

## **Review of Laundry Service for the Miami-Dade Corrections and Rehabilitation Department**

This report is in response to requests from Commissioner Jordan and Commissioner Levine-Cava. Its purpose is to (1) assess whether or not there were any cost-savings achieved by Miami-Dade County (County) since the laundry service for the Miami-Dade Corrections and Rehabilitation Department (MDCRD) was outsourced, and (2) review the cost and feasibility of insourcing the laundry service for the department. To make our assessment, the Office of the Commission Auditor (OCA) reviewed the cost of the current contract for laundry service with the MDCRD and the Internal Services Department (ISD). We had discussions with the MDCRD and obtained relevant information on the feasibility, ramifications, and alternatives for insourcing the laundry service.

### **Summary**

The OCA's assessment of whether or not there have been cost-savings since outsourcing the laundry service for the MDCRD revealed that the County saved approximately \$9.4 million over a ten-year period (2006 through 2016).

With respect to the feasibility of insourcing the laundry service for the MDCRD, the OCA's assessment revealed that:

- The MDCRD does not presently possess the capacity to launder the volume of laundries generated by its system;
- Insourcing all of the laundry service will require additional staff, training, and capital expenditures to upgrade the existing laundry facility;
- An alternative to upgrading the existing laundry facility is to construct a new one at the Krome Detention Center (KDC) at an estimated cost of approximately \$4.75 million. The KDC facility is anticipated to have revenue generating potential; and
- The results of a master plan, with its recommendations for the MDCRD laundry system, is expected to be released by the Fall of 2018.

### **Background**

Historically, the MDCRD processed all of its laundries internally. In 2006, however, a decision was made to outsource a portion of the laundry service to a contracted vendor due to an increase in the volume of laundries. The increase in volume was a direct result of a decision by the MDCRD that all inmates, regardless of their status, should wear uniforms issued by the department. Before the change in policy, unsentenced inmates were allowed to wear their personal clothes as they awaited their sentencing. One of the deciding factors that led the department to change the policy on uniforms was an escape of a high profile inmate from the Turner Guilford Knight Correctional Center (TGK) facility in late 2005. The escaped inmate was able to blend in with civilians because he was in personal clothing. The majority of inmates at the facility are unsentenced inmates. Therefore, the new policy on uniforms substantially increased the total volume of laundries to be processed by the department. The system capabilities, at that time, were not sufficient to process the increase.

At the same time, the MDCRD was facing several issues including outbreaks of infectious diseases, a health department review, and budgetary cutbacks to its staff. The issues facing the

department led it to conduct a study that would enhance the integrity and security of the department. The result of the study was contained in the *Laundry Service Overview Report (Report)*. One of the major objectives of the study was to explore the options available to determine the most efficient and effective way to manage the increase in the volume of laundries. Of the options explored, per the report, the most cost-effective means of processing the new laundry requirements was to purchase laundry service from an external vendor.

Accordingly, from May 1, 2006, the MDCRD outsourced a portion of its laundry service to a contracted vendor – CY's Linen Service, Inc. (CY's, Inc.), for an initial term of one year at a contract value of \$624,000. Contract No. E8443-0/08 was awarded to Van Dyne-Crotty Co. effective August 1, 2007 for a contract term of nine months at a value of \$465,000. Effective May 1, 2008, contract No. 8443-4/13 was awarded to Van Dyne-Crotty Co. for a five-year term at an annual amount of \$819,000.

The current contract (*Contract No. 8443-0/19*) was awarded to Logical Linen & Laundry Solutions, Inc. (Logical, Inc.), effective January 2014 for a six year term at a total contract value of \$932,400. The contract is used by the MDCRD to purchase commercial laundry service, including pick-ups and deliveries, for inmate uniforms, sheets, blankets, pillow cases, and towels. The Juvenile Services Department was added to the contract under delegated authority in June 2014 to obtain commercial laundry service for juvenile arrestees' jumpsuits and blankets.

