



State of North Carolina

Office of State Budget and Management

Michael F. Easley
Governor and Director
of the Budget

David T. McCoy
State Budget Officer

April 12, 2004

MEMORANDUM

TO: The Honorable Marc Basnight, Senate President Pro Tempore,
Joint Legislative Commission on Governmental Operations
The Honorable James B. Black, Speaker of the House,
Joint Legislative Commission on Governmental Operations
The Honorable Richard T. Morgan, Speaker of the House,
Joint Legislative Commission on Governmental Operations
Senator Scott Thomas, Co-Chairman, Justice and Public Safety
Subcommittee
Representative Bill Culpepper, Co-Chairman, Justice and Public Safety
Subcommittee
Representative Joe L. Kiser, Co-Chairman, Justice and Public Safety
Subcommittee

FROM: David McCoy *David McCoy*

RE: New Capital Improvement Project Authorization

In accordance with Section 31.8 of Session Law 2003-284, I am writing to report the authorization of a new capital improvement project for the construction of two 40 cell segregation buildings for the Department of Correction. The construction of the two segregation buildings will be funded using federal grant funds from the US Department of Justice through the Violent Offender Incarceration & Truth-In-Sentencing (VOI/TIS) program for a project total cost of \$5,711,400.

The construction of two 40 cell segregation buildings is a longstanding critical need that is required to support the proper management and confinement of minimum custody inmates. Since 1987, construction of new prison facilities and expansion of old facilities has provided capacity for over 35,000 inmates. However, minimal segregation capacity has been added and is especially needed for minimum custody inmates when they commit infractions requiring segregation. Since there are no minimum security segregation buildings in the West and Central part of the state, inmates must be transported to the East. Having these two segregation buildings proximately located to the inmate population will reduce overtime and mileage costs.

The project description is to design and construct two secure masonry buildings (one at Caldwell Correctional Center, and the other at either Durham or Orange Correctional Center depending on which site is the best suited) each having 40 individual cells. The design and construction methodologies proposed are by Force Account, using the design capabilities of the Department's professional architectural and engineering staff, and the construction resources of the Department's Inmate Construction Program (ICP).

The planned use of Departmental resources to design and construct these buildings allows the Department to leverage its available federal grant funding to a greater advantage, and provides rehabilitative work opportunities for those inmates assigned to the ICP. The source of project funding is US Department of Justice grants from the Violent Offender Incarceration and Truth-in-Sentencing (VOI/TIS) programs. The Force Account project budget is estimated at \$2,855,700 for each building, for a project total of \$5,711,400. By contrast, the private sector market value is estimated at \$4,242,000 for each building for a project total of \$8,484,000. OC-25's based on Force Account estimates have been prepared and submitted to the State Construction Office this week for their review and cost certification.

The proposed project schedule is to start design work immediately upon authorization. Material acquisition would occur during the last two quarters of 2004 with site construction activities beginning in the first quarter of 2005. Construction would be completed on or about July 2006. The need to undertake project action immediately is driven by the following factors:

1. Compelling operational need for this type of space to influence desired inmate behavior, as cited in the project justification;
2. Timing of construction activities to afford continuity of work for the ICP, coinciding with the completion and demobilization of ICP resources at the Warren CI Phase III project. This continuity is also critical for maintaining the integrity of the apprenticeship track for ICP inmates;
3. Time required to complete National Environmental Policy Act (NEPA) requirements applicable to federally funded projects (4-6 months); and
4. VOI/TIS program deadline for declaring allocation of funds to a specific project (2005).

A schedule of operating costs for the first five years is attached.

Please contact Charlie Perusse or Byron Harris at 733-7061, if you have any questions or need additional information.

Attachment

cc: Secretary Theodis Beck
Mr. Franklin Freeman

**DIVISION OF PRISONS
40 CELL SEGREGATION BUILDINGS
PROPOSED FOR CALDWELL AND DURHAM/OR ORANGE
2004 SHORT SESSION REQUEST FOR VOI/TIS FUNDS
COMPLETION DATE JULY 2006 - Begin Hiring August 2006**

	FIRST YEAR OF OPERATION FY 06-07	SECOND YEAR OF OPERATION FY 07-08	THIRD YEAR OF OPERATION FY 08-09	FOURTH YEAR OF OPERATION FY 09-10	FIFTH YEAR OF OPERATION FY 10-11
Staff (Additional Annual Cost) (Include # of Additional Employees)	1,267,195 44	1,382,394 44	1,451,514 44	1,524,089 44	1,600,294 44
Maintenance (Additional Annual Costs)	13,760	14,448	15,170	15,929	16,725
Other Operating (Additional Annual Cost)	88,428	92,849	97,492	102,366	107,485
Special Equipment/Furnishings Not Included in Construction Request	0	0	0	0	0
Total Requirements	1,369,427	1,489,735	1,564,220	1,642,429	1,724,548