

RFI 3016 | Design/Build/Finance Options  
for Adult Male Correctional Facility

**TRUSTED PARTNERS.  
PROVEN METHODS.  
FAST RESULTS.**

Submitted by CGL Companies | May 27, 2020

**CGL**





May 27, 2020

Kate Severin, NDCS Purchasing  
NE Department of Correctional Services  
801 West Prospector Place  
Lincoln, NE 68522

Re: Request for Information Regarding Design/Build/Finance Options for a Proposed Adult Male Multi-Security Level Correctional Facility - RFI 3016

Dear Ms. Severin,

We are pleased to offer our potential solutions and Design/Build/Finance options for the proposed Adult Male Correctional Facility with the Nebraska Department of Correctional Services (NDCS). NDCS requires a robust, comprehensive solution to remedy rapid population growth across its secured facilities. Challenged to increase capacity in an expedited fashion, the State aims to employ innovative processes that will promote safety, improve communities, and maximize taxpayer dollars.

CGL is well-equipped to help NDCS determine the best approach to develop a solution that is right for the staff, inmates, and taxpayers of Nebraska. We focus exclusively on helping public-sector owners, primarily in the corrections space. Having worked in all 50 States and 22 countries, we understand that no two systems are alike. It is imperative that the Nebraska Department of Correctional Services implements an approach specifically tailored for the unique challenges of your system.

In addition to our in-house justice knowledge, we also bring the expertise and experience of our parent company, Hunt, one of the country's leading investors of social infrastructure assets, HDR, a national Architectural and Engineering Firm headquartered in Omaha, Nebraska, Burlington Capital a diverse investment management firm also based in Omaha and Johnson Development, a leading developer of government-leased real estate. Our team's current understanding of your mission, vision, and facility needs is:

1. **Add safe spaces to accommodate growing population projections;**
2. **Allow for future growth without compromising efficiency;**
3. **Develop facilities that create opportunities for positive transformation;**
4. **Accelerate development, financing and construction through a progressive delivery method;**
5. **Address growing need and mitigate future risks by providing adequate constitutional level of dental, medical, mental, and behavioral health care; and**
6. **Implement an approach that optimizes value and minimizes risk.**

#### **PROGRESSIVE P3 DELIVERY TO ACHIEVE YOUR GOALS**

Having worked with the Nebraska Department of Correctional Services since the early 1990's, we understand your overall vision, the current demand on your infrastructure and the political climate. We recognize that the State values safe communities and highly functional and efficient facilities achieved through thoughtful, strategic processes. Based on this understanding, **we believe a Progressive Public, Private Partnership (P3) is an appropriate option for project delivery and provides the best value.**

## SYSTEM-WIDE SOLUTIONS

In addition to meeting current needs, a Progressive P3 delivery will allow the Nebraska Department of Correctional Services to consider the long-term needs of the system.

### Accelerated Schedule, Eradicated Risks

Faced with future population increases and limited resources, timing is absolutely vital when it comes to project execution. Unlike alternative P3 delivery methods, **Progressive P3 is the fastest delivery option for public entities.** This method eliminates waiting for design completion before the start of construction, condenses the permitting period, and allows for site issues to be resolved during the design phase. **By incorporating the Progressive P3 model, the state of Nebraska can begin the procurement process – and therefore construction – up to 50 percent faster.** This accelerated process will result in the swift addition of beds to alleviate overcrowded facilities.

**The best part? It is also the only P3 method that allows public owners to identify their risks early in the process and often eliminate the risks, therefore, driving down overall cost.**

There are inherently three types of risks linked to P3 ventures: development, completion, and life cycle risks. Rather than simply accepting and relocating some or all of these risks, Progressive P3 allows you to eliminate these risks altogether. Under this scenario, our financing and development experts can advise the state of Nebraska on what the optimal risk transfer from the public sector to private sector is for your project. It is essential that **you do not over-transfer risk and thus over-pay, while also verifying that you do not under-transfer risk to the point you undercut value.**

### Progressive P3 Maximizes Dollars

The Progressive P3 method will benefit the state of Nebraska through **significant cost savings.** As the most cost-effective manner of procurement for public entities, Progressive P3 will enable the State to choose a partner based on qualifications and avoid paying expensive stipends that inevitably reduce competition for your project.

Progressive P3 also promotes competition at the subcontract level, where approximately 90 percent of costs are accrued. This approach generates the most value for the State because you can **effectively drive costs down** by creating increased market competition for various scopes.

We are confident the state of Nebraska can provide safe, secure facilities that serve as environments for positive change. We appreciate your Request for Information and allowing our team to give you input about your choices ahead. At CGL, we have been a trusted partner to State Correctional Agencies for more than 40 years. We employ proven methods that achieve fast results. We welcome the opportunity to assist you with any information you need to help you reach the fullest measure of success.

Sincerely,



**Bob Glass**

Director of Justice Services | CGL Companies  
509.953.2587  
blgass@cglcompanies.com

# RESPONDENT FORM

**State of Nebraska NE Department of Correctional Services  
REQUEST FOR INFORMATION**

RETURN TO: NE Department of  
Correctional Services  
Name: Kate Severin  
Address: 801 West Prospector Place  
City/State/Zip: Lincoln, NE 68522  
Phone: 402-479-5717

RFI NUMBER	RELEASE DATE
<b>RFI 3016 DESIGN/BUILD/FINANCE OPTIONS ADULT MALE CORRECTIONAL FACILITY</b>	<b>March 16, 2020</b>
OPENING DATE AND TIME	DCS CONTACT
<b>May 27, 2020 2:00 p.m. Central Time</b>	<b>Kate Severin</b>

This form is part of the RFI package and must be signed in ink and returned, along with information documents, by the opening date and time specified.

**PLEASE READ CAREFULLY!**

### SCOPE OF SERVICE

The State of Nebraska (State), Department of Correctional Services (NDCS) is issuing this Request for Information RFI 3016 for the purpose of gathering information regarding **Design/Build/Finance Options for a proposed Adult Male Multi-Security Level Correctional Facility**, to be operated by NDCS.

