

REQUEST FOR LEGISLATIVE ACTION

Completed by County Counselor's Office:

Res/Ord No.: 19175

Sponsor(s): Alfred Jordan

Date: June 6, 2016

<p>SUBJECT</p>	<p>Action Requested <input checked="" type="checkbox"/> Resolution <input type="checkbox"/> Ordinance</p> <p>Project/Title: Second Amendment to the Inmate Telephone Service Agreement between Jackson County, Missouri Department of Corrections and CenturyLink Public Communications, Inc. to Facilitate Recent Federal Communications Commissions Rulings</p>										
<p>BUDGET INFORMATION <i>To be completed By Requesting Department and Finance</i></p>	<table border="1"> <tr> <td>Amount authorized by this legislation this fiscal year:</td> <td>\$</td> </tr> <tr> <td>Amount previously authorized this fiscal year:</td> <td>\$</td> </tr> <tr> <td>Total amount authorized after this legislative action:</td> <td>\$</td> </tr> <tr> <td>Amount budgeted for this item * (including transfers):</td> <td>\$</td> </tr> <tr> <td>Source of funding (name of fund) and account code number; FROM / TO</td> <td>FROM ACCT TO ACCT</td> </tr> </table> <p>* If account includes additional funds for other expenses, total budgeted in the account is: \$</p> <p>OTHER FINANCIAL INFORMATION:</p> <p><input checked="" type="checkbox"/> No budget impact (no fiscal note required) <input type="checkbox"/> Term and Supply Contract (funds approved in the annual budget); estimated value and use of contract: Department: Estimated Use: \$</p> <p>Prior Year Budget (if applicable): Prior Year Actual Amount Spent (if applicable):</p>	Amount authorized by this legislation this fiscal year:	\$	Amount previously authorized this fiscal year:	\$	Total amount authorized after this legislative action:	\$	Amount budgeted for this item * (including transfers):	\$	Source of funding (name of fund) and account code number; FROM / TO	FROM ACCT TO ACCT
Amount authorized by this legislation this fiscal year:	\$										
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<p>PRIOR LEGISLATION</p>	<p>Prior ordinances and (date):</p> <p>Prior resolutions and (date): Resolution Number 17724, November 7, 2011</p>										
<p>CONTACT INFORMATION</p>	<p>RLA drafted by (name, title, & phone): L.J. Scott, Asst Dir of Admin – Corrections; 881-4232</p>										
<p>REQUEST SUMMARY</p>	<p>This Second Amendment to the agreement with CenturyLink for Inmate Pay Telephone Services changes calling rates for inmates from a flat fee structure to a per minute structure as required by FCC Order WC Docket 12-375. This FCC order places per minute calling fee caps on inmate calls, and disallows flat fee structures, therefore the flat fee structure utilized at JCDC has to be changed. All Inmate Pay Telephone Services companies must abide by this FCC ruling, and per minute rates must be instituted by June 20, 2016. Utilizing the new pay structure, Praeses, the Inmate Pay Telephone Services Consultant for JCDC, has prepared an analysis related to call costs, volume and revenue to the County (see attachment D). The expectation is that revenue in the form of commissions should actually increase over time, due to greater call volume.</p>										

CLEARANCE	<input type="checkbox"/> Tax Clearance Completed (Purchasing & Department) <input type="checkbox"/> Business License Verified (Purchasing & Department) <input type="checkbox"/> Chapter 6 Compliance - Affirmative Action/Prevailing Wage (County Auditor's Office)	
ATTACHMENTS	See Attachment D "Jackson County CenturyLink Financial Proposal Evaluation"	
REVIEW	Department Director: <i>Joe Piccinni</i>	Date: <i>6-1-16</i>
	Finance (Budget Approval) <i>If applicable</i>	Date:
	Division Manager: <i>YOB Mary Ann Brown 4/2/16</i>	Date: <i>6-1-16</i>
	County Counselor's Office:	Date:

Fiscal Information (to be verified by Budget Office in Finance Department)

- This expenditure was included in the annual budget.
- Funds for this were encumbered from the _____ Fund in ____.
- There is a balance otherwise unencumbered to the credit of the appropriation to which the expenditure is chargeable and there is a cash balance otherwise unencumbered in the treasury to the credit of the fund from which payment is to be made each sufficient to provide for the obligation herein authorized.
- Funds sufficient for this expenditure will be/were appropriated by Ordinance #
- Funds sufficient for this appropriation are available from the source indicated below.

