

Prison Enterprises Board Meeting

February 21, 2017

APPROVED

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

1. Chairman Joseph Ardoin called the meeting to order at 10:02 AM at Prison Enterprises (PE) Headquarters, Baton Rouge, Louisiana.
2. Chairman Ardoin asked Mr. Richard Oliveaux to lead the prayer. Following, a prayer, the Pledge of Allegiance was recited.
3. Attendance
 - 3.1 Members Present:
 - Joseph Ardoin, Chairman
 - Eric Lane
 - Richard Oliveaux
 - 3.2 Prison Enterprises Staff Present:
 - Michael Moore, Director
 - Joe Buttross
 - Scot Floyd
 - Kacie Henderson
 - Danny Hoover
 - Todd Labatut
 - Vickii Melius
 - Michelle Montalbano
 - Kristie Sigrest
 - Misty Stagg
 - 3.3 Department of Corrections Staff Present:
 - Thomas Bickham, Jr., Undersecretary
4. Mr. Ardoin acknowledged that not enough board members were present for a quorum therefore a vote to approve the prior meeting minutes could not be taken. He requested that PE provide a brief report to the board.
5. Mr. Ardoin turned the meeting over to Director Moore.
6. Director Moore began by asking Undersecretary Bickham to report on the state's special session as it relates to the department.
7. Undersecretary Bickham explained that the governor convened a special legislative session to close the \$304 million dollar budget deficit. The governor's proposal was to use \$119 million dollars from the rainy day fund and did not include budget cuts to the Department of Corrections (DOC). The House of Representatives presented a proposal to use \$75 million from the rainy day fund and included \$9.4 million budget cuts to DOC. (Representatives Johnson and Havard proposed an amendment eliminating budget cuts to DOC.) Sunday evening, the Senate passed a plan that excluded DOC from the budget cuts.
8. Undersecretary Bickham reported that PE's end of the year orders may be affected as the supplemental income previously provided to DOC agencies at the end of the fiscal year might not be available. He reiterated that DOC's budget remains \$19 million short.
9. Next, Director Moore reported that he and American Correctional Association (ACA) Manager Kacie Henderson appeared before the ACA Reaccreditation Panel during the

January ACA Winter Conference in San Antonio. He noted that they also attended other DOC institution hearings. He reported that the hearing went well and PE was awarded accreditation for the next three years.

10. Continuing, Director Moore stated that the Commissioner of the Office of Motor Vehicles (OMV) Karen St. Germain (and staff) toured the Tag Plant at Louisiana State Penitentiary (LSP). The tour was informative and proved beneficial by allowing OMV to see the numerous processes involved in creating plates and filling job orders.
11. Undersecretary Bickham asked if vendors have continued to solicit PE to change from producing embossed plates over to a digital plate process. Director Moore explained that PE had evaluated the benefits of changing to digital plates. However, findings showed most correctional industries throughout the country that changed to digital plates found the process to be more costly. In most cases, the price of tags to OMV doubled and sometimes tripled. Most of those correctional industries have reverted back to embossing plates for long run graphics and are using the digital process when producing specialized tags.
12. Mr. Oliveaux inquired as to PE's cost to produce a license plate. A discussion of plate costs ensued emphasizing that the plate cost varied depending on the plate produced and on the market cost of the sheeting and aluminum used to produce the plate.
13. Next, Mr. Oliveaux asked what the cost would be to produce digital plates. Director Moore responded that an analysis done a few years back as he recalls indicated the cost was approximately three dollars (\$3.00). Undersecretary Bickham noted that in addition to an increase in price to the customer, the vendor's proposal for the equipment required that every vehicle purchase a "new" digital plate.
14. Continuing, Director Moore provided a summary of PE's financial statements. He pointed out that Year to Date (YTD) sales for January 2017 decreased by \$1.4 million compared to YTD sales for January 2016. He stated that PE's sales decreased by \$5.4 million over the last eighteen (18) to nineteen (19) months. He noted that a portion of the decrease was attributable to the loss of canteen sales from Winn and Allen Correctional Centers.
15. Director Moore stated that canteen sales are expected to be down by \$1.5 million for the year. In an effort to offset a small amount of the decrease, PE has been working with the Office of Juvenile Justice (OJJ) to develop a "new" canteen sales program. Currently PE sells OJJ canteen items in bulk (by the case), whereas the new program proposes that PE sell pre-bagged canteen items.
16. Next, Director Moore announced that PE has met with the Legislative Auditors and has provided assistance in updating their files. PE has furnished all of the information requested by the auditors for the current financial audit.
17. Lastly, Director Moore discussed the Oath of Office form that some Board Members have received. The forms must be completed, notarized, and filed with the Secretary of State and the parish Clerk of Court within thirty days of the member receiving his commission or within thirty days of him receiving the commission certificate, whichever is later.
18. Director Moore asked Deputy Director Labatut for his comments.
19. Mr. Labatut provided an update on the janitorial crews. He explained that he and Major Faulkenberry review the inmate count and roster regularly. He reported that the past few months, the Major has moved and shuffled offenders from the Dixon Correctional Institute (DCI) janitorial crew to cover the crew from the Louisiana Correctional Institute for Women (LCIW) that worked in the Bienville Building.
20. Lastly, Mr. Labatut reported on a meeting with the Elayn Hunt Correctional Center (EHCC) and LCIW wardens as well as the DOC Chief of Operations regarding relocating

