

Prison Enterprises Board Meeting

APPROVED

Michael J. Moore, Director
3/28/17
Date

January 17, 2017

1. Vice-Chairman Joseph Ardoin called the meeting to order at 10:01 AM at Prison Enterprises (PE) Headquarters, Baton Rouge, Louisiana.
2. Attendance
 - 2.1 Members Present:
 - Joseph Ardoin, Vice-Chairman
 - Eric Lane
 - Richard Oliveaux
 - Paul Spalitta
 - Tim Travis
 - 2.2 Prison Enterprises Staff Present:
 - Michael Moore, Director
 - Joe Buttross
 - Scot Floyd
 - Kacie Henderson
 - Danny Hoover
 - Todd Labatut
 - Vickii Melius
 - Michelle Montalbano
 - Kristie Sigrest
 - Misty Stag
3. Vice-Chairman Ardoin called the meeting to order and asked Mr. Richard Oliveaux to lead the prayer. Following, a prayer, the Pledge of Allegiance was recited.
4. Mr. Ardoin acknowledged that a quorum was present and stated that an election to select a Chairman and Vice Chairman for the PE Board could be held. Mr. Ardoin opened the floor for nominations. Mr. Oliveaux nominated Mr. Ardoin for Chairman and Mr. Paul Spalitta seconded the nomination. As there were no more nominations, Mr. Ardoin was declared Chairman. Mr. Ardoin then opened the floor nominations for Vice-Chairman. Mr. Oliveaux nominated Mr. Spalitta for Vice-Chairman and Mr. Eric Lane seconded that nomination. As there were no more nominations, Mr. Spalitta was declared Vice-Chairman.
5. Mr. Oliveaux requested that prior to the Directors report Board Members have an opportunity to make comments, ask questions, or discuss topics of interest. As an example, he stated that the draft copy of the December board meeting minutes did not provide specific questions and dialogue from the previous meeting. Several viewpoints were presented and discussed as to how detailed the minutes could or should be. Mr. Tim Travis then made a motion that if there was specific dialogue verses general discussion that a member wanted quoted in the minutes then state it as such when commenting. The motion was seconded by Mr. Lane and passed unanimously.

6. Mr. Tim Travis made a motion that the December Board Meeting minutes be amended to reflect the previous meeting comments. The motion was seconded by Mr. Lane and passed unanimously.
7. Mr. Ardoin suggested that the board consider holding Board Meetings quarterly or alternating months in order to allow more member participation.
8. Mr. Oliveaux suggested that Board Meetings be held at alternating facilities that are relatively close to Baton Rouge. Director Michael Moore explained that in the past the meetings were occasionally held at other facilities, however with the LCIW Garment Plant relocation and other pending issues, it has been and would be difficult for all of PE's Executive Staff to travel for the meetings in the very near future but could resume this practice when feasible.
9. Mr. Ardoin questioned PE's intention to fill the recently vacated Regional Manager position at LSP. Director Moore explained that discussions to fill several of PE's vacancies would be held by staff in the near future while considering budget and cash constraints.
10. Mr. Ardoin turned the meeting over to Director Moore.
11. Director Moore began by discussing the state's budget issues and the \$313 million shortfall the Revenue Estimating Committee meeting reported. He explained the tremendous effect the budget cuts would have to PE. Noting that in addition to PE being directly affected by the cuts, PE's sales would decline due to the budget cuts to our customers.
12. Next, Director Moore provided an update on the status of LCIW Garment Factory. He noted that most of the raw materials have been moved to 914 Warehouse at LSP and some of the equipment has been moved to Jetson Correctional Center for Youth (JCCY). On January 18th PE has a meeting scheduled with LCIW and EHCC wardens, the Chief of Operations and the Facility Services Director to discuss the logistics and various factors
13. Mr. Oliveaux asked if PE was utilizing the LCIW pastures or if the pastures were leased out to others. Mr. Hoover explained that PE was utilizing the land for its EHCC Rangeherd.
14. Mr. Oliveaux questioned the possibility of PE using offender labor from the State Police Barracks. He inquired about PE's current incentive pay rate. Discussions ensued concerning incentive pay and the prospect of increasing incentive pay to attain additional offenders. Director Moore reported that legislation approved higher incentive pay for PE's programs a few years ago, but PE and DOC have not implemented increases due to the budget shortfalls. He stated that PE frequently evaluates the feasibility regarding increasing the rate of incentive pay and has not found it to be a viable option at this time.
15. Lastly, Director Moore reiterated that he and PE's ACA Manager would attend the ACA Accreditation Panel Hearing (final phase of PE's ACA audit) in San Antonio, Texas on January 21st to receive PE's reaccreditation certificate. Additionally, they would attend various workshops and meetings and the Exhibit Hall with numerous vendors.
16. Director Moore asked Deputy Director Labatut for his comments.
17. Mr. Labatut provided an update on the number of offenders in the Janitorial Program. He reported that one hundred ninety-five (195) offenders are on the roster. Prior to the meetings with DOC Headquarters staff, the roster was averaging ninety-four (94) offenders. Lately, the offender count had increased to an average of one hundred eighteen (118) to one hundred twenty (120) offenders on the roster. Mr. Labatut noted that he was informed that the count had dropped this morning and he would follow-up.
18. Director Moore then asked Mr. Buttross for the administrative update.