There have been four modifications to the contract with Logical, Inc. for additional expenditures: two modifications totaling \$248,000 were approved under the Mayor's delegated authority, and one was approved by the BCC through Resolution No. R-806-14 for \$122,600. The fourth modification was approved by the BCC through Resolution No. R-500-17 for \$658,000. To date, the contract has a cumulative value of \$1,961,000 and expires on April 30, 2020.

The Contract was awarded primarily to Logical, Inc., a currently approved vendor headquartered in Miramar, Broward County. Logical, Inc. subcontracted the laundry service to CY's, Inc., which is headquartered in Hialeah, Miami-Dade County. CY's, Inc., currently processes all of the laundry service for the MDCRD within the County.

## **Assessment Results**

### **Cost-Savings Analysis**

For the ten-year period (FY 2006-07 through FY 2015-16), the MDCRD laundered a total of 10.3 million pounds of laundry at a total cost of \$4.3 million through the external laundry service providers. During the same period, the department laundered approximately 3.6 million pounds of laundry at a total cost of \$3.2 million using its internal resources. As detailed in Table I, the MDCRD total expenditures for laundry service for the ten-year period was approximately \$7.6 million.

If the MDCRD had not outsourced its laundry service, we estimated that it would have cost the department a total of approximately \$15.8 million to launder a total of approximately 13.9 million pounds of laundry over the ten-year period. Thus, by outsourcing a portion of its laundry service, the department saved approximately \$8.2 million (\$15.8 million - \$7.6 million) in operational expenditures during the period, as shown in Table II. The estimated savings of \$8.2 million in operational expenditures is due to the fact that the department did not have to employ the additional

27 staff members that would have been required to process the increase in laundry workload. We made a three percent annual Cost of Living Adjustment to the additional personnel cost in making our estimate in Table II.

Table I  
Ten-year Laundry Expenditures for the MDCRD

Outsourced Service (Actual)				Internal Service (Actual)		Total
Fiscal Year	Pounds Laundered	Cost per Pound (\$)	Total Expenditure (\$)	Pounds Laundered	Total Expenditure (\$)	Laundry Expenditure (\$)
	A	B	C	D	E	F (C+E)
2006 – 2007	1,297,700	0.37	480,150	* 222,967	357,929	838,079
2007 - 2008	1,410,781	0.44	620,744	* 222,967	348,194	968,938
2008 - 2009	1,382,997	0.44	608,519	222,967	381,117	989,636
2009 - 2010	981,172	0.44	431,716	289,617	312,877	744,593
2010 - 2011	999,965	0.44	439,985	397,979	303,877	743,862
2011 - 2012	960,325	0.44	422,543	434,731	283,046	705,589
2012 - 2013	947,700	0.44	416,988	391,847	312,312	729,300
2013 - 2014	889,534	0.44	391,395	343,835	281,477	672,872
2014 - 2015	868,267	0.37	321,259	386,820	309,858	631,117
2015 - 2016	577,502	0.37	213,676	662,199	317,299	530,975
<b>Totals</b>	<b>10,315,943</b>		<b>4,346,975</b>	<b>3,575,929</b>	<b>3,207,986</b>	<b>7,554,961</b>

Source: MDCRD

\*Note: The actual total pounds laundered by the department internal service were not available for fiscal years 2006-2007 and 2007-2008. As a result, 2008-2009 data (222,967) was used in those two years.

Table II  
Estimated Operational Savings Achieved from Outsourcing the MDCRD Laundry Service

Total Actual Expenditures (Partially Outsourced)			Estimated Expenditures (If Totally Insourced)	Estimated
Fiscal Year	Total Pounds Laundered	Total Expenditures (\$)	Total Expenditures (\$)	Total Savings from Outsourcing
	G (A + D)	H (F)	I	J (I-H)
2006 - 2007	1,520,667	838,079	1,429,196	591,117
2007 - 2008	1,633,748	968,938	1,451,599	482,661
2008 - 2009	1,605,964	989,636	1,517,624	527,988
2009 - 2010	1,270,789	744,593	1,483,489	738,896
2010 - 2011	1,397,944	743,862	1,509,597	765,735
2011 - 2012	1,395,056	705,589	1,524,938	819,349
2012 - 2013	1,339,547	729,300	1,591,461	862,161
2013 - 2014	1,233,369	672,872	1,599,000	926,128
2014 - 2015	1,255,087	631,117	1,666,907	1,035,790
2015 - 2016	1,239,701	530,975	1,986,943	1,455,968
<b>Totals</b>	<b>13,891,872</b>	<b>7,554,961</b>	<b>15,760,756</b>	<b>8,205,793</b>