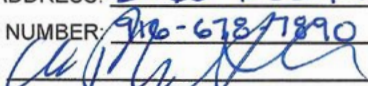
Written questions are due no later than April 6, 2020 and should be submitted via e-mail to [dcs.purchasing@nebraska.gov](mailto:dcs.purchasing@nebraska.gov)

Bidder should submit six (6) original copies of the entire RFI response plus one electronic copy on a USB flash drive. RFI responses should be submitted by the RFI due date and time.

Sealed RFI responses should be received in the Nebraska Department of Correctional Services (NDCS) Central Office by the date and time of RFI opening indicated above.

### RESPONDENT MUST COMPLETE THE FOLLOWING

By signing this Request For Information form, the respondent guarantees compliance with the provisions stated in this Request for Information.

FIRM: CGL COMPANIES, LLC  
COMPLETE ADDRESS: 2260 DEL PASO ROAD, SACRAMENTO, CA 95834  
TELEPHONE NUMBER: 916-678-1890 FAX NUMBER: \_\_\_\_\_  
SIGNATURE:  DATE: MAY 20, 2020  
TYPED NAME & TITLE OF SIGNER: W. ROBERT GLASS, A/A  
EXECUTIVE VICE PRESIDENT



## Form A

### Respondent Contact Sheet

#### Request for Information Number 3016

Form A should be completed and submitted with each response to this RFI document. This is intended to provide the State with information on the vendor's name and address, and the specific persons who are responsible for preparation of the response.

Preparation of Response Contact Information	
Name:	CG L COMPANIES, LLC
Organization Address:	2260 DEL PASO ROAD SACRAMENTO, CA 95884
Contact Person & Title:	W. ROBERT GLASS, AIA - EXECUTIVE VICE PRESIDENT
E-mail Address:	bgLASS@CGLCOMPANIES.COM
Telephone Number (Office):	916-678-7890
Telephone Number (Cellular):	509-953-2587
Fax Number:	

Each respondent shall also designate a specific contact person who will be responsible for responding to the State if any clarifications of the vendor's response should become necessary. This will also be the person who the State contacts to set up a presentation/demonstration, if required.

Communication with the State Contact Information	
Name:	
Organization Address:	SAME AS ABOVE
Contact Person & Title:	
E-mail Address:	
Telephone Number (Office):	
Telephone Number (Cellular):	
Fax Number:	







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# BENCHMARKING YOUR FACILITY





## SECTION 1

### BENCHMARKING YOUR FACILITY

Evaluating costs for this type of facility, requires an estimate of the gross square footage that might be required for this inmate population. With the limited description of inmate types and services listed in the RFI and our over 45-year history of planning correctional facilities, we have utilized our “benchmarking” capabilities to estimate gross square footage per inmate.

At CGL, benchmarking is a practice that compares the space requirements of a new facility to our 45 years of past facility standards experience. In justice planning and design, this process allows planners and architects to compare existing or proposed building performance data against best practices. The purpose is to provide a quantitative tool to align decisions and selections with established project objectives.

Common benchmarks used in justice facility planning are based on square feet per inmate bed. These benchmarks are based on codes, research, and precedent, and factor in a certain amount of space necessary to support one bed in a correctional facility. **However, these metrics should also consider functionality and operations.** For example, a correctional facility that would have heavier programs or increased healthcare treatment requires larger support spaces, which drives up the typical benchmark ratios for square feet per inmate. In addition, a facility in a colder climate will have a larger square footage per inmate with the addition of interior circulation space.

It is essential that these distinctions are understood, identified, and accounted for in the early planning and design stages. We utilize benchmarking on our justice facility projects and can demonstrate to the Nebraska Department of Correctional Services how to effectively wield this tool to its advantage.

The size of a state correctional facility depends on the desired amount of inmate programming and medical/mental healthcare desired. Below is a table that provides a benchmarked gross square footage (BGSF) for an 1,800-bed facility with ultimate build-out capacity per Addendum #1 of 3,000 beds. The column in the middle lists the added support space needed for 3,000 beds. We would recommend that should the State initially build an 1,800 bed prison, it should also consider building the added "shelled" space at the same time, so that future expansion occurs as part of the necessary functions, which would allow for a more efficient operational facility.

Facility Name	Prison Selected Projects (complete facilities only)	Potential added "Shelled Space" for expansion	Prison Selected Projects (complete facilities only)
Security Level	All		All
Total Number of Beds	1,800		3,000
Total Building Gross SF	551,243		918,739
100 Security Support SF	610	407	1,017
100 Security Support % of Total BGSF	0.1%		0.1%
200 Administration Total SF	28,808	19,205	48,013
200 Administration % of Total BGSF	5.2%		5.2%
300 Housing SF	328,385		547,309
300 Housing % of Total BGSF	59.6%		59.6%
400 Inmate Services SF	36,253	24,169	60,422
400 Services % of Total BGSF	6.6%		6.6%
500 Inmate Programs SF	99,288	66,192	165,481
500 Services % of Total BGSF	18.0%		18.0%
600 Health Care SF	24,172	16,114	40,286
600 Health Care % of Total BGSF	4.4%		4.4%
700 Support Services SF	32,822	21,882	54,704
700 Support Services % of Total BGSF	6.0%		6.0%
800 Related Facilities SF	1,041		1,354
800 Related Facilities % of Total BGSF	0.2%		0.1%
<b>Average BGSF per Bed</b>	<b>306</b>		<b>306</b>

Source: CGL, May 2020

# 2

# 30 YEAR TERM FINANCING & DELIVERY METHODS







## SECTION 2

### 30 YEAR TERM FINANCING AND DELIVERY METHODS

The RFI requests that our team provide “perspective and ideas premised on financing and construction of the proposed facility.”

**Having advised the state of Alabama in P3 prison development over the last 24 months, we offer a firsthand perspective on current market conditions, specifically traditional and alternative prison financing.** We can explain the level of risk transfer to developers that will promote significant competition for the state of Nebraska’s procurement process.

