes to operation, many studies, including the very significant study done by the General Accounting Office, conclude that the cost savings in prison operation by private firms tend to be marginal to non-existent. And the best evidence is that performance is inferior. This is hardly surprising. The private companies pay less well, tend to give short shrift to training, and provide line staff people with incentives to cut corners (We all heard the gentleman from Cornell on the teleconference line speak of "stock options.")

You can go to the Internet and find studies and numbers to justify just about any position you want to take. Cornell has done this skillfully, and who can blame them? They have a very large financial stake in this matter.

I'm pretty sure construction of additional beds at existing facilities would be more economical than construction of a new free-standing prison. Presumably, the city of Whittier will give them the land, but then there's the matter of site preparation and installation of sewer, water, power and other services:

Mitigates state liability for prison overcrowding.

Cornell is on shaky ground in making this claim. The time required to complete several small projects is the same as the time required for one. Thus the beds can be brought on line faster if the regional approach is used.

Moreover, overcrowding is only one of many issues addressed in the Cleary settlement. (The document is eighty pages long.) You can be very sure the courts would get constant complaints from inmates confined at a big Cornell facility in an inaccessible location such as

Whittier. Inmates in Alaska are very sophisticated when it comes to understanding their rights under the Cleary agreement. They would be confined in a 1,200 bed prison, operated on a for-profit basis. My belief is they would be supervised by an underqualified, minimally trained guard force, in a location that offers hardly any accessible community resources. No meaningful volunteer program could be developed. Cornell hasn't mentioned having correctional industries program. It's likely there would be deficiencies in medical services, (a constant problem, even in locations that have good medical resources.) Family visiting would continue to be a serious problem and an ongoing issue.

A court ruling made last year enables Alaska to get by, for the time being, with having 800 inmates confined out of state. Still, the Alaska State Constitutional requirement remains: "...correctional administration [shall be] based on principles of reformation..." At present, the court seems to be looking the other way. Monitoring has been discontinued. This could change very suddenly. My honest opinion is that a monolithic 1,200 bed prison at Whittier, such as proposed, would become a big legal problem for the state, and a multi-million dollar headache in other respects.

Returns Alaska prisoners nearer to Alaska rehabilitation resources and families.

This is far less true of the Cornell proposal than any one of the three bills that propose a regional approach.

Only prison plan that focuses on Alaska Natives with programs for Natives by Natives.

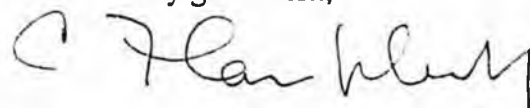
Whittier is a uniquely unsuitable location for development of Native cultural programs. The Alaska Native Brotherhood Camp 2, more of a southeast Alaska organization, has in some way been brought into Cornell's effort. So far as we know, we haven't heard from the wider Native community in Alaska, the AFN or, for that matter, the Native Caucus in the Legislature.

Adds value to \$90 million Anton Anderson Tunnel

I have no comment to make about this.

Thank you, Mr. Chairman, for allowing me to make these additional observations.

With every good wish,





Alaska Native Brotherhood Camp 2

February 12, 2002

Representative John Coghill
State Capitol
Juneau, AK 99801-1182

Subject: Out of State Incarceration

Dear Representative Coghill:

The Alaska Native Brotherhood, Kenai Natives Association and Alaskan Native throughout the State thank you for your support, or consideration, of last year's effort to return all Alaskan prisoners back to our state. The proposed Kenai prison was good economic and social policy. It is unfortunate that state corrections' union special interests were able to forestall the project.

But the problems with Corrections have not gone away, nor has our resolve to achieve our goal of returning Alaska prisoners back to our state. Enclosed is resource material that we believe you will find helpful in your deliberation over this year's prison bills.

Defeat often sets the stage for greater success. When the Whittier prison bill is introduced, you will find that the project is, in many ways, superior to the prison legislation passed last year. I know that this is a very busy time for you, but please take a few minutes to read the enclosed material. It means so much, to so many Alaskans, both Natives and non-Natives.

Thank you for your consideration.

Sincerely,

Paul White Jr.
President



Anchorage Daily News

Michael J. Sertan
President and Publisher

Patrick Dougherty
Editor

Steve Lindbeck
Associate Editor

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Gerald E. Gilly, Publisher, 1984-1993
Katharine Fanning, Editor and Publisher, 1971-1983
Lawrence Fanning, Editor and Publisher, 1967-1971

OPINION

COMPASS: *Points of view from the community*

Prison in Whittier makes sense

By BEN BUTLER

Last year the governor and Alaska Legislature gave the Kenai Peninsula Borough the opportunity to develop a recession-proof industry that would have created hundreds of local jobs and generated millions of dollars in annual revenue now spent in Arizona. Had the state been offering to buy a conventional service or product from the Kenai borough, the project would likely be well under way. But the product the state needs is a prison, and Kenai Peninsula voters turned the project down.

The Kenai Peninsula has a diversified economy and can evidently afford to be picky. In Whittier our options are more limited. We are the western gateway to Prince William Sound, we manage a small deepwater port and offer modest commercial and recreational services. What we lack is the revenue-generating capability to repair, let alone expand, our facilities, stimulate growth and stabilize our economy. For the past three years we have been searching for an anchor tenant industry to jump-start economic development and add value to the nearly 100 million state and federal dollars invested in the tunnel that connects Whittier to Alaska's population base.

In 1998 the Legislature approved renovating surplus military facilities into a prison to help the economy of Delta Junction and return dollars, jobs and inmates to Alaska. The National Missile Defense program pre-empted the plan, and the Kenai Peninsula Borough seized the initiative to transfer the project to Kenai,

Anchorage would realize the direct and multiplied economic benefits associated with a multimillion-dollar construction project and annual revenues, without the perceived liability of a prison in its back yard.

adding an important emphasis on Native rehabilitation programs. From our perspective, the Kenai prison plan made good sense. But there are many reasons Whittier makes better sense, and we want to make our case to our Anchorage neighbors, a case that could not be made before the tunnel opened.

First, the general arguments favoring development of a local government-owned and privately operated prison in Alaska remain the same. For the past seven years, Alaska has successfully housed 800 prisoners in a privately owned and operated prison in Arizona. Why can't the success story be duplicated in Alaska?