Source: MDCRD

Additionally, we estimated that the County avoided capital expenditures of approximately \$1.2 million that would have been required for upgrading the existing laundry facility to process the increased workload. In total, MDCRD achieved estimated total savings of approximately \$9.4 million (\$8.2 million + \$1.2 million) over the ten-year period.

### **Ramifications of Insourcing the MDCRD's Laundry Service**

In order for the MDCRD to successfully insource all of its laundry service, the department will have to make capital investments in its laundry facility; increase the number of staff to accommodate the increase in the required number of shifts; and train new personnel. Further, the MDCRD will have to make provisions for uninterrupted laundry service in the event of an emergency.

#### *Current Laundry Facility*

The existing laundry facility, currently housed in a space of approximately 4,000 square feet, is equipped with five washers, eight dryers, and five chemical dispensers. The machines have an average processing capacity of approximately 150-pound per load, compared to the 600 to 1,000-pound per load capacity of the machines used by the contracted vendor. MDCRD machines are not capable of pressing and folding laundry. The laundry facility lacks backup-power generation, which is necessary to avoid laundry service interruptions. The MDCRD's contingency plan heavily relies on the contracted vendor to supply additional laundry service should the facility lose power in the event of an emergency. Contracted vendors are required to be equipped with back-up power generation as well as a contingency plan for service interruptions in the event of an emergency.

The MDCRD currently processes the laundry in a facility that was formally used for housing inmates. When it was fully operational, the facility housed between 1,000 and 1,200 inmates. In order to process its portion of the laundry, the department has to transport inmates from another facility on a daily basis. Currently, the department operates its laundry service at approximately 40 hours per week. Insourcing all of the laundry service would require a change to 120 hours of operations per week. The increase in shifts will require constant movement of inmates as well as additional staff to transport and guard the inmates.

Approximately 27 new staff positions would need to be added to support the entire operations. It is estimated that the additional staff would increase the department's labor cost for laundry service by an average of approximately \$2 million dollars per year. This cost consists of the salaries of one Correctional Corporal, nine Correctional Officers, eight Labor Supervisors, and nine Custodial Workers.

In terms of additional capital expenditure, in order to successfully process all of the laundries internally, the MDCRD would need to purchase additional equipment including washers and dryers to handle the increase in workload. Further, the department will have to acquire at least one truck to transport laundries between facilities. The additional capital expenditure is estimated at \$1.2 million.