the LCIW Garment Plant to EHCC in an effort to utilize the LCIW women offenders that were relocated to EHCC. He informed the board that the EHCC wardens have been supportive and accommodating to PE. They have provided a building for PE to use to house the garment plant and COGEMS to use to store inventory and raw products. Additionally, EHCC and LSP will provide some of the razor wire needed to secure the new garment plant.

21. Chairman Ardoin inquired as to the projected timeframe for reopening the LCIW facility. Undersecretary Bickham stated that the targeted date is January 2018; however, it may take until the middle of 2018 to be completed.
22. Director Moore then asked Mr. Buttross for the administrative update.
23. Mr. Buttross announced that the first Canteen Package Program (CPP) for 2017 started February 13th and will run through March 22nd. Distribution of the packages will begin one (1) week before Easter and end one (1) week after Easter. He mentioned that the approval to narrow the limits on purchases for the offenders was granted. The new purchase price structure for offenders eligible for CPP has been revised to \$75 or \$150.
24. Next, Mr. Buttross provided an update on the CPP Warehouse. He reported that with assistance from LSP maintenance it only took one (1) day to pour forty-seven (47) truckloads of concrete that equated to three hundred thirty-one (331) cubic yards of concrete. He explained that construction of the warehouse structure is projected to begin March 6, 2017. The projected date for the program to begin operating onsite is between May and June 2017.
25. Mr. Buttross reported that PE was waiting for approval to purchase the used box truck and used tractor rig discussed in last month's meeting. Undersecretary Bickham noted that vehicle approvals for state agencies are on hold statewide.
26. Continuing with the Administrative update, Mr. Buttross stated that PE's only major purchases are the materials required to produce the license plate orders and other raw materials needed for outstanding job orders. He noted that the aluminum bid was awarded and a purchase order for the sheeting was signed today.
27. Lastly, Mr. Buttross reported that January 2017 job orders totaled \$307,000, an increase from January 2016 orders totaling \$268,000. He announced that February 2017 job orders to date total \$659,000, which far exceeds February 2016 job orders of \$102,000. Mr. Buttross explained that the large order received from the OMV skewed the 2017 totals. He reported that the 2017 YTD job orders total \$7.3 million compared to the 2016 YTD orders that totaled \$5.4 million.
28. Director Moore asked Mrs. Sigrest to provide the financial update.
29. Mrs. Sigrest began by mentioning that the October 2016 final financial statements and the December 2016 preliminary sales report could be found in the board folders. She reported that final November YTD sales totaled \$11.8 million compared to \$12.8 million in November 2015, a decrease of \$1 million. She reported the YTD net income for November 2016 was a loss of \$501,000 compared to November 2015 YTD loss of \$574,000, an increase of \$73,000 in net income.
30. Continuing, Mrs. Sigrest reported that January 2017 preliminary monthly sales decreased by \$321,000 from January 2016. She added that the preliminary YTD sales through January 2017 had decreased by \$1.3 million compared to January 2016 YTD sales.
31. Lastly, Mrs. Sigrest referenced PE's cash report included in the board folders. The report reflects a decrease in cash as compared to last year's cash report. Additionally, the report displays the total monthly cash for the last four (4) years.