To understand our perspective on risk transfer and financing, we need to establish a number of universal first principles:

#### **1. NO LEASE FINANCING WILL BE OFF BALANCE SHEET**

**The lease of a prison will be on the State’s balance sheet. Therefore, any finance terms (interest rate, etc.) will be dependent upon the State’s credit rating.**

The Government Account Standards Board (GASB) develops accounting standards for government agencies. GASB Statement No. 87 (effective December 15, 2019) requires that government account for its right to use a leased asset on its balance sheet. Therefore, a non-revenue generating asset that is operated by State employees and

reserved exclusively for State corrections agency use will not qualify for off-balance sheet treatment. This means availability of government funding after GASB 87 is a neutral input to the analysis determined solely by the amount the government can afford. Financing, whether private, public, or some hybrid of both, is an output that should be engineered collaboratively between government and the selected developer. **It is essential that the State has a partner who can educate their financial advisors on the full spectrum of available options as the credit markets and government stimulus evolve during the current fiscal crisis.**

The advantage of GASB 87 is that any long-term lease financing cost will be based on the state of Nebraska’s credit rating as the counter-party credit risk and will be reflected on the State’s balance sheet for the term of the debt. We recommend a hybrid structure for long-term debt, where the State makes milestone payments during construction and then periodic lease payments as it can afford them. This industry best practice will minimize the credit risk and interest in a base lease structure that is default remote, does not require equity, and costs the same as a traditional public financing.

## 2. RISK DRIVES THE COST OF CAPITAL

**Traditional municipal financing usually does not account for all the risks retained by the municipality.**

When credit rating agencies and underwriters analyze the cost of credit, they start with risk-free rates and then build the counter-party credit and performance risk for the given project transaction. When the financing focuses on the general obligation risk of government to service its portfolio's debt based on its current tax structure and budget, it usually does not consider the counter-party and performance risk of a specific transaction. Those traditional municipal financings typically do not adequately account for the specific risks that are being retained or transferred and the appropriateness of the reserves established to address those risks in the project agreements. Therefore, they vastly understate the risk over the life of the asset.

## 3. THERE ARE THREE COMPONENTS OF RISK THAT SHOULD BE ACCOUNTED FOR IN DETERMINING AFFORDABILITY LIMIT FOR THE TRANSACTION

**In the traditional method of building a prison, the State retains the three components of risk. However, under a Progressive P3 model, some of those risks are transferred to the developer.**

When the State considers whether it can afford expenditures for a capital asset, it must thoroughly analyze the risks which fit into one of three time-related categories: development risk, completion risk, and lifecycle risk. Development risk involves the appropriation, programming, land acquisition, permitting, differing site conditions, utilities and enabling infrastructure, and the state and local political processes that overlay every decision. Completion risk involves the design and construction and obtaining the facility on time and on-budget to fit the State's operational needs. It contains innovative technology to guarantee operational efficiency from a labor and energy performance perspective. Lifecycle risk involves the risk of achieving the planned cost of building performance over the life of the asset, including the cost of maintenance and systems replacement, and the cost of labor.

Until the State understands and accounts for the risks that it retains using a traditional delivery method, it cannot fully grasp the value of transferring and achieving certainty of those risks. The more complex and generational the asset replacement is, such as a new prison when the State has not attempted a challenge of that scale, the more likely that transferring the risk creates the highest value for the taxpayer.

## 4. OVER-TRANSFERRING AND UNDER-TRANSFERRING RISK DESTROYS VALUE FOR THE TAXPAYER

**Careful planning and collaboration should occur to define the correct risk amount to transfer to developers.**

If the risk cannot be eliminated and is inherent in the transaction, then the decision to transfer it to the private sector (rather than retain it) can result in contingencies in the form of reserves and higher equity/debt costs that may be a higher cost than if the State retained them. Any alternative delivery option, whether design-build ("DB"), design-build-maintain ("DBM"), design-build finance (short and long term; "DBF"), and design-build-finance-maintain ("DBFM") and the scope within each of those options, must be supported by a business case

that provides that it is faster, better, and cheaper than the other options. This business case process is known in the industry as a “value for money analysis” that is continuously evaluated during the procurement process to ensure that the optimum balance of risk transfer and capital cost are achieved.

In addition, the State procurement statutes must support any option chosen. As in Alabama, the state of Nebraska currently does not have the full array of risk transfer options available without new legislation. Nebraska authorized alternative delivery options for buildings, such as design-build (and arguably all of the options involving finance and maintenance discussed above), to its political subdivisions (but not to the State) in 2008. Therefore, as in Alabama, absent of revision to the current lease authority, a State procurement for a new prison will be viewed as a real estate lease transaction subject to the statutory processes and State Building Division jurisdiction applicable to capital leases discussed in more detail below.

## **5. THE COST OF PRIVATE FINANCING ESSENTIALLY IS EQUIVALENT TO PUBLIC FINANCING**

**The state of Nebraska can eliminate risk in all three categories through extensive knowledge of the cost trade-offs and a demonstrated strategy prior to financing.**

The Congressional Budget Office published a seminal paper in January 2020 (<https://www.cbo.gov/publication/56003>) that definitively concludes that the cost of financing is essentially equal, whether publicly or privately financed when adjusted for risk. In other words, the percentage of equity and the reserves required in the transaction necessary to achieve the highest rating and, therefore, the lowest cost of debt are determined by the three components of risk discussed above in the specific transaction. There are only three approaches that can be done with risk: it can be retained by the government, transferred to the private sector, or eliminated through a collaborative partnership prior to financing. The first two are cost-neutral in the financing because risk should be reflected in the cost of capital. The best approach is to eliminate risk in each of the three risk categories by a thorough understanding of the cost trade-offs of spending the time and money to eliminate the risk before the financing, and, then, demonstrating the risk strategy to the underwriters so that they can recognize the quality of the transaction as part of the underwriting process, which drives the cost of capital closer to the risk-free rate.