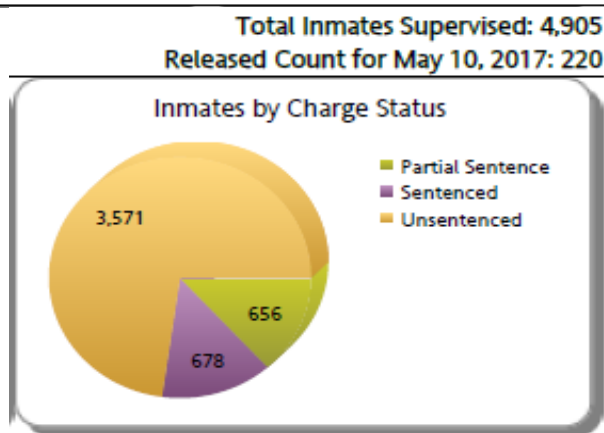
### Inmate Labor population

Although the MDCRD houses a substantial number of inmates, they are not all available to participate in the labor service. MDCRD houses a daily average population of approximately 4,200 inmates. A Daily Jail Population Statistics report generated on May 10, 2017 showed a total inmate population of 4,905. A total of 850 inmates in this population were Outside Facilities inmates<sup>1</sup>. Outside Facilities inmates are unavailable to serve as inmate workers. The majority (73%) of the 4,905 inmates were unsentenced. Inmates that are unsentenced are not available for use on work assignments, though they can volunteer for work assignments. As of the time of this assessment, there were approximately 30 unsentenced inmates who volunteered and received incentives for their participation in the unsentenced inmate worker program. Unsentenced volunteer workers are primarily assigned to the sanitation details within the facilities. The chart below shows the total inmate population based on their charge status of either Partially Sentenced, Sentenced, or Unsentenced.

In Facilities Inmate Population: 4,055  
Booked Count for May 10, 2017: 205

Outside Facilities Inmate Population: 850

Total Inmates Supervised: 4,905  
Released Count for May 10, 2017: 220



Source: <http://www.miamidade.gov/corrections/>

As shown in the chart, only 678 or 14% of the population are sentenced inmates. Inmates that are sentenced and are within the facilities of MDCRD are available for work assignments. However, the sentenced inmates must first be cleared for participation in the work assignment program. Of the 678 sentenced inmates, approximately 160 were currently cleared for full participation in the inmate worker program. Inmates cleared for work must then be distributed between food service, laundry, commissary, facility sanitation, and warehouse. The majority of cleared inmates are assigned to food service. Typically, only ten inmates are assigned to laundry service. Insourcing the laundry service will require that the MDCRD increase the number of inmates assigned to the laundry division to assist with the increase in volume. It is estimated that laundry service will require approximately 15 inmates per shift to work 24 hours per day, five days a week.

### Proposed Alternative Facility

An alternative to making capital investments in the current laundry facility is to construct a new laundry facility at the KDC. A new laundry facility would be constructed with the capacity for processing all of the laundries generated by the MDCRD. The facility is expected to have enough

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<sup>1</sup> Inmates that are not physically within the MDCRD's detention facilities (e.g. those under house arrest).

capacity to offer laundry service to other County departments as well as to private companies with the goal of generating revenues.

A master plan (2008 Master Plan) for the MDCRD released in 2008 had projected that constructing a laundry facility at KDC would cost approximately \$4.75 million. However, on March 7, 2017, Resolution No. R-222-17 was passed to require a revision of the 2008 Master Plan. It is expected that the revised master plan will be completed by the Fall of 2018. In the 2008 Master Plan, the proposed laundry facility at KDC was anticipated to house state-of-the-art industrial-sized laundry machines. These machines would be comparable to the ones used by commercial laundry service vendors. The laundry machines would also require special training which would offer inmates relevant skills and certifications. The department has expressed its interest in providing an employment opportunity program that would hire inmates with the requisite skills upon release. In this regard, a potential benefit of the facility is that it would support the community's overall offender rehabilitation and re-entry objectives.

Extending laundry service to other County departments may potentially eliminate other laundry service contracts. If operated efficiently to generate revenue from external customers, it could potentially recoup the original capital investment as well as additional revenue to support other operations of the department. Per the 2008 Master Plan, the new facility would be capable of providing laundry service for up to 12,000 inmates. Though the facility capacity may need to be adjusted in the revised master plan to reflect the new projected daily jail population of approximately 6,000, it should be expected to have capacity to handle volume for more than the projected jail population. Back-up power generation would be included in the facility construction to avoid service interruptions in case of emergencies. The design is expected to meet efficiency standards for electrical and water consumption, including waste-water recovery system.

### **Conclusion**

From the foregoing analysis, the decision to outsource a portion of the laundry service for the MDCRD was a positive one, given that it generated operational savings of approximately \$8.2 million and capital outlay savings of approximately \$1.2 million, resulting in a total savings for the County of approximately \$9.4 million over a ten-year period. It may be financially beneficial for the department to continue outsourcing a portion of its laundry service until the pending master plan is completed in the Fall of 2018. Subsequently, further analysis could be made to choose the best option available for the MDCRD laundry service.