19. Mr. Buttross began with the Building 10 update. He stated that the contractors were steadily working on PE's punch-list items. He noted that the DOC Credit Union had moved in and successfully opened today. He provided information on the security system and door locks.
20. Next, Mr. Buttross announced that the pre-pour inspection for the Canteen Package Program (CPP) warehouse at LSP was scheduled for January 18th. After the inspection and the weather permitting, the concrete would be poured. Mr. Lane asked if the LSP Concrete Plant was pouring the concrete. Mr. Buttross explained that due to the size of the job, the condition, and the limited number of concrete trucks available from LSP, a decision to outsource the concrete and the pouring service was made.
21. Next, Mr. Buttross announced that ordering for the next CPP would begin February 13th and close on March 22nd, noting that the deliveries would be made in April. He explained that the packages would be assembled at the vendor's warehouse in Florida until the construction of PE's CPP warehouse was complete. Mr. Oliveaux asked the name of the vendor. Mr. Buttross replied that Union Supply Company won the bid for the program. Mr. Buttross went on to explain the processes for ordering, purchasing, assembling, delivering, and distributing the products to the various correctional facilities.
22. Mr. Oliveaux stated his concern at having offenders break down the pallets of product and fill orders increased the possibility of tampering with the packages. Mr. Buttross explained that the orders would be taken by the vendor, the vendor would palletize and ship the products to PE's CPP warehouse and then to reduce the risk of package tampering, the orders would be blind picked by offenders.
23. Mr. Oliveaux requested a breakdown of the type of products the program offers, so that he could get a better understanding of the program. Director Moore and Mr. Buttross explained that currently, only grocery products are offered and that the Canteen Package Program Review Committee at DOC Headquarters approves the products that are sold to the offender's family members. The program offers products in three price limits depending upon the housing unit and does not sell directly to offenders, at this time.
24. Mr. Oliveaux questioned whether CPP products would be overpriced once the expenses associated with managing the program were added to the cost of the product. He wanted clarification that the offenders were not required to purchase from the program and that other means were available for them to purchase items offered in the program. Director Moore and Mr. Buttross provided clarification by stating that the CCP was in addition to the institution's existing canteen operations, which offers items for purchase separately. Discussions ensued, clarifying that the individual products are available for the institutions to purchase from PE's Canteen Distribution Center, and sell to offenders at their respective facilities.
25. Mr. Oliveaux asked the anticipated cost of the CPP, including the cost to build the warehouse. Director Moore estimated the cost to be between three hundred thousand dollars (\$300,000) to four hundred thousand dollars (\$400,000) and the process had been ongoing for several years.
26. Continuing with the Administrative update, Mr. Buttross stated that PE was waiting on approval to purchase a used truck to replace a truck in the Transportation Department.
27. Mr. Buttross reported that for the upcoming Annual Property Certification, PE's Property and Fleet Manager was verifying inventory at each facility.