In returning the prisoners to Alaska, some community would be the beneficiary of a multimillion-dollar construction project, more than 200 permanent local jobs at the facility and \$28 million in annual revenue circulating through the local economy, creating even more jobs

and opportunity.

Second, the greatest demand for prison beds, and the most economical place to build a facility, is near Anchorage and its services, resources and large population. Thousands of people each day commute from Wasilla, Palmer, Chugiak and Eagle River into Anchorage. With the new access tunnel, Whittier is now an easy commute from Anchorage and communities in between.

Third, a prison developed in Whittier makes sound economic sense for the state, the Municipality of Anchorage and Whittier. The state would realize the budget efficiencies enjoyed by Anchorage-area correctional facilities, such as lower costs for transportation, medical care, construction, programs and staffing. Anchorage would realize the direct and multiplied economic benefits associated with a multimillion dollar construction project and annual revenues, without the perceived liability of a prison in its back yard.

And fourth, unlike other communities, we want it. The economies of scale of a project this size would open the tunnel full time, reduce and hopefully eliminate the tunnel toll, increase municipal revenue, develop municipal infrastructure and enable public service to keep up with commercial and recreational demand.

Over the past few months we have taken the planning and procurement steps necessary to present our proposal to the Legislature and governor and ask for your support.

Ben Butler is mayor of Whittier

Whittier negotiates contract with prison company

Council's unanimous vote opens talks with Cornell Companies

By Cheryl Dalena
Turnagain Times
Whittier Correspondent

Whittier's pursuit of a private prison moved forward last month with a unanimous vote by the Whittier City Council directing City Manager Matt Rowley to negotiate a contract with Cornell Companies. Cornell would partner with the city to obtain financing from the Alaska Legislature for the 800-bed medium-security private prison, which the city proposes to build at the head of Passage Canal. Cornell would operate the prison for the state.

The city council held a special meeting on Dec. 21 to consider the bidders that responded to its request for qualifications for the prison project and the recommendations of the selection committee. The city sought bids from companies that are already operating prisons in other parts of the country. Alaska currently doesn't have any private prisons.

The selection committee, appointed by the mayor, reviewed the two proposals - one from Cornell Companies and the other from Corrections Corporation of America. The committee was comprised of John Bost of Mikunda, Cottrell and Associates, an accounting firm in Anchorage and Jim Dokoozian of Locher, LLC, a construction consulting/project management firm that was recommended by the city's attorney. Jerry Protzman of Dojer Ltd. in

Whittier served as a local business representative on the committee.

Members of the selection committee independently scored the proposals based on the criteria set forth in the city's bid specifications. In a Dec. 20 meeting, the committee made its recommendation by ranking Cornell Companies the higher of the two proposals. The committee noted that Whittier was fortunate to have two strong proposals.

Cornell has already made several attempts to build a private prison in the state. The company won legislative support last year for a prison in Kenai, but the plan was shelved by Kenai Peninsula Borough voters in October. Earlier, the company became embroiled in the controversy over building a private prison at Fort Greely near Delta Junction, when it acquired Anchorage-based Alvest, which had started the siting process. The Delta Junction prison proposal also died because of local opposition.

So far most of the opposition to the Whittier prison has come from outside the community. Public employee unions, who have led the opposition to previous attempts to build private prisons, are now organizing against the one in Whittier. They want the state to expand the state's existing regional prisons to house Alaska inmates who are incarcerated at a private prison in Arizona. The Republican-domi-

Prison

Continued from Page 6

nated legislature favors a private prison instead.

Whittier's mayor and city manager see the prison as an opportunity to develop year-round jobs in a town highly dependent on summer tourism and fishing. Whittier's residents don't seem to be opposed to the prison, but have a lot of questions and want to ensure that Whittier benefits from hosting it.

ALASKA

ANCHORAGE DAILY NEWS • www.adn.com

★ THURSDAY, JANUARY 31, 2002

Communities supported prison until union's smear campaign

Frank Smith makes some good points about problems in the justice system, too bad they are lost in his mean-spirited diatribe against the many Alaskans who do, indeed, support privately managed prisons.

The facts are that a majority of citizens in Delta Junction voted twice to develop a private prison on Fort Greely. The facts are that the Kenai Borough Assembly, mayor, business community and many others supported the Kenai Native Association's proposal to develop a prison on their land. The Kenai vote was lost after state employee unions dumped more than \$100,000 in a smear campaign to discredit anyone associated with the project. A majority of Whittier voters now see Kenai's loss as their opportunity. But the Turnagain Times reports that "public employee unions, who led opposition to previous attempts to build private prisons are now organizing against Whittier" ("Whittier negotiates contract with prison company," Jan. 17).

By the way, Mr. Smith doesn't list his position on the executive board of the retiree chapter of the Alaska State Employee Association union among his credits. Evidently Smith has no more productive way to spend his state retirement than shooting at Alaskans from the back porch of his Kansas home. If you want his Kansas e-mail address, just ask the mayor of Whittier, he is a regular pen pal.

— George Wright
Juneau

COMPASS: *Points of view from the community*

Private sector can ease prison costs

By FRANK PREWITT

Like a carefully designed tapestry, the problems of subsistence, declining revenue and billion-dollar deficits are manageable only when seen as the sum of their parts. One worn corner of the tapestry, badly in need of repair, is corrections and the skyrocketing cost to house prisoners in Alaska.

So long as safety is ensured, most of us would prefer to spend less on prisoners and more on health, education, public works, the environment and economic development, a move that might even reduce the need for prisons.

Corrections is one of the largest agencies in state government. Over the past 15 years it has doubled in size and now consumes over \$160 million in annual operating funds. The average daily cost of care, per prisoner, is \$111, compared to a national average of \$58.

Part of the problem is that our regional correctional facilities lack the economies of scale to be cost effective and should be run as jails, rather than multipurpose facilities as they are now. But nothing drives the cost of corrections as much as personnel, who account for nearly 80 percent of the department's budget.

