



NEW YORK CITY DEPARTMENT OF CORRECTION  
Martin F. Horn, Commissioner  
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June 23, 2008

Dear Council Member Yassky:

Thank you for meeting with me and Deputy Mayor Gibbs to discuss the Brooklyn House of Detention project and listen to why I believe that expanding the Brooklyn House of Detention is the right thing to do for inmates, their families, and the criminal justice system.

As you requested, I am providing an explanation (and back-up documentation) showing that our borough plan is also the right thing to do economically and fiscally. The attached analysis shows that the operating and life cycle costs of our borough plan are lower than those of the Rikers Island alternative. Our borough plan would reduce operating costs by more than \$50 million per year – a present value savings of more than \$750 million over thirty years. When compared to the Rikers alternative, on a present value basis over thirty years, the cost of building and operating the jails in our borough plan is more than \$400 million lower than the cost of building and operating new jails on Rikers Island.

The cost of construction will be significant whether on Rikers or in the boroughs, but this cost is unavoidable. The City needs jails, and many of the jails that we have are deteriorating to the point that they will no longer be usable. Just this week, our engineers informed me that the conditions in two wooden modular structures on Rikers Island had become unsafe, and I ordered that those 200 beds be permanently closed. Fortunately, we can absorb the loss of those 200 beds, but we cannot afford to lose all of the additional 3,300 beds that eventually must be closed without replacement.

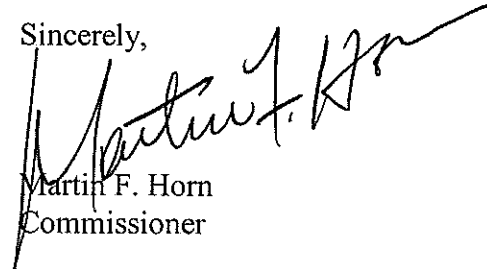
The most recent cost estimate for building a 720-bed addition to the Brooklyn House of Detention is \$440 million. The cost estimate for building a comparable 1500-bed facility on Rikers Island is \$647 million. The cost of operating the Brooklyn House with a 720-bed addition is comparable to the cost of operating a new 1500-bed facility on Rikers Island. We estimate the a newly designed facility on Rikers Island will be slightly more staff efficient than an only partially re-designed Brooklyn House, but most of that difference will be made up in transportation savings. Furthermore, on a life cycle basis, the Brooklyn House will be \$75 million less costly than a 1500-bed facility on Rikers Island.

More importantly, from a system-wide perspective, our borough plan reduces our staffing needs by about 100 more officers than does the Rikers alternative.

Again, I strongly believe that our plan makes sense as a matter of criminal justice policy, social policy, environmental policy, and fiscal policy. I think we have demonstrated a willingness to work with the community. DOC will continue to work with you and your constituents, and we will continue to engage in open, honest, and constructive dialogue.

If you have any questions about the attached analysis, please feel free to contact Robert Maruca at 212-266-1317.

Sincerely,

A handwritten signature in black ink, appearing to read "Martin F. Horn". The signature is written in a cursive style with a long, sweeping tail.

Martin F. Horn  
Commissioner

**Other items:**

**Brooklyn Inmates (excluding direct admits) on 6/19/08:**

Male Detainee (not incl. PV): 2562  
Female Detainee:(not incl. PV): 242

Male City Sentenced: 428  
Female City Sentenced: 65

Male Tech. PV: 94  
Female Tech. PV: 9

Male MO: 56 (46 are MH)  
Male Pun.Seg: 100

There are about 2400 male gp detainees that could be housed in the Brooklyn House.

**Annual Brooklyn Admissions:**

26,246 in CY 2007

- **Practically 100% made an appearance in Brooklyn Criminal Court**
- **About 10% made an appearance in Supreme Court (although 50% of our population on any given day have made an appearance in Supreme Court)**

**Annual Brooklyn Court Deliveries in CY 2007:**

- **95,000 court deliveries**
  - 34,000 to Supreme Court**
  - 42,000 to Criminal Court
  - 1,000 to Family Court
  - 18,000 for non-court appearances

GRVC 448-bed addition cost \$248 million in 2003 (**\$293 million** in today's dollars based 3.6% annual inflation since 2003 – probably much higher since construction inflation has outpaced general inflation). To replace 759 security cells would cost at least \$500 million.