32. Director Moore pointed out in the current Fiscal Year (FY) 17, PE has a net decrease in cash totaling \$458,868, and for FY 15/16 the total net decrease in cash totaled \$1.2 million. He stated that over the past eighteen (18) months PE has had \$1.7 million less in cash.
33. Undersecretary Bickham inquired if PE used the Bond Redemption Fund. He reported that a bill introduced in the special legislative session would take three percent (3%) from the funds going thru the Bond Redemption Fund. Director Moore stated PE does not use the Bond Redemption Fund.
34. Next, Director Moore asked Mrs. Melius for the marketing update.
35. Mrs. Melius began by reporting that PE received four significant job orders. An order from OMV for tags totaling \$440,243, an order from Raymond Laborde Correctional Center for offender clothing, janitorial products, and officer uniforms totaling \$51,932, an order from LCIW for locker boxes totaling \$40,500 and an order from the East Louisiana Mental Hospital for mattresses totaling \$36,000.
36. Continuing, Mrs. Melius reported on a meeting with the Livingston Parish Emergency Communication District for office furniture, and a meeting with the Lafourche Parish Sheriff's Office regarding bunks, lockers, and furniture for a new jail scheduled to be completed in August 2018.
37. Mr. Oliveaux requested the status on hiring a new salesperson. Director Moore stated that a sales person has not been appointed. He noted that PE was in the interview process and has additional candidates to contact.
38. Lastly, Mrs. Melius reported that the Sales and Marketing staff would attend the Chiefs of Police Mid-Year Conference March 8th and 9th in Marksville, and the Louisiana Recreation and Parks Association Conference March 6th thru 9th in Baton Rouge.
39. Continuing, Director Moore asked Mr. Floyd for the industries update.
40. Mr. Floyd began by reporting that production of the remaining 780,000 license tags for OMV are scheduled to be delivered prior to the end of the fiscal year. He explained that the new tag presses have increased production up to five thousand (5,000) tags a day. The Tag Plant is projected to produce twice as many tags this year compared to last year.
41. Undersecretary Bickham questioned the effect the additional revenue would have to PE. Mr. Floyd responded that the OMV's emergency order due to the flood totals approximately \$1.4 million, while historically annual sales average \$1.2 - \$1.4 million.
42. Discussions ensued relating to the economic effect the August floods had to the car industry.
43. Mr. Oliveaux inquired as to the number of presses the Tag Plant was running. Mr. Floyd stated that four (4) presses were operating and one (1) press was used for surplus. He explained that the plant was producing between twelve thousand (12,000) and thirteen thousand (13,000) tags a day.
44. Next, Mr. Floyd reported on the Metal Fabrication Shop. He reported the shop was working to complete two hundred seventy (270) locker boxes ordered by EHCC. Additionally, the shop completed a prototype "Programming Chair" that will allow high security risk offenders to work in programs such as adult education and reentry. He referenced a picture of the Programming Chair in the board folders.
45. Mr. Oliveaux commented that high security offenders should earn the right to participate in a program.
46. Independent conversations ensued, discussing the various approaches used for rehabilitating offenders and preparing them to reenter society.

47. Continuing, Mr. Floyd reported on the Garment Plants. He reiterated EHCC efforts to accommodate PE in relocating the LCIW Garment Plant. The relocated LCIW Garment Plant will manufacture jumpsuits and scrubs and Winn will continue to produce linens.
48. Lastly, Mr. Floyd announced that the first job order using the CNC Router was completed for the Audubon Regional Library in Greensburg.
49. Director Moore asked Mr. Hoover for the agriculture update.
50. Mr. Hoover reported that the good weather has allowed the National Guard to begin moving dirt and working to repair the levee.
51. He stated that the grass was short and clover was growing. He reported that David Wade Correctional Center sold one (1) load of sixty (60) steers weighing eight hundred two (802) pounds sold for \$58,373. He added that the price of cattle increased by five percent (5%) in January.
52. Mr. Hoover reported that the rows were made, the fertilizer was put out, and some lime was applied to the fields. Corn planting should begin next week.
53. Lastly, Mr. Hoover reported that the storm two weeks ago damaged the roof on the Crusher House and the feed ingredients housed inside it. Additionally, a small portion of Tractor Repair's tin roof was pulled back and the Quail Barn received minor damage.
54. Mr. Oliveaux thanked Mr. Hoover for his dedication and commitment to PE's agricultural operations. He expressed his concern that some of the agricultural facilities have not been properly updated.
55. Mr. Ardoin stated that the next meeting would be at 10:00 AM on Tuesday, March 28, 2017 at PE Headquarters.
56. At 11:06 AM, Mr. Ardoin adjourned the meeting.