In a recent monograph entitled "Emerging Issues on Privatization," the U.S. Department of Justice reports that "where correctional officer salaries and fringe benefits have been excessive, privatization has led to cost savings (and) forced the public sector to re-examine how it conducts business." The report concurs with Arizona's auditor general who found that private prison contractors "met or exceeded Department operational standards at a cost averaging about 12 percent less than state operated beds for similar inmates." (Report No.



With no municipal, county, federal or private facilities in Alaska, corrections has, by default, become a government monopoly, inflating costs beyond industry norms and driving Alaska prisoners to Arizona.

01-13 July 2001)

Last July, the Alaska Department of Labor reported that when total costs (including taxation, but excluding the Permanent Fund dividend) for a family of four are compared, the cost of living along the Seward to Fairbanks railbelt is less than Seattle and Portland, and comparable to Eugene, Boise and Spokane. It should, therefore, be fair to assume that Alaska's correctional officer wages bear some rational relationship to those states. They do not.

The 2000 Corrections Yearbook, published by the Criminal Justice Institute Inc., lists correctional officer salaries by state. With a high school education and training, correctional officers in the Northwest are paid an average starting salary of \$25,547; Alaska pays \$37,020. The average maximum salary in Oregon, Idaho and Washington is \$35,941. In Alaska it's \$58,000, 55 percent higher than the Northwest and national average.

In addition, Alaska pays a geographic differential, cost of living allowance, 20-year retirement and week-on/week-off work schedules not enjoyed by Washington, Oregon or Idaho. Incredibly, at the end of the pay scale, the annual wage and benefit package for a Bethel correctional officer is over \$95,000. Transfer to Bethel for your last three years of state employment and your lifetime retirement is based upon those "three high

years." Many officers do just that.

With no municipal, county, federal or private facilities in Alaska, corrections has, by default, become a government monopoly, inflating costs beyond industry norms and driving Alaska prisoners to Arizona, where the state can afford the service.

This year, Senate Bill 231 proposes to expand seven state prisons and jails by 1,136 beds, at a construction cost of \$176 million. To pay that off will cost \$45.75 per prisoner, per day, for the next 20 years. Add the department's \$111 operating cost and the total cost, per prisoner, per day, is \$157. Whittier's private sector/local government partnership can provide the same service, paying union construction wages and competitive correctional officer wages, for a total capital and operating cost of under \$95 per prisoner, per day, saving the state over \$26 million per year.

During the '90s, federal authorities and a growing number of states recognized that corrections, like social service, is no longer the sole province of government. To sustain a dynamic, quality-driven, 21st century correctional system, Alaska's public and private sector must work together to offer safe and effective service, at a fair price.

■ Frank Prewitt is an Anchorage attorney, corrections consultant and former state commissioner of corrections.

Monday, January 21, 2002

Prison costs confine states

■ **CORRECTIONS:** Budget deficits lead to closures. calls for shorter sentences.

By FOX BUTTERFIELD
The New York Times

After three decades of building more prisons and enacting tougher sentencing laws, many states facing budget deficits are closing prisons, laying off guards and considering ways to shorten sentences.

In the past month, Ohio, Michigan and Illinois have each moved to close a prison and lay off guards.

Washington state is considering

a proposal by Gov. Gary Locke to shorten sentences for nonviolent crimes and make it easier for inmates to win early release, saving money by shrinking the prison population. Colorado and Illinois are delaying building prisons, and Illinois is cutting education classes for 25,000 inmates.

California, which led the nation's prison-building boom, will close five small, privately operated minimum-security prisons when their contracts expire this year.

Budget pressures also add momentum to a proposal on the California ballot in November that

would reduce the number of criminals subject to the state's three-strikes sentencing law, as a way to reduce the number of prison beds.

"I don't know of a correctional system in the country that isn't facing some of this," said Chase Rive-land, a former director of Washington state prisons and now a prison consultant.

Steven Ickes, an assistant director of the Oregon Department of Corrections, said, "My sense is that budget problems are making people ask fundamental questions about

Tightening belts

• **MICHIGAN** recently closed a medium-security prison as well as a halfway house and a work camp.

• **OHIO** is closing a maximum-security prison with 1,700 inmates.

• **ILLINOIS** is closing the Joliet Correctional Center and is saving \$5.4 million by cutting many classes for inmates.

• **CALIFORNIA** will not renew licenses for five small, private prisons for minimum-security inmates later this year.

See Back Page. PRISONS

PRISONS: Pressure grows in California to limit reach of three-strikes law

Continued from A-1

whether we can afford to keep on doing what we've been doing," locking up more criminals for longer periods.

"We are going to have to make some tough choices about prisons versus schools and about getting a better investment return on how we run our prisons so we don't have so many prisoners reoffending and be-

ing sent back."

Since the early 1970s, the number of state prisoners has increased 500 percent, growing each year in the 1990s even as crime fell. In that time, prisons were the fastest-growing item in state budgets — often the only growing item. There are more than 2 million inmates in state and federal prisons and local jails, costing more than \$30 billion a year,

said Allen Beck of the Bureau of Justice Statistics.

In those years, said Franklin Zimring, director of the Earl Warren Legal Institute at the University of California at Berkeley, public pressure to get tough on crime made prison budgets virtually untouchable. But with crime down or leveled off in the past nine years, political pressure has abated. And with the slow economy,

many states are cutting spending to balance their budgets.

"This means that prisons must now compete by everybody else's rules for scarce budget resources," Zimring said.

But whether fiscal restraints will lead to fewer people in prison is less clear, Beck said. In the second half of 2000, he said, the number of inmates fell for the first time since 1972 as

crime dropped.

"My best guess," Beck said, "is that the economic restraints are going to be offset by the rigidities of the sentencing laws of the 1990s, which mandated longer sentences."