## CAPACITY REPLACEMENT SCENARIOS

### BOROUGH PLAN

	BEDS	CAPITAL COST	UNIFORM STAFF	UNIFORM STAFF COSTS
<b>Starting Capacity</b>	<b>20,797</b>			
New Bronx Jail	1,500	\$ 621,252,634	540	\$ 61,491,761
Sell VCBC	(870)	\$ (40,000,000)	(324)	\$ (36,879,342)
Renovate JATC	-	\$ 90,000,000	466	\$ 53,011,136
RMSC Addition	800	\$ 150,000,000	189	\$ 21,471,101
Brooklyn House w/Addition	720	\$ 440,000,000	576	\$ 65,605,979
Close Bronx House	(469)	\$ -	-	\$ -
Close Queens House	(467)	\$ -	-	\$ -
Dorm Expansion	177	\$ -	-	\$ -
GRVC Security Cell Addition & Intake	(20)	\$ -	-	\$ -
Steel Mod Renovation	800	\$ 16,000,000	159	\$ 18,133,757
Mods & Sprungs*	(5,295)	\$ -	(1,054)	\$ (120,022,807)
Transportation Savings	-	\$ -	(25)	\$ (2,846,841)
<b>Sub-Total</b>	<b>(3,124)</b>	<b>\$ 1,277,252,634</b>	<b>527</b>	<b>\$ 59,964,744</b>
<b>New Max Capacity</b>	<b>17,673</b>			
Bed Consolidations	(2,923)		(953)	\$ (108,509,955)
Annual Energy Savings from New Facilities				\$ (4,800,000)
<b>Operating Beds</b>	<b>14,750</b>		<b>(426)</b>	<b>\$ (53,345,211)</b>

<b>30-Yr Cost of Operating 14,750 beds</b>	Discounted Capital			
	Capacity	Cost (5-yr Duration)	Staffing	Operating Cost
Present Value:	14,750	\$ 1,137,220,360	(426)	(\$758,184,336)
30-Year Cost (Capital + Operating):				<b>\$379,036,024</b>

### RIKERS ALTERNATIVE

	BEDS	CAPITAL COST	UNIFORM STAFF	UNIFORM STAFF COSTS
<b>Starting Capacity</b>	<b>20,797</b>			
New Rikers Jail 1	1,500	\$ 647,232,923	540	\$ 61,491,761
Renovate JATC	-	\$ 90,000,000	466	\$ 53,011,136
RMSC Addition	800	\$ 150,000,000	189	\$ 21,471,101
New Rikers Jail 2	1,500	\$ 647,232,923	540	\$ 61,491,761
Close Bronx House	(469)	\$ -	-	\$ -
Close Queens House	(467)	\$ -	-	\$ -
Dorm Expansion	177	\$ -	-	\$ -
GRVC Security Cell Addition & Intake	(20)	\$ -	-	\$ -
Close Brooklyn House	(759)	\$ (60,000,000)		
Mods & Sprungs*	(5,295)	\$ -	(1,054)	\$ (120,022,807)
<b>Sub-Total</b>	<b>(3,033)</b>	<b>\$ 1,474,465,846</b>	<b>680</b>	<b>\$ 77,442,951</b>
<b>New Max Capacity</b>	<b>17,764</b>			
Bed Consolidations	(3,014)		(983)	\$ (111,888,131)
Annual Energy Savings from New Facilities				\$ (2,400,000)
<b>Operating Beds</b>	<b>14,750</b>		<b>(302)</b>	<b>\$ (36,845,179)</b>

<b>30-Yr Cost of Operating 14,750 beds</b>	Discounted Capital			
	Capacity	Cost (5-yr Duration)	Staffing	Operating Cost
Present Value:	14,750	\$ 1,312,811,996	(302)	(\$523,672,828)
30-Year Cost (Capital + Operating):				<b>\$789,139,168</b>

<b>30-Yr Cost Compared to Borough Plan</b>	<b>124</b>	<b>\$410,103,144</b>
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## Capacity Replacement Scenarios Capital and Operating Costs

### Assumption Sheet

#### **Methodology:**

This cost comparison is a Net Present Value analysis showing the cost of constructing replacement capacity and the cost of operating the new jail capacity for thirty years upon completion of construction. Two different scenarios are compared: DOC's Borough Plan and a Rikers Island Alternative.

The total cost of operating the capacity will depend on the number of beds in operation at any given time. This analysis calculates the operating cost assuming that 14,750 beds will be open. This is approximately equal to the number of beds that are open now (as of June 12, 2008, there were 14,751 open beds – i.e. “beds at standard”). Using this assumption allows us to fairly compare bed replacement scenarios with different maximum capacities and allows us to fairly compare future operating costs to our current operating costs. In other words, it allows us to compare “apples to apples.”

#### **Beds:**

The beds column shows the maximum bed capacity at the beginning of our capacity replacement program (July 2004), all of the implemented and planned changes, and the planned final bed capacity for each capacity replacement scenario.

#### **Capital Cost:**

The capital cost column shows the estimated capital cost for each new construction project. Facility closures and the already-completed dorm expansion do not have any capital cost.

#### **Uniform Staff:**

The uniform staff column shows the number of staff needed to operate each facility or new addition. Staff numbers represent the estimated incremental change compared to the existing staff level.