## **CGL'S PERSPECTIVE ON NEBRASKA'S DELIVERY AND FINANCING OPTIONS**

Given the five universal principles surrounding risk and financing discussed above, the pivotal decision on delivery options is whether the state of Nebraska wants to transfer the third component of risk related to lifecycle (or cost of ownership) in a long-term credit-tenant lease. The first two components of risk—development risk and completion risk—can be structured in a “build-to-suit” transaction in which the developer takes the financial and performance risk of all of the activities discussed above and delivers a fully operational facility meeting all of the performance criteria specified by the state for a fixed sum by a date certain. Once fully accepted by the State, the State is then obligated to purchase the facility from the Developer with whatever long-term finance structure it chooses. This is the delivery method that CGL and its parent company, Hunt, are successfully executing on the \$334 million Travis County Courthouse project in Austin, Texas.

### **BUILD-TO-SUIT DELIVERY**

A major advantage of progressive delivery is that it allows the public/private partner to optimize the design, capital stack, and scope with reduced risk to the State. If the State were to



have the full array of delivery methods available to transfer lifecycle risk and could achieve operating cost risk transfer and certainty for 30 years, the value of risk transfer would be roughly twice the sum of the development and completion risk available under a build-to-suit delivery.

A build-to-suit delivery involves an agreement called a Purchase and Sale Agreement (rather than a Lease Agreement) and is equivalent to the State buying a piece of real estate or a building without an inherent lease structure that would trigger the procurement limitations in the current Nebraska statutes surrounding long-term financings. Build-to-suit delivery also allows for a transparent and collaborative process necessary to optimize the scope, schedule, and construction cost under a pre-development agreement (or PDA) before financing. It also establishes off-ramps for the State—if it determines that the transaction structure no longer provides value over traditional delivery. The most important feature of the build-to-suit delivery with a PDA is that it affords the State and the developer the ability to eliminate the development and completion risks (rather than forcing them into the finance structure, because they cannot be known until after the financing with a traditional fixed-price bid structure otherwise required by the Nebraska statutes).

#### **LONG TERM LEASE/AVAILABILITY PAYMENT DELIVERY**

If Nebraska chooses to transfer lifecycle and financing risk to a developer and recognizes the full value of alternative delivery through a long-term lease structure, then the procurement and agreement structure will be a challenge, as it has been in Alabama, without a specific statutory authorization. This is because the competitive RFP process, established by NRS 81-1108.16, requires fixed-price competitive proposals (with negotiations with the apparent low priced offeror) administered by the State Building Department (SBD).

The Department may request a “special situation which is not addressed in Title 7, Chapter 2, Rules and Regulations . . . or, have legitimate reasons why the formal bid process should be waived, based on an explanation of the situation and the particular request submitted to AS/SBD for review and approval by the AS Director.”

If exception to the fixed-price, competitive proposal requirement applicable to the State is not granted, the procurement would require that multiple developer teams with contractors, designers, lenders, and maintenance contractors would endure a lengthy procurement process with multiple one-on-one meetings with counterpart legal, financial, and technical advisors to the State who will steer the RFP process so that multiple responsive, compliant, and comparable bids are received at the end of the process, which would allow the State to choose the low-priced offer. Typically, to achieve a fixed-price and schedule offer, the design needs to be 50%+ complete, which means that some combination of the developer and the State, through a stipend, would need to fund approximately 50% of the design cost. In addition to the cost to separately develop the design among multiple teams, the time after the start of the procurement to reach financial close and start the project will take 30-50% longer than a build-to-suit delivery (12 months vs. 18 months). Depending on the level of stipend, this has a chilling effect on the competition (contrary to the build-to-suit delivery in which the costs are incurred after award under a PDA). More importantly, the financing costs are not able to be fixed for more than 60 days, so that if the negotiations and financial close takes longer than 60 days after award, there is a risk that the fixed-price offer may be invalid.

If the State does waive the competitive proposal requirement and allows a “progressive development” process, the delivery is much more akin to a build-to-suit, whereby the developer is selected based on development and design-builder fees percentages and an



indicative price and schedule proposal and qualifications.

The parties execute a similar pre-development agreement whereby they jointly undertake to optimize the cost of financing and competitively bid the scopes of work, including the debt, in a transparent process to reach a fixed price and schedule in advance of the process. This allows the same level of collaboration and integration to de-risk the project and optimize the design and capital structure and build the political will for the project with off ramps before financial close if the project becomes unaffordable. Most importantly, it does not require the expense of multiple teams to prepare competing designs and financial proposals and allows one developer to achieve the highest level of competition among the construction trades and debt markets.

As CGL has advised Alabama over the past 24 months, we have observed a definite contraction in the number of developers and debt markets participating in long-term financing of prisons

because of the reputational risk associated with privatized prisons.

Although prison operations and custody of inmates is not included in the Nebraska scope, the investors and leadership of many of these international firms have determined that the reputational risk associated with long-term financing of corrections projects in general is not worthwhile. In addition to the potentially cost-prohibitive pursuit cost associated with a fixed-price, long-term lease structure (absent a waiver), the number of competitors on both debt and equity inherently will be less than a build-to-suit, which is not perceived to have the reputational risk associated with an operational corrections facility.



# 3

# TECHNOLOGY SOLUTIONS









## SECTION 3

### TECHNOLOGY TO SUPPORT SECURITY OPERATIONS

With the rapid expansion of technology in our society, the development and use of specialized technology in correctional systems now plays a critical transformative role in improving the security, programming, and efficiency of a facility's operation. The appropriate application of innovative technologies into the design of new correctional facilities also positively affects long-term operational costs. It is imperative that the Nebraska Department of Correctional Services do a thorough review of all potential applications of modern technology as this new facility is developed, programmed, and designed to ensure cost savings and efficiencies are maximized.

The new technologies applicable to this Request for Information (RFI) fall into two categories. The first is security operations and inmate programming. These technologies include inmate tablets, staff mobile and communication devices, advanced inmate tracking applications and hardware, improved fence detection systems, and video surveillance systems. These technologies help improve inmate management and access to programs, increase security and efficiency, and reduce the number of required staff.