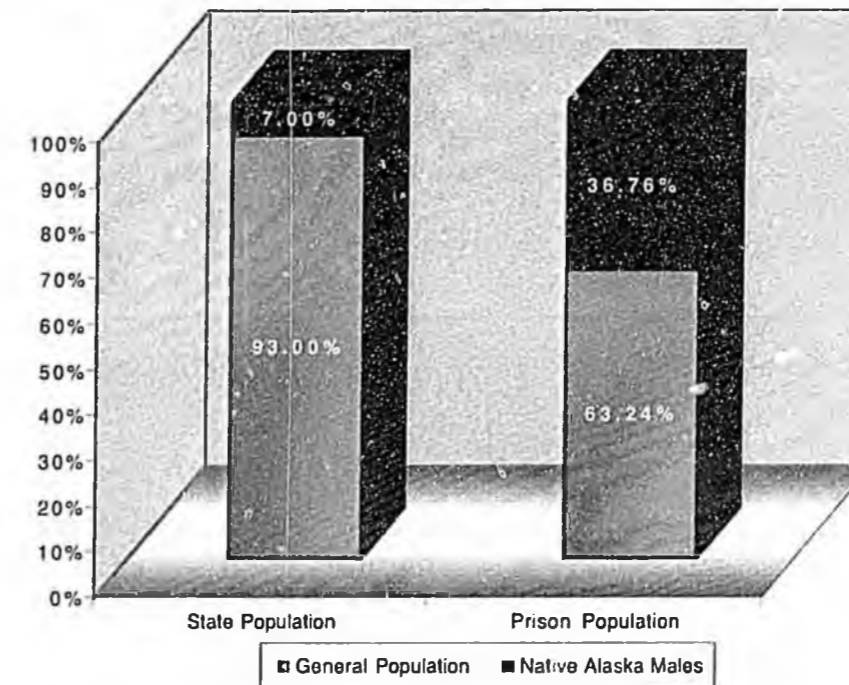
"What we may have is stability, with the prison population continuing to grow, but slowly, in keeping with the population of the United States."

The City of Whittier Prison Proposal

LEGISLATIVE HISTORY

In 1995 all of Alaska's prisons and jails were at, or over emergency capacity. The State was found in contempt of court and the Department of Corrections was ordered to reduce inmate populations to court approved levels. As a stopgap measure, the Department entered into a contract to house Alaska prisoners in a privately owned and operated prison in Arizona. Today, 800 Alaska prisoners are housed in Arizona,

jails. The Alaska Legislature confronted these issues in 1998 and 1999 by authorizing the construction of a City-owned and privately operated prison, on Fort Greely, near Delta Junction (HB53, SB 141). The enabling legislation was intended to bolster the economy of that region by returning the prisoners housed in Arizona after Ft. Greely closed.



The Delta prison plan enabled the Department of Corrections to petition the Superior Court for relief from monitoring and millions of dollars in fines imposed by the *Cleary Final Settlement Agreement*. The court approved the Department's plan to return the prisoners held in Arizona to Alaska by 2003 and released the Department from Court oversight after seventeen continuous years of monitoring, fines and litigation.

Fort Greely officially closed in July 2001, but complications associated with the transition of the base facilities, as well as

resulting in an annual loss to the Alaska economy of \$18 million in operating funds and more than 200 jobs.

uncertainties associated with the National Missile Defense System derailed the prison.

The social cost to Alaska is even more significant. Nearly forty percent of the prisoners housed in Arizona are Alaska Natives. Many of these offenders are from remote regions of Alaska, far removed from the cultural support systems necessary for rehabilitation.

In the Fall of 2000, the delays in Delta Junction caught the attention of the Kenai Peninsula Borough. The Borough Assembly passed an ordinance authorizing its Mayor to approach the legislature to move the Delta Junction Prison project to Kenai. Senate Bill 149 passed and was signed into law in May 2001. The question of whether to go forward with construction of the prison was put to Kenai Peninsula voters in October 2001 and failed.

The problem of out-of-state incarceration is compounded by the extraordinarily high cost of building and staffing State operated prisons and

CURRENT PRISON STATUS

At the end of 2001, the Department of Corrections was operating at or near emergency capacity throughout the State. Voter rejection of the Kenai Prison leaves serious matters of social and economic policy unresolved and exposes the State of Alaska to possible:

- * Renewed court monitoring of the Department of Corrections.
- * Renewed court sanctions for prison overcrowding.

- * Class action or individual lawsuits for impairing the rehabilitation rights of Alaska prisoners housed in Arizona.
- * Class action or individual lawsuits for disparate treatment of Alaska Native prisoners housed in Arizona.
- * Extraordinary cost of expanding existing state owned prisons and jails.

THE PLAN

The City of Whittier seeks legislative authority to develop up to a 1200 bed, city-owned and privately operated prison on Alaska Railroad land already under long-term lease to the City of Whittier.

The City of Whittier has completed a competitive procurement identical to the procedures approved

last year by the Legislature for the Kenai Prison. The process competitively selected a single contractor from a field of proposers to promote, design, build and operate the prison for the first five years.

Having one contractor design, construct and operate the prison minimizes the financial risk to the State. Design/build contracts avoid the risk of contractor claims arising from cost overruns by transferring the responsibility for design and construction to one private entity.

Having the same contractor responsible for operation ensures that the private party bears the risk of operating the prison under the

reimbursement budget created by the intergovernmental agreement between the State and the City. Allocating that risk to one developer imposes proper market incentives to make cost effective decisions in design and

When one private company is responsible for designing, building and operating a prison, financial risk to the State is minimized.

construction that will lower operating expense (e.g. maintenance, staffing efficiency, materials).

The City will finance construction through the sale of tax exempt bonds. The bonds will be secured by an intergovernmental agreement to lease up to twelve hundred prison beds for a period of twenty to twenty-five years. The operating contract will be put out to competitive procurement again after the first five-year term.

The prison will be located on Alaska Railroad Land at the head of Passage Canal. Cornell Corrections of Alaska will operate the prison during the first five-year term with culturally relevant programs delivered by the Alaska Native Brotherhood in cooperation with Native corporate and tribal stakeholders.