In certain instances, the staff numbers do not “correspond” to the bed numbers. This is because the bed column shows changes since July 2004, while the staffing column shows changes from the current status. For example, for the Brooklyn House of Detention, the 720 beds represent the additional beds added to the existing 759 beds (which are already included in the starting capacity of 20,797). However, the 576 staff needed for the Brooklyn House is DOC's estimate of the number of staff needed to operate the entire facility (all 1,479 planned beds). The 759 beds at the Brooklyn House remain part of our

capacity, but there is no staffing to operate those beds; so all of the staff for the original building will need to be added back to re-open the facility. Likewise, the Bronx House shows the already-achieved reduction of 469 beds, and a net change of zero for uniform staff (because the staff have already been eliminated).

It should be noted that civilian staff estimates are not included in this analysis. The number of civilians needed to operate each facility is much harder to estimate before a facility is designed. Given the difficulty of accurately forecasting the number of civilians that will be needed for a planned facility and because uniform staffing is the predominant cost factor anyway, civilian staff and cost estimates are not included. If they were to be included, the most reasonable estimate would be to assume one civilian position for every ten uniform positions at a cost of \$85,000 (including fringe).

#### **Uniform Staff Costs:**

Uniform staff costs are assumed at \$113,874 per position. This is based on an average salary (for all ranks) of \$70,997 plus a fringe rate of 62.27%.

#### **Bed Consolidations:**

The uniform staff costs sub-total shows the incremental uniform staffing cost of operating the jail system at the newly planned maximum capacity. Since we are planning for a realistic peak population over the long term, we assume that we will not always need to operate all of the beds. Therefore, to show the cost of operating the same number of beds that we are operating today, we assume a certain number of consolidated beds.

The assumed number of consolidated beds is equal to the new maximum capacity minus the 14,750.

The uniformed staff associated with these consolidated beds is based on a conservative estimate of 0.326 times the number of beds. In consolidating beds, the goal is to close the least efficient general population beds available. This generally means closing an entire jail when possible. The average staffing of our existing jails for male detainees is 0.40 uniformed staff per inmate, and the average staffing of our individual housing areas (i.e. when we close housing areas but not an entire jail) is 0.18 uniformed staff per inmate. Assuming that two-thirds of the bed consolidations could be accomplished by closing a facility and one-third by closing individual housing areas, the weighted average staffing associated with consolidated beds would equal 0.326 staff per consolidated bed.

#### **VCBC Sales Price:**

The assumption of netting \$40 million for the barge is extremely conservative. The barge was manufactured for \$161 million in 1992 (\$250 million in today's dollars). It is in excellent condition and was recently inspected by a marine engineering firm. In the past, different jurisdictions have approached DOC about selling the barge. Even outside of New York City, the cost of building a new 870-bed jail is well above \$100 million.

### **Close Brooklyn House:**

The assumption of \$60 million is on the high end of the Comptroller's estimate that the Brooklyn House site could sell for \$45 - \$72 million. This net revenue estimate is probably high in light of the fact that the site will be needed for the delivery of inmates to court regardless of whether or not the jail remains on the property. Even if the jail were destroyed, a secure sally port and court entrance for inmates would have to remain on the site. The Comptroller does not appear to have accounted for this need in his estimate, and his failure to do so calls the validity of his estimate into question. Nevertheless, for the sake of comparing the costs and benefits of our borough plan to a Rikers Island alternative, we have included this assumed sales value in our estimate.

While we are including this value for the sake of honest debate, DOC believes that the Brooklyn House of Detention is a critical City asset that should not be sold under any circumstances.

### **Operating Beds:**

Operating beds shows the operating capacity (14,750) after assumed bed consolidations, the estimated incremental change in staffing compared to the current situation, and the estimated annual incremental change in operating costs compared to the current situation.

### **30-Yr Cost of Operating 14,750 Beds:**

**Discounted Capital Cost:** This is the net present value of the total capital cost assuming a five-year design and construction duration with equal amounts paid out in each of the five years. This is a standard assumption for all of the projects. Since design costs are in the early years and are typically only 10% of the total construction costs, the assumption that the costs will be equally distributed over the five-year period is a conservative assumption that front loads the costs and makes the present value of the construction costs higher than it would be if it were not as front loaded (since the later an expense occurs the more it is discounted).

The assumed real interest rate is 4%. This assumes a nominal interest rate of 6% less inflation of 2%.

**Operating Cost:** This is the present value of the cost of operating 14,750 beds for thirty years after completion of construction (i.e. the present value of the annual operating cost from Year 6 to Year 35).

The assumed real interest rate is 4%. This assumes a nominal interest rate of 6% less inflation of 2%.

**30-Year Cost:** This is the sum of the discounted capital cost and the 30-year operating cost.