Second, facility-related technologies are essential for a reliable physical plan, which is essential to

supporting security operations. As the market leader, we have managed more than 16 million square feet of correctional facilities. With this experience, we understand the integral role data plays in helping our clients make informed decisions about their facilities' energy use and building performance and see all scheduled and unscheduled maintenance activities transparently and in real time.

We understand that technology is rapidly changing, and the next several years will produce new products and opportunities for improvement. Designing and building a new facility with the flexibility to adapt to the perpetually evolving technology environment will be a necessity for the state of Nebraska.

The following are examples of recent technology improvements that are changing corrections operations and resulting in cost savings and improved efficiency. Having utilized these innovations in other recent projects, we recommend that these be considered for application in any new NDCS facility:

#### SECURITY OPERATIONS AND INMATE PROGRAMMING

##### **Tablet Computers:**

The deployment of inmate tablet computers as a leading technology solution can enhance prison operations and improve efficiency, supporting

the core mission of improving security. Tablets can also help the NDCS reduce recidivism by expanding a facility's programming and service capabilities. Tablets enhance the delivery of educational and vocational training materials directly to student inmates in correctional institutions, and supplement the classroom delivery approach to education. Expanded use of these technologies will require thoughtful programming of the new facility but can be hugely impactful in creating positive transformation if properly planned and implemented.

Through tablets, inmates can have remote access to general or legal libraries and in addition to the remote education and treatment programs. This tablet provided programming not only reduces inmate movement, but also enhances facility security, and expands the facility's capacity to deliver programs and services while minimizing space requirements.

Additionally, through video visitation, inmates can cultivate and maintain crucial connections to their families. Like other applications of this technology, the expansion of video visitation will reduce staffing needs and enhance security by limiting the opportunity to introduce contraband into the facility.

The technology can also automate and improve the accountability of key processes such as the grievance and inmate request systems. Tablets can reduce construction costs by decreasing the space needs for certain functions such as libraries, visitation, and classrooms. Tablets have also been effective in streamlining the commissary operations of the facility while boosting security through reduced inmate movement and improved accountability.

Tablets provide access to media such as music and library materials. The opportunities to use tablets to enhance recreational opportunities will improve security by reducing idleness and thus misconduct while enabling facilities to provide these programs with reduced movement and staff supervision.

The new NDCS facility should be designed with flexible spaces that allow for the connections, storage, charging, and deployment of these devices. We view the potential uses of this technology in a correctional setting as unlimited; programming and design considerations must maximize this potential to **improve security, enhance operations and efficiencies, and reduce costs.**

### **Video Surveillance Systems**

While video surveillance systems have been commonplace in correctional facilities for the past 20 years, recent technological advancements have improved video resolution, recording capabilities, and monitoring access.

To maximize the video surveillance technology, the facility design and programming must consider the installation and placement of this technology from the inception of design. Camera placement—if properly done during design—can result in considerable staff savings by reducing the number of manned posts while significantly enhancing the facility's security operations and bolstering inmate accountability. Data shows that facilities which have properly applied this technology have reduced violent incident rates by as much as 40%.

In addition, with the requirements established by the Prison Rape Elimination Act (PREA), the importance of visually monitoring most areas of a correctional facility has grown. In tandem with the proper deployment of staff, video surveillance systems can extend the amount of area under visual coverage, improve visual evidence, reduce serious incidents, and better observe inmate behavior.

**The ultimate benefits are improved staff and inmate safety and reduced costs.**

### **Perimeter Technology**

Fence detection technology has proven to improve a facility's perimeter security by boosting efficiency and significantly reducing costs. Most newly designed correctional facilities no longer require staff-intensive perimeter towers due to today's improved perimeter technology. Supplementing fence detection with roving patrols have shown to be a more secure, less costly approach to perimeter security. As a recent example, CGL's plan for a new correctional facility for the Utah Department of Corrections saved nearly \$2 million annually through the elimination of 28 security positions to staff seven perimeter towers. We recommend NDCS develops perimeter security that is consistent with your operational philosophy and statutory requirements. There should be a focus on the benefits of installing perimeter detection systems working in tandem with the facility's security staff.

### **Staff Mobile Devices**

The next wave in transforming critical day-to-day prison operations is the implementation of mobile devices that are integrated into existing offender management systems. These cellphone-like devices or watches are carried by staff and used to more accurately track inmate movement, record counts, monitor compliance, document facility work orders, and provide immediate accountability and business intelligence. This technology is evolving in its application to correctional environments, but its potential to affect cost savings and improved security are unlimited. The facility's design criteria should accommodate the application of this technology for future (if not immediate) implementation.

### **Body Scanners**

Controlling contraband within a facility is a continual challenge. Individual privacy requirements, the limitations of metal detectors and staff shortages all impact our ability to ensure searches are being thoroughly and regularly conducted. Body scanner technology placed at facility entrance points can dramatically reduce the introduction of contraband without requiring additional staff or delaying entry or exit.

## **FACILITY-RELATED TECHNOLOGIES**

### **Computerized Maintenance Management System (CMMS)**

A CMMS is mandatory to produce a quality maintenance program. There are approximately 950 state prisons in the U.S. today, more than half of which were built between 1980 and 2000. The intent for most of these prisons was to last 50 years, but because of poor maintenance, the useful lives are cut in half in some cases. As the largest outsourced correctional maintenance provider in the country, CGL has developed and refined the practice for more than 27 years and 16 million square feet. We have successfully implemented our CMMS on every contract we have managed, as well as, for large corrections departments that do not outsource maintenance. A CMMS has the following advantages:

1. Plan and schedule preventive and corrective maintenance
2. Manage work order efficiently (person power leveling)
3. Manage spare parts inventory
4. Eliminate paperwork
5. Enhance productivity
6. Increase safety
7. Ensure compliance with regulatory standards
8. Asset inventory
9. Asset work order history
10. Increases responsiveness and reliability

## **DATA INTEGRATION PLATFORMS**

The Nebraska Department of Correctional Services should consider the total cost of ownership when it comes to planning and implementing technology in prisons. This approach must include the cost of life cycle equipment replacements and upgrades and the cost/usage of energy (gas, electricity, water, sewerage). To manage the cost of energy and maintenance requires several data sources that must be accessed to monitor trends and manage expenses. At CGL, we are currently using a data integrations platform that provides "One View" of facility-related usage and costs from different data systems. The "One View" allows quick trend analysis of opportunities for cost optimization and identification of re-occurring issues that require the collaboration of facility and operations staff. For example, re-occurring vandalism identified in a trending report is eliminated by re-engineering the offending equipment or building system. Altering showering schedules can eliminate peak water charges when identified through trend analysis.