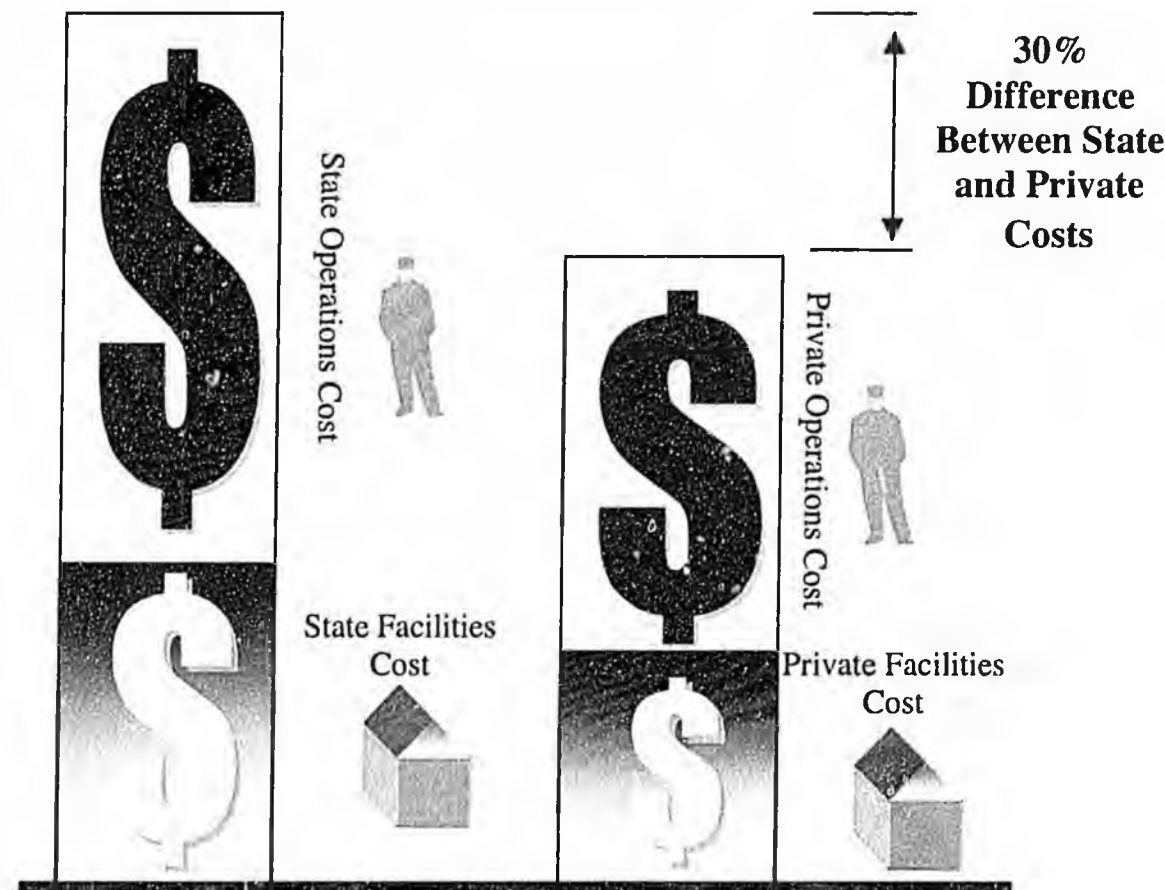
NOTES

THE COST

The costs outlined for the Whittier facility includes facilities debt service, a cost which is never factored into the average daily operating cost of Alaska's State prisons and jails.

Even with facilities debt service, a publicly financed, privately built and operated prison will save the State over 30 percent of the cost of a similar facility built and operated by the State.

Facility Debt Service is included in the cost of a private prison facility. Debt Service is never factored into the average daily operating cost of Alaska State prisons and jails.



THE SITE

The City has identified a site that is owned by the Alaska Railroad Corporation and is currently being leased by the City. The site is served by a reliable utility grid, including Chugach Electric and Enstar Natural Gas.

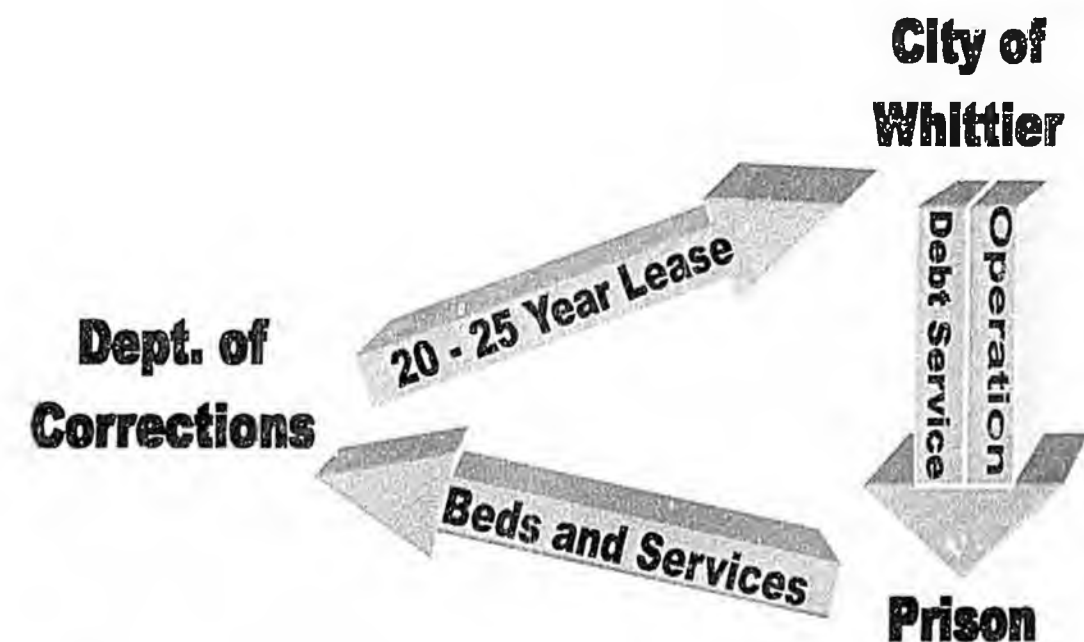
To maintain security, the prison will have emergency stand-by utility capability. In addition, on-site water and waste systems will be provided.