28. Lastly, Mr. Buttross reported that December 2016 job orders totaled \$172,000, a slight decrease from \$219,000 in December 2015. He announced that January 2017 sales orders were \$76,000 to date and trending above January 2016 job orders for \$37,000.
29. Director Moore asked Mrs. Sigrest to provide the financial update.
30. Mrs. Sigrest began by reporting October's 2016 preliminary YTD sales totaled \$9.3 million compared to \$11 million in October 2015 YTD, a decrease of \$1.7 million. She reported the preliminary YTD net income for October 2016 was a loss of \$569,000 compared to October 2015 YTD loss of \$360,000, a decrease of \$209,000 net income.
31. Continuing, Mrs. Sigrest reported that November 2016 preliminary monthly sales increased by \$695,000 compared to November 2015 monthly sales. She noted that the preliminary YTD sales in November 2016 had decreased by \$1 million compared to November 2015 YTD sales.
32. Lastly, Mrs. Sigrest announced that preliminary monthly sales for December 2016 were down by \$112,000 compared to December 2015 monthly sales. She stated that December 2016 preliminary YTD sales were down \$1.1 million from December 2015 YTD sales.
33. Director Moore added that the significant increase in November sales were attributed to large orders from LCIW due to the August flood.
34. Next, Director Moore asked Mrs. Melius for the marketing update.
35. Mrs. Melius began by reporting that PE received an order from Jefferson Parish Consolidated Government for 1,000 mattresses totaling \$40,000. She stated that Raymond Laborde Correctional Center placed an order for offender clothing totaling \$57,757.
36. Continuing, Mrs. Melius reported that PE would be attending the Police Jury Association of Louisiana (PJAL) conference in Lake Charles in February.
37. Lastly, Mrs. Melius reported that the Sales Staff would meet with the Lafourche Parish Sheriff's Office regarding a potential order for \$160,000 in beds.
38. Mr. Oliveaux asked how many staff members would attend the PJAL conference and that it was important for PE to have exposure at the conferences.
39. Mrs. Melius reported that she and two outside sales people were attending the PJAL conference.
40. Director Moore interjected that the number of people PE sends to conferences was dependant upon the size and type of conference. He cited as an example the Louisiana Sheriff's and Wardens Training Conference and Exhibition usually requires at least our territorial sales staff and others to cover all the sheriffs and their staff from such areas.
41. Continuing, Director Moore asked Mr. Floyd for the industries update.
42. Mr. Floyd began by providing an update on the two (2) used tag presses being installed at the Tag Plant. A systems integration technician from the J. R. Wald Company has been scheduled to inspect the presses and assist with diagnostics. Barring any unexpected complications, the June 30th deadline date for the large Office of Motor Vehicle tag order can be met. Mr. Floyd noted that the Tag Plants offender workforce has significantly increased from approximately forty-five (45) offenders to currently maintaining fifty-six (56) offenders on the roster.
43. Mr. Lane asked for an update on the number of plates the Tag Presses are expected to manufacture daily. Mr. Floyd stated that twelve thousand (12,000) to sixteen thousand (16,000) tags a day are expected at full capacity.
44. Next, Mr. Floyd reported on the Transportation Department. He reiterated PE was awaiting approval to purchase a used, day cab truck and added that PE was looking for a small box truck.

45. Mr. Oliveaux requested additional information on the specifications and cost of the used day cab truck as well as the cost of new day cab truck.
46. Mr. Floyd reported that the used truck is a 2011 International tandem axle day cab tractor truck selling for approximately forty-two thousand dollars (\$42,000) and includes a two (2) year, two hundred thousand (200,000) mile warranty. He estimated that a “new” similar day cab tractor would cost PE approximately one hundred twenty thousand dollars (\$120,000).
47. Mr. Oliveaux stated his concern for purchasing used trucks compared to new trucks.
48. Director Moore stated that numerous factors, including timing and cash flow, are taken into consideration prior to purchasing a truck. He explained that the state’s procurement process requires specific information to be provided before the approval to purchase even a used truck is granted.
49. Mr. Buttross stated that the timing involved in purchasing a used vehicle usually takes between thirty (30) and forty-five (45) days compared to six (6) to ten (10) months to purchase a new vehicle.
50. Continuing, Mr. Floyd reported that production at EHCC Garment Plant has improved. Prior to adding a second (2nd) shift, the plant was producing as few as one hundred (100) pairs of jeans daily. Currently, the production average has increased to two hundred fifty (250) pairs a day. He noted that the plant’s target has been to produce three hundred (300) to three hundred fifty (350) pairs of jeans a day.
51. Mr. Floyd announced that the Winn Garment plant was producing an ample supply of linens to fill orders and properly stock inventory.
52. Director Moore asked Mr. Hoover for the agriculture update.
53. Referencing the levee repairs at LSP, Mr. Hoover announced that the National Guard has moved equipment onto the property. He explained that the pastures have been too wet to move dirt.
54. Mr. Hoover stated that the rye grass has been delayed due to the recent hard freeze.
55. He reported that the corn seed bid was awarded and the fertilizer was out on bid. Corn planting is expected to begin in five (5) to six (6) weeks. He explained that the bids for seed and fertilizer for the remaining crops were being prepared.
56. Next, Mr. Hoover announced that the price of soybeans has increased to ten dollars and fifty-one cents (\$10.51) and cotton was seventy cents (\$.70) a pound.
57. Mr. Oliveaux questioned whether all of the fields were tested. Mr. Hoover responded that PE does test the fields, in addition to the variable rate fertilizing program implemented two years ago.
58. Mr. Oliveaux questioned who won the fertilizer contract.
59. Mr. Hoover explained that fertilizer is put out for bid with each crop. Typically, Tri-Parish, Helena, or CPS wins the bid.
60. Mr. Ardoin stated that the next meeting would be at 10:00 AM on Tuesday, February 21, 2017 at PE Headquarters. Mr. Travis announced that due to prior commitments he would not be at the February meeting. Mr. Ardoin reiterated that the board members need to discuss and consider holding Board Meetings quarterly or alternating months in order to allow more member participation.
61. At 11:07 AM, Mr. Ardoin adjourned the meeting.