## **BENEFIT TO NDCS**

The NDCS will benefit greatly from a facility design that accommodates the most effective available technologies and provides the opportunity for additional future applications. The technologies discussed above are valuable assets that promote safety, create positive environments, and reduce costs. We recommend contracting with an expert such as CGL, who has the experience, knowledge and insight to support the NDCS in evaluating, selecting, and implementing the innovative platforms that will best serve its new facility, its inmates, and its staff.



# ALABAMA DEPARTMENT OF CORRECTIONS

## LOCATION

State of Alabama

## SIZE

3.0 million SF

## VALUE

\$1.09 billion (*estimated*)

## PROJECT STATUS

In Progress

## CLIENT

Alabama Department of Corrections

## DELIVERY METHOD

Design/Build/Finance/Maintain

## ROLE

Owner's Representative for  
Statewide Prison Construction

## TRANSFORMING ALABAMA'S PRISON SYSTEM

Alabama's prison system was beyond repair with high inmate violence and low staffing. The Alabama Department of Corrections enlisted the help of CGL to create a sustainable, cost-efficient system to satisfy public safety requirements and transform the Alabama Department of Corrections' (ADOC) suffering prison system. In search of a solution, the project management team conducted extensive research, performed facility studies, evaluated and vetted data to validate or reject existing concepts, and developed a proposed long-term master plan to solve a generation problem.

Through the validation study, the team discovered that a 10,000 bed replacement was the best alternative to meet the current and future inmate profile of the state.

The team was able to work with the state to provide a solution through an **alternative delivery system that would fast track the development of 3 new prisons by providing a private lease using a Design-Build-Finance-Maintain Model (DBFM).**

The most surprising discovery was that Alabama, through a lease, could pay for bed replacements with operational savings, meaning that new and upgraded prisons wouldn't cost taxpayers anything. With this discovery, Alabama is now moving forward with plans to replace 2.6M SF of the state's 3.2M SF at no additional cost to taxpayers.



# TRAVIS COUNTY CIVIL AND FAMILY COURTHOUSE

## LOCATION

Austin, Texas

## SIZE

448,000 SF

## VALUE

\$334 million (*estimated*)

## PROJECT STATUS

In Progress

## CLIENT

Travis County Commissioners

## DELIVERY METHOD

P3

## ROLE

Development/Finance  
Construction Management  
Construction  
Design

## PROGRESSIVE DELIVERY FOR OPTIMIZED VALUE

The Travis County Courthouse Development Partners included CGL, Hunt and others in the development of a new courthouse as a “build to suit/turnkey” facility. The county’s oldest courthouse was obsolete in many ways, including issues with security, technology, building layout, public accessibility, and juror management space. Since expansion and renovation were not plausible options, the county decided to focus on new construction. **Utilizing the progressive P3 model, the team assembled and developed a plan to deliver a much faster facility for Travis County.**

The team worked closely with the County to provide tailored planning and design processes to fit the needs of the community. Collaborating for a decade, the team and the county developed a plan for a new courthouse on a full city block, leaving space for future growth and expansion.

The new facility features a notable, public-friendly entryway with a welcoming environment. Through careful planning, the new courthouse acts as a centerpiece for the community, setting a high standard for design quality and adding a prominent civic expression of justice to the urban fabric. This highly sustainable building also features numerous public amenities, including a children’s center and secure outdoor space.

In many ways, Travis County’s new courthouse acts as a model for 21st century courthouse operations.



# 4

# RESPONSE







## SECTION 4

### RESPONSE

#### CONSTRUCTION COSTS

Construction costs form part of the overall costs incurred during development. Broadly, construction costs will be those costs incurred by the actual construction work itself, and, on some projects, may be determined by the value of the contract with the main contractor.

The cost per square foot varies based upon the benchmarked area. For example, healthcare and housing are the most expensive areas in the facility. Therefore, the cost model developed calculates costs per square foot by applying a rate of the construction/finishes specific to each area.

Below are the estimated project costs for a stand-alone 1,800-bed facility with expansion capability to 3,000 beds (per the RFI and addenda information).

	<b>1,800 bed Facility</b>	<b>GSF Cost</b>	<b>Total Cost</b>
100 Security Support	610 SF	\$400	\$244,000
200 Administration Total	28,080 SF	\$380	\$10,670,400
300 Housing	328,385 SF	\$600	\$197,031,000
400 Inmate Services	36,253 SF	\$400	\$14,501,200
500 Inmate Programs	99,288 SF	\$400	\$39,715,200
600 Health Care	24,172 SF	\$680	\$16,436,960
700 Support Services	32,822 SF	\$450	\$14,769,900
800 Related Facilities	1,041 SF	\$380	\$395,580
<b>Total Construction Cost</b>	<b>550,651 Total SF</b>		<b>\$293,764,240</b>
General Conditions/Overhead & Profit/Bond	10.00%		\$29,376,424
Design Fee	6.50%		\$19,094,676
Developer Fee	5.00%		\$14,688,212
Other Consultants	1.10%		\$3,231,407
Contingency	10.00%		\$29,376,424
FF&E (Design & Acquisition)	3.00%		\$8,812,927
Building Signage	0.50%		\$1,468,821
<b>Grand Total Project Costs</b>			<b>\$399,813,131</b>

As discussed in Section 1, we suggest that the support space for the future 3,000-beds be built as part of the 1,800-bed facility so the State can optimize the efficiency of services being delivered to the inmate population. Below are the spaces and costs relative to this “shelled” expansion space.