THE MISSION

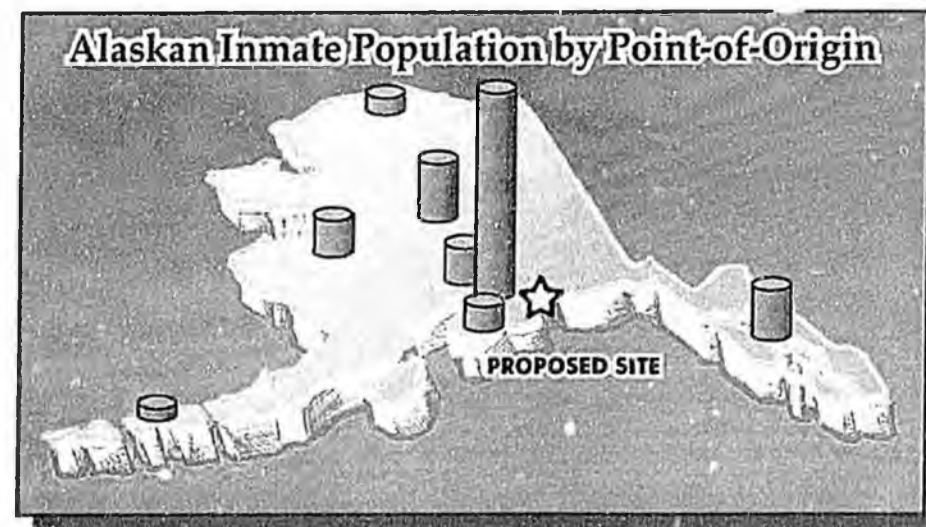
The proposed Whittier prison will be built and operated to the highest standards of the correctional industry, as well as the existing standards of the Alaska Department of Corrections. But the intent and mission of this

facility is to exceed the general program requirements of the DOC by offering the Alaska Native community the opportunity to take responsibility for programs designed to reduce recidivism among Alaska Native peoples.



ECONOMIC AND SOCIAL BENEFITS

- | STATE | WHITTIER/ANCHORAGE |
|--|--|
| * Adds value to the \$90 million tunnel to Whittier. | * Purchase of materials, goods and services associated with Construction of a 1200 bed prison. |
| * Cost to the State is at least 30% less than a new state built and operated prison at the same site. | * 325 Davis Bacon construction jobs for 1.25 years. |
| * Diminishes State legal liability for housing Alaska Natives in Arizona and overcrowding in existing State prisons and jails. | * 228 indirect construction related jobs for 1.25 years. |
| * Proximity to Anchorage will lower DOC transportation, medical and monitoring costs. | * 225-275 direct, permanent prison jobs for Whittier and Anchorage residents. |
| * Proximity to Anchorage ensures reasonable private sector operating costs. | * Minimum of 200 permanent indirect jobs. |
| * Proximity to Anchorage and local deep water port ensures low construction costs. | * \$18 million annually returned to the local economy from Arizona. |
| * Economic and social benefit of reduced Native recidivism. | * "Anchor tenant" will stimulate growth and stabilize the Whittier Economy. |
| * Enhanced opportunity for rehabilitation of all Alaska prisoners returned from Arizona. | |



THE OPERATOR

Cornell Companies of Alaska will operate the proposed prison for the initial first five-year term of the contract with the State. Cornell is the largest private company currently providing correctional services in Alaska. Cornell is one of the top three private corrections companies in the United States and the only company offering

juvenile and adult secure, pre-release and treatment programs.

Cornell operates 72 facilities in 13 states and the District of Columbia with a total service capacity of almost 15,000 prison, jail, pre-release and treatment beds.

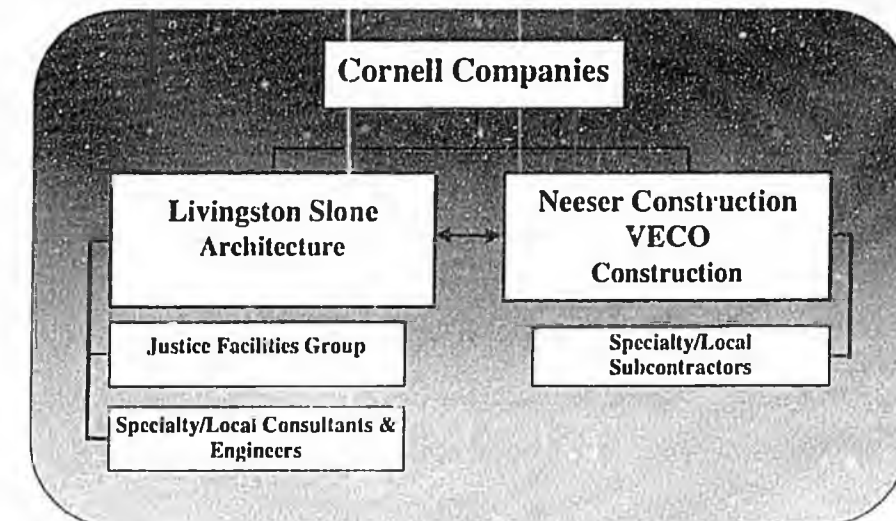


THE DESIGN AND CONSTRUCTION TEAM

The principal design and construction contractors will be three Alaska corporations: VECO Alaska, Inc., Neeser Construction, Inc. and Livingston Slone, Inc.

Jail, The Elmendorf Military Mall and the Alaska SeaLife Center. Neeser Construction is signatory with the local Carpenters' and Laborers' Unions.

Each company has participated in the design, construction and project management of many of Alaska's largest public projects including the new Anchorage



The prime contractors will subcontract services from local companies as well as correctional facility design specialists Justice Facilities Group of Olympia, Washington.

Margo ~~Kerth~~ ^{Knote} avalanche zone

Delta owes \$20 millions to Cornell

State recommends that a feasibility study be done before bonding ~~of~~ authorization.

HB 53 Delta Junction $\frac{1}{2}$ Anchorage

Anchorage a \$56 million facility will open April 1st but still do ~~not~~ not know what \$1200 bed facility proposed costs.

25 year contract \$900 million bonding bill should require Whittier to follow state procurement. Arizona is month to month.

Susan Burk - ^(Juneau) attorney for Cornell

1st Contract

5 yrs operating contract

Revenue bonds full faith ^{clause} State not obligated to pay bonds.

