



*SPECIAL EDITION*

**NO BIDS ACCEPTED FOR PRISON BEDS RFP**

The Michigan Department of Corrections (MDOC) Fiscal Year 2013 budget required the Department to issue Requests For Proposals (RFPs) for a number of services including operation of up to 1,750 custody beds. The RFP process is a way to benchmark state services and determine if the private sector can provide an enhanced level of service with reduced costs – thereby saving taxpayer dollars. The RFP for operation of custody beds was issued January 31, 2013.

The Department of Technology, Management and Budget (DTMB) accepted bids from private sector companies to determine if cost savings could be achieved by closing housing units in three separate correctional facilities and transferring those prisoners to a privately run facility. Statutory language relating to the custody beds RFP requires at least a 10% savings to make an award. Bidders were given two options to provide for the operation and management of 968 general population, Level IV male prisoners. The first option included utilizing the closed Standish Correctional Facility while the second option allowed for a privately owned facility located within Michigan. Prisoner services not included in the RFP included food service, healthcare and education.

Two separate bids were received. Both bids failed to achieve the required 10% cost savings. In fact, both bids cost substantially more than the current direct costs for MDOC to provide the services. The MDOC direct costs to provide the RFP-related services were calculated at \$12,905,081 in the first year. The lowest bidder's proposal utilizing the Standish facility was \$20,125,837 in the first year. The lowest bidder's proposal utilizing a private facility was \$18,625,662 in the first year.

Several assumptions were necessary in order to conduct the price analysis. Those assumptions included the incorporation of statewide legacy costs into the RFP evaluation process equivalent to 42.79% of salaries and wages for 118 FTE positions that would be directly impacted by the closure of the three housing units. DTMB took great care to ensure that the numbers in the price analysis were accurate.

Thus, following a thorough review of all proposals, it was determined that no proposal met the 10% threshold for savings required. As a result, no proposals were accepted.