	<b>1,800 bed Facility</b>	<b>GSF Cost</b>	<b>Total Cost</b>
100 Security Support	407 SF	\$400	\$97,680
200 Administration Total	19,205 SF	\$380	\$4,378,740
300 Housing	0 SF	\$600	\$0
400 Inmate Services	24,109 SF	\$400	\$5,786,160
500 Inmate Programs	66,192 SF	\$400	\$15,886,080
600 Health Care	16,144 SF	\$680	\$6,586,752
700 Support Services	21,882 SF	\$450	\$5,908,140
800 Related Facilities	313 SF	\$380	\$71,364
<b>Total Construction Cost</b>	<b>148,252 Total SF</b>		<b>\$38,714,916</b>
General Conditions/Overhead & Profit/Bond	10.00%		\$3,871,492
Design Fee	6.50%		\$2,516,470
Developer Fee	5.00%		\$1,935,746
Other Consultants	1.10%		\$425,864
Contingency	10.00%		\$3,871,492
FF&E (Design & Acquisition)	3.00%		\$1,161,447
Building Signage	0.50%		\$193,575
<b>Grand Total Project Costs</b>			<b>\$52,691,001</b>



## OPERATIONAL & MAINTENANCE COSTS

The Nebraska Department of Correctional Services (NDCS) prioritizes maximizing value and making the most of taxpayer dollars. An implicit understanding of operational and maintenance costs is critical to ensure an enduring, cost-effective facility is developed.

Our Facilities Maintenance Division services more than 5 million square feet of state correctional facility space in the U.S., including the recent development of a cost-effective transformative plan for the Alabama Department of Corrections. The decades of maintenance cost and performance data that we have compiled gives us the ability to demonstrate how long-term operational costs savings in maintenance, utilities, and staffing in a new facility can offset the cost of new construction.

We know that to first judge the true cost of a new facility, its full lifecycle cost must be clearly compared to the cost of doing nothing (i.e. the cost of maintaining the status quo through the continued operation of existing facilities). We have found that an aging facility's deferred maintenance and future repair needs coupled with higher operational expenditures can result in its

lifecycle cost being higher than that of a newer, more efficient facility.

It is important to understand that due to their round-the-clock operations, the physical plant of a prison—including its interior finishes, HVAC systems, doors and locks, and electronic controls—are more susceptible to deterioration. The NDCS would not only need to identify the costs to the physical plant, but also day-to-day operations costs. These costs can include:

### Deferred Maintenance

The level of deferred maintenance in many correctional systems is exploding, and our experience informs us that if left unresolved, it will double every five years. In effect, deferred maintenance is one cost of maintaining the status quo since it must eventually be addressed if no new development occurs. As a result, any cost/benefit analysis must account for the cost to simply maintain existing aging facilities in future years. Additionally, deferred maintenance can have a compounding impact on facility operations and costs that include:

- **Inefficient Energy Use:** Equipment that is not well-maintained does not perform as intended. By not performing to design standards, the equipment

requires more energy to run properly, resulting in higher utility costs. We have found that energy should normally cost between \$3 - \$5 per square foot, but with poorly maintained equipment, that cost increases by 10 percent.

- **Collateral Damage:** Added maintenance costs can occur when building systems fail. For example, roof leaks can damage ceilings and walls, electrical systems, and other building components.
- **Excessive Repair Costs:** Another impact of deferred maintenance is the increased cost to perform standard maintenance activity. By putting off maintenance, NDCS will end up spending more, especially over the life of the asset.
- **Increased Risks:** When infrastructures start to fail, the risks to staff and inmates increase. A poorly maintained correctional system will offset the NDCS goals of creating a better workplace environment for staff and improving the success of inmates because it impacts their most vital needs: safety and security. A substantial amount of deferred maintenance is not conducive to



positive staff performance or inmate outcomes. For example, failing security electronic systems can impact nearly every aspect of inmate movement, deteriorating HVAC systems can affect staff and inmate wellness, and failing roof systems can limit access to needed spaces. Correctional systems that cannot promptly address serious physical plant issues present an appearance of indifference to the environment that staff and inmates must work and live in. If allowed to continue, this can create discontent, reduce facility security, and negatively impact staff recruitment and retention.

- **Facility Closures:** Left unresolved, deferred maintenance needs will continue to grow and double every five years. This can result in the need to close sections of a prison or an entire facility if they become uninhabitable.
- **Overburdened Maintenance Staff:** By deferring maintenance, the State places more amplified work on its maintenance staff as the repair needs of aging infrastructure and equipment increases the demands on their time.

### Maintenance Costs and Utility Costs

Through our planning and facilities maintenance experience, we have found that maintenance and utility costs are typically much lower for new construction compared to existing facilities:

- Maintenance costs can be approximately \$4.00 per square foot per year for older correctional facilities. The maintenance cost of newer prisons can be as low as \$2.50 per square foot if appropriately designed.
- Utility costs can be more than \$6.00 per square foot in older facilities, while more efficient systems can reduce that cost by 30 percent or more.

### Staffing

In the last 30 years, we have seen correctional systems and facilities that are increasingly more difficult to operate due to litigation, national mandates, and increased societal expectations. Whether it be PREA, new standards in restrictive housing and out-of-cell time, enhanced management and treatment of seriously mentally ill inmates, or new standards of care for health services, correctional facilities built in the 1970s, 80s, and 90s no longer meet the design needs

of contemporary corrections. Systems have been forced to increase staffing to address this imbalance between operational needs and space limitations. For example, more staff are added to restrictive housing to meet greater out-of-cell time requirements. A new facility will be able to provide efficient operation in compliance with modern expectations.