3/5/02 State Affairs



\$ 98 a day

Crawford - Wiebe



\$80 million cash for project
390 return on investment in past

Victor Wellington



Metlakatla working on prison

Elsie Hendrix — Kenai Native Assoc in favor
of Whittier prison and bring natives home.

James Price — Kenai Citizens Against Private Prisons

Valerie McLanus — prefer no private citizens
Wrangell Recent Election 70% rejection of prison
in Wrangell.

Sherrice ~~Meekie~~ ^{Meekie} — opposed to privatization — Wrangell

Kevin Wyatt — Homer Kenai Peninsula 3rd defeat

Basic fundamental responsibility


Delete 3rd party operator provision

Mike

SB 261 or HB 388 Keep p. owners in community


make sure comparison is mixing apples with apples


George Avila - Corrections officer 

Jim LeCroue - Retired corrections officer & parachuist
Sunami warning 


\$18 million revenues could

Leonard Jones Dir Public Facilities Whittier 

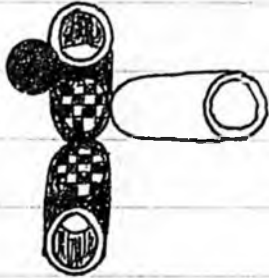
Bob Reynolds  Actuary

David Kazeek 

Alaska Native Brotherhood

 Don Etheridge

Charles Campbell 22 years ago came to Alaska
as director of corrections.



Bill authorizes Whittier to launch a competitive
Ben Butler Mayor of Whittier

Economic Impact

Whittier has no jobs with the tunnel opening
and the railroad moving out other than
tourism related job.

Toll-free year good

Toll year - bad

Hours of operation of the tunnel - 10hrs ~~summer~~ winter
17hrs summer

Carolyn Allen - 110 day tourism season

Year round stimulus for a depressed economy

Frank Smith Homer

414 people registered to vote in Whittier although
only 100 year round residents

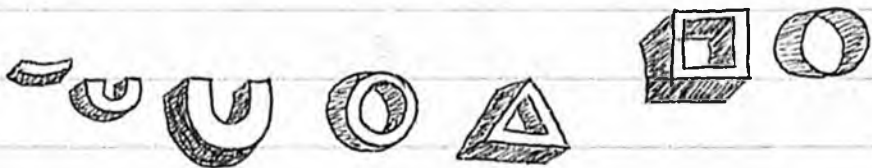
\$100 million tunnel

Freedom of information documentation

Frank Pruitt

worse than Delta Barley, McKerzite, Mark Air,

Marion Dye



SITE: HOMER LIO

COMMITTEE: HSTA

DATE: 2-28-02

SUBJECT OF MEETING:

HB 498

UPDATE #:



PRINT YOUR NAME
REPRESENTING TO TESTIFY?

DO YOU WANT
ADDRESS (MAILING & ZIP)

Y or N

PRINT YOUR NAME REPRESENTING TO TESTIFY?	DO YOU WANT ADDRESS (MAILING & ZIP)	DO YOU WANT	Y or N
Mako Haggerty	Box 2001, Homer	self	Y HB498
Email address:	mako@xyz.net		
Email address:			
Email address:			
Email address:			
Email address:			
Email address:			
Email address:			

SITE: ANCHORAGE LIO

COMMITTEE: House State
Affairs

DATE: 2-28-2002

SUBJECT OF MEETING:

HB 498

UPDATE #: 2



DO YOU WANT

P R I N T YOUR NAME

ADDRESS (MAILING & ZIP)

REPRESENTING

TO TESTIFY?
Y or N

Matt Rowley		City of Whittier	Y-HB 498
Email address:			
Leonard Jones		City of Whittier	Y-HB 498
Email address:			
Dee Hubbard			Y-HB 498
Email address:			
Brad Wilson		PSSH	Y-HB 498
Email address:			
Email address:			
Email address:			
Email address:			

SITE: HOMER LIO

COMMITTEE: HSTA

DATE: 2-28-02

SUBJECT OF MEETING:

HB 498

UPDATE #:



DO YOU WANT

PRINT YOUR NAME
REPRESENTING TO TESTIFY?

ADDRESS (MAILING & ZIP)

Y or N

PRINT YOUR NAME REPRESENTING TO TESTIFY?	ADDRESS (MAILING & ZIP)	DO YOU WANT	Y or N
Mako Haggerty	Box 2001, Homer	self	Y HB498
Email address:	mako@xyz.net		
Email address:			
Email address:			
Email address:			
Email address:			
Email address:			
Email address:			

3258

FACTORS FOR CONSIDERATION IN SITE SELECTION FOR CORRECTIONS FACILITY

- I. General Concerns
 - A. Public safety
 - B. Location and size of facility (minimum/maximum number of inmates to be housed in facility)
 - C. Type of facility: medium or close prison or regional jail
 - D. Construction costs
 - E. Operating costs
 - F. Community acceptance of proposal
 - G. Ultimate ownership of facility (state, local, or private) and proposed contractual relationship with the Department of Corrections

- II. Construction Factors
 - A. Is there state land that can be used in the proposed area?
 - B. Is the community proposing to build the facility, as opposed to DOTPF building it?
 - C. Will the location increase the costs of construction?
 - D. Adequacy and expense of electricity and fuel for
 - E. Adequacy and expense of water and sewage treatment
 - F. Adequacy of telephone and other communications services
 - G. Length of time anticipated to completion of construction

- III. Operating Costs
 - A. Does proposal include operating the facility?
 - B. Does area require state to pay differential?
 - C. Are supplies -- such as food -- available locally or must be shipped?
 - D. Maintenance of facilities and equipment (electronic and mechanical systems)

- IV. Security
 - A. Proposed site should not be in tsunami or flood plain area (because prisoners must be released in event of disaster)
 - B. Adequate space for facility
 1. 100 feet to inner fence
 2. 20-25 feet to second fence
 3. 300 foot "clear zone" w/ perimeter lighting and road around the perimeter fence
 - C. 10% of cells must be made available for a special segregation unit
 - D. If proposing to modify existing buildings, special issues:
 1. inmates cannot walk out or punch walls out

2. good visibility exists within and outside facility
3. building lends itself to efficient staff design
4. cells can be plumbed with sinks and toilets
5. must meet *Cleary* standards (see Final Settlement Order)

V. Transportation

- A. How far is proposed site from the Anchorage bowl area (where most inmates come from)?
- B. How far is proposed site from a large population center (30,000 or more residents)
- C. Proximity to families of inmates
- D. If not accessible by road, what size aircraft can airport accommodate (often necessary for group of prisoners to be transported; a large shift of employees might wish to commute to nearby larger community)

VI. Staffing Issues

- A. Availability of housing for staff and families (1 staff for every 2½ inmates)
- B. Jobs for family members
- C. Medical/dental support for families
- D. Schools and pediatricians for children
- E. Recreational/cultural/travel/shopping options

VII. Programs

- A. Availability or proximity of people to deliver program services such as education, work training, etc.
- B. Chaplaincy programs in the institution, which depend completely on community religious volunteers

VIII. Medical Services

- A. In-patient hospital in community or within short driving distance
- B. Existing medical community (a number of physicians, including specialists such as an internist, a general surgeon and an orthopedist, nurses)
- C. Existing dental community
- D. Willingness of medical and dental personnel to provide services in institution
- E. Psychiatrist in community

IX. Availability of Emergency Services

- A. Fire services
- B. Medi-vac availability
- C. Back up for power failures
- D. Communications

[Fwd: Address]

Subject: [Fwd: Address]

Date: Fri, 19 Apr 2002 17:16:40 -0800

From: Lori Roland <Lori_Roland@legis.state.ak.us>

To: Rynnieva Moss <Rynnieva_Moss@legis.state.ak.us>

For your records Rynnieva

Lori

Subject: Address

Date: Fri, 19 Apr 2002 17:21:27 -0800






From: Kent Dawson <kdawson@alaska.com>

To: Lori_Roland@legis.state.ak.us

The address you requested for Marvin Wiebe, Senior Vice President of
Cornell Companies is:

1700 West Loop South, Suite 1500
Houston, TX 77027

Jenny Dawson



Sole sourcing in Whittier
Private vs Public

Does this HB⁴⁹⁸ allow the state to negotiate with Whittier

Similar to HB 244 vetoed as sole source.

HB 244 didn't make ROW happen, allowed it to happen.
HB 498 is permissive not mandatory.

Fate → Other areas are interested.


→ That particular location lacks easy access for families. ^{visitation}

→ Very little infrastructure

→ Bad natural elements - tsunami & avalanche

Because someone steps up to the plate doesn't mean that's the right place.

Stevens - easy access to Anchorage



Crawford - believe 1200 bed prison is a mistake
need regional increase of jail space
need to be tried in court where crime was committed.

language would allow them to bring inmates to Alaska to fill beds

James - capital costs

BILL J. ALLEN
Publisher

Voice of the Times

A CONSERVATIVE VOICE FOR ALASKANS

WILLIAM J. TOBIN
Senior editor

Time to break impasse on prisons

By FRANK PREWITT

ANWR, subsistence, the budget deficit, "all day long the noise of policy war rolls across the winter sea" muffling the sound of a lesser battle where loss, rather than quality, of life is threatened. The engagement is over how best to manage Alaska's prisons and jails. Like other battles, the impasse from years of turf struggle weighs most heavily on the innocent and powerless. In Corrections' case, innocent staff and powerless offenders.

Twelve out of Alaska's 15 correctional facilities are, again, operating at emergency levels of overcrowding. Bad things happen when prisons and jails are overcrowded. Facilities and equipment break down, tempers flare, routine is disrupted, security is compromised and people get hurt, sometimes killed.

These life-threatening conditions are the result of a philosophical standoff between two legitimate, but distinctly different approaches to managing state resources.

One approach is the Department of Corrections' new master plan, "Corrections & Community Partnerships: A New Way of Doing Business." This session, four bills have been introduced to implement this plan. But rather than "a new way of doing business," the plan simply re-packages the old, increasingly impractical and cost-prohibitive approach to managing correctional services.

The other approach is the Whittier prison plan. The most obvious distinction between the two is the cost for the proposed beds. The department's plan adds 1,269 beds, to 10 facilities, for a construction cost of \$239 million. The Whittier private/public partnership adds the same number of beds, in one central facility, for a construction cost of \$110 million.

At an average daily operating cost, per bed, of \$111, the department's plan will increase the operating budget by nearly \$50 million, plus capital costs. The Whittier prison provides the same number of beds for a combined daily capital and operating cost of \$89 to \$91 per bed.

Both plans meet state and national



standards. The difference is that Corrections' plan continues the practice of housing prison and jail services under one roof, sacrificing economy of scale in favor of duplicating services throughout the state.

Jails are meant to hold prisoners from arrest to sentencing and through appeal. The mission of a jail is safe and secure confinement — no frills, no programs, just confinement. After sentencing, most convicted felons in other states and the federal system are transferred to central prisons designed to meet their security and program needs. Only prisoners with short sentences remain in local jails.

Prisons require access to mental health, adult education, vocational training and other resources that are in limited supply in many Alaska communities — resources like CIR's Southcentral Foundation, the University of Alaska, the Alaska Native Medical Center and a host of other programs and practitioners committed to fostering behavioral change in people. Within a year or two of release, offenders should be transferred to halfway houses, close to family and the community support systems needed for successful reintegration.

Duplicating these services in facilities

throughout the state is inefficient, expensive and often ineffective because quality and continuity are difficult to maintain.

The department's plan adds 473 beds for sentenced felons in Palmer and Kenai. Add 760 Alaskan prisoners in Arizona and the state needs all 1,200 of the beds proposed by the Whittier plan. There is also a need for jail beds at other facilities around the state. But until jails are used as jails and prisons are used as prisons, it is difficult, if not impossible, to determine regional demand.

Edmund Burke said, "all government — indeed, every human benefit and enjoyment, every virtue and every prudent act — is founded on compromise or barter." It is time to compromise or barter through the impasse in Corrections by expanding state and municipal jails where there is a clear need, and by supporting private/public partnerships that can build and manage new prison beds at lower public expense.

The state simply cannot afford to become stuck fast in yesterday's way of doing business.

Frank Prewitt, an Anchorage attorney, is former commissioner of Corrections and a consultant to the Whittier prison project