### ANNUAL LEASE COST

The anticipated annual lease cost for a 30-year lease depends on a wide variety of factors besides just the cost of capital, including land cost, scope of lifecycle management and risk transfer, reserve requirements for handback, utility cost responsibility, and performance penalty regime. Furthermore, the cost of capital is at an all-time low and appetite for high quality state-sponsored deals in the infrastructure capital markets are at an all-time high in the current economic cycle. Therefore, benchmarking from our recent projects, such as Alabama for a long term lease and Travis County for a build-to-suit delivery (without lifecycle risk transfer), is instructive.

**Long Term Lease Structure**

Assuming a \$405 million cost of land, enabling utilities, and lifecycle scope and risk are roughly the same as Alabama prison replacement and the State's desire is to have a fixed annual base lease payment escalating at 2% per year, we expect the average annual lease payment to be approximately **\$24.9 million**, which is broken down roughly as follows:

Lease Component	Avg. Annual Payment
Lease Payment Debt Service	\$21,000,000
Maintenance Expense	\$1,100,000
Management Fee	\$100,000
Life Cycle Replacement	\$2,700,000
Annual Expense	\$24,900,000

# 5

# RESPONDING TEAM









## SECTION 5

### TEAM STRUCTURE

CGL has assembled the nation's leading firms in justice, healthcare, and P3 project delivery to provide the state of Nebraska with a comprehensive view of the project. The firms who have participated in developing this response include:

#### CGL | JUSTICE EXPERT

At CGL, we are dedicated exclusively to the lifecycle of justice facilities. Our staff is comprised of operations experts with firsthand experience as wardens, administrators, and directors of justice facilities and systems. Our team members are internationally recognized experts in sustainable justice practices and criminology. We have completed more than 1,900 justice-related planning, architectural, program management, and facility maintenance projects. In fact, CGL's team members have been directly involved in providing a range of services for more than 60% of the inmate beds that exist in the U.S. today.

CGL's justice facilities are smarter, kinder, and greener than the buildings they replace, respecting community traditions while simultaneously advancing the justice system's effectiveness. The Alabama Statewide Prison Contract, California Healthcare Correctional Facility, and the Travis County Courthouse in Austin, Texas, are our most recent projects, similar in scope and scale, that will serve as a new national model for justice facilities and correctional systems.

CGL's specialized background gives us the capacity to address all phases and facets of criminal justice operations, design, and development.

#### HUNT | P3 EXPERT

Hunt, parent company to CGL, is the leading authority in providing Progressive P3 solutions for government and public entities. As a global leader in social infrastructure development, Hunt has raised more than \$50 billion in debt and equity for energy, infrastructure, and real estate projects in the U.S., Europe, Canada, and Australia. The company currently manages more than \$10 billion in assets.

Hunt provides expertise in delivering Progressive P3 services and advises states on developing a targeted delivery method that best addresses their desired outcomes. With P3 for social infrastructure projects as its core business, Hunt's expertise is essential in eliminating the risks associated with financing and constructing proposed correctional facilities. Their in-house team of Progressive P3 subject matter experts, led by the nationally renowned Rodney Moss, offers in-depth experience in evaluating all project variables, optimizing value, facilitating a financial close, and delivering projects quickly, cost effectively, and with minimal risk.



### **HDR | LOCAL PARTNER & JUSTICE DESIGN EXPERT**

HDR is a 40-year-old, Nebraska-based national design leader for justice and health facilities. As the demographics of corrections facilities continue to change, correctional architecture must also evolve to address the treatment of those with medical, mental, behavioral, and geriatric healthcare needs. Having served as lead designer on numerous security facility projects, HDR has engineered a treatment-oriented approach committed to humanizing traditional detention spaces and balancing complex social needs while expressing the desires of the local community.

This team of professionals not only understands the specific operational needs required for modern correctional facilities, but, as a local firm, is well-suited to explore sites and seamlessly conduct on-location meetings, even under the various shelter-in-place and quarantine orders.

HDR has partnered with CGL on some of the most significant recent justice projects around the U.S., including the new California Healthcare Correctional Facility, a Design/Build endeavor in which CGL served as the Criteria Architect, and HDR served as the Architect on Record.

### **BURLINGTON CAPITAL | LOCAL INVESTMENT MANAGEMENT EXPERT**

Headquartered in Omaha, Nebraska, Burlington Capital is one of the largest investment and real estate management firms in the Midwest. Burlington Capital utilizes its unique knowledge, skill sets, and relationships in its approach to developing large, complex projects like those contemplated for the State. The team is experienced working together with institutions to create a cohesive unit and plan to deliver successful projects. Burlington and its principals have been involved in Public-Private-Philanthropic Partnerships in the state to carry out much needed additions to the community. Burlington understands how to coordinate the different strengths of the public and private sector to exploit synergies in the joint innovative use of resources and in the application of management knowledge. Through this collaborative focus, all parties are able to optimally obtain the objective.

Burlington Capital brings the depth and breadth of its full organization. Their team understands the long-term perspective required by institutions whose actions have a lasting impact on their surrounding communities, the importance and inherent financial value of the public good, the transparency required, and the political realities that face many public sector clients. Their extensive experience in both the public and private sectors provides agencies the insight and expertise necessary to turn a project into a functional, efficient asset.

### **JOHNSON | GOVERNMENT-LEASED REAL ESTATE EXPERT**

Johnson is a 26-year-old, closely-held, private company headquartered in Birmingham, AL. With regional offices in Dallas, TX and Indianapolis, IN, Johnson is a leading developer of single-tenant, Government-leased, and healthcare real estate.

Johnson has developed 20 public-private real estate projects with institutions such as the U.S. Department of Veterans Affairs, University of Tennessee Health, Indiana University Health, and UAB Health Systems. This success has been reached while maintaining a family-owned and operated business.

Johnson's team of experts brings together more than 140 years of combined experience in development and project management to provide comprehensive solutions to the unique challenges of each real estate project. As property managers and owners, Johnson makes it a point to understand the unique demands of each facility they develop, so they can be a true partner with every client and tenant.