Account Number:	Account Title:	Amount Not to Exceed:

- This award is made on a need basis and does not obligate Jackson County to pay any specific amount. The availability of funds for specific purchases will, of necessity, be determined as each using agency places its order.
- This legislative action does not impact the County financially and does not require Finance/Budget approval.

Jackson County

CenturyLink Financial Proposal Evaluation

Calling Rate Comparison	Current Contract		Revised Rates	
Contract	Per Minute	Per Minute	Per Minute	Per Minute
Local	\$ 2.05	\$ -	\$ -	\$ 0.10
Intralata	\$ 2.05	\$ -	\$ -	\$ 0.10
Intrastate	\$ 2.05	\$ -	\$ -	\$ 0.10
Interstate	\$ 2.05	\$ -	\$ -	\$ 0.10
Local	\$ 2.05	\$ -	\$ -	\$ 0.10
Intralata	\$ 2.05	\$ -	\$ -	\$ 0.10
Intrastate	\$ 2.05	\$ -	\$ -	\$ 0.10
Interstate	\$ 2.05	\$ -	\$ -	\$ 0.10
Local	\$ 2.05	\$ -	\$ -	\$ 0.10
Intralata	\$ 2.05	\$ -	\$ -	\$ 0.10
Intrastate	\$ 2.05	\$ -	\$ -	\$ 0.10
Interstate	\$ 2.05	\$ -	\$ -	\$ 0.10

Call Cost Comparison	Current Contract		Revised Rates	
Contract	Per Minute	Per Minute	Per Minute	Per Minute
Local	\$ 2.05	\$ 2.05	\$ 1.40	\$ 3.00
Intralata	\$ 2.05	\$ 2.05	\$ 1.50	\$ 3.00
Intrastate	\$ 2.05	\$ 2.05	\$ 1.00	\$ 3.00
Interstate	\$ 2.05	\$ 2.05	\$ 1.60	\$ 3.00
Local	\$ 2.05	\$ 2.05	\$ 2.10	\$ 3.00
Intralata	\$ 2.05	\$ 2.05	\$ 2.10	\$ 3.00
Intrastate	\$ 2.05	\$ 2.05	\$ 2.00	\$ 3.00
Interstate	\$ 2.05	\$ 2.05	\$ 2.10	\$ 3.00
Local	\$ 2.05	\$ 2.05	\$ 2.00	\$ 3.00
Intralata	\$ 2.05	\$ 2.05	\$ 2.10	\$ 3.00
Intrastate	\$ 2.05	\$ 2.05	\$ 2.10	\$ 3.00
Interstate	\$ 2.05	\$ 2.05	\$ 1.90	\$ 3.00

Financial Impact (Based on Current Call Statistics)	Current Contract and Calling Rates <i>(Current Commission Rate of 55.3%)</i>		Revised Rates <i>(Base Offer - 55.3%)</i>		Revised Rates <i>(650K Minutes for 4 Months - 56.6%)</i>		Revised Rates <i>(700K Minutes for 4 Months - 58.6%)</i>	
	Est. Gross Revenue	\$ 65,513.56	\$ 786,162.70	\$ 66,957.73	\$ 803,492.80	\$ 66,957.73	\$ 803,492.80	\$ 70,000.00
Est. Compensation to Jackson County	\$ 42,976.89	\$ 515,722.73	\$ 37,027.63	\$ 444,331.52	\$ 37,898.08	\$ 454,776.92	\$ 41,020.00	\$ 482,240.00
Est. Gross Revenue Retained by CenturyLink	\$ 22,536.66	\$ 270,439.97	\$ 29,930.11	\$ 359,161.28	\$ 29,059.66	\$ 348,715.88	\$ 28,980.00	\$ 347,760.00
Est. Fee Revenue Generated by CenturyLink	\$ 19,329.69	\$ 231,956.25	\$ 11,078.65	\$ 132,943.75	\$ 11,078.65	\$ 132,943.75	\$ 11,078.65	\$ 132,943.75
Total CenturyLink Revenue	\$ 41,866.35	\$ 502,396.22	\$ 41,008.75	\$ 482,105.03	\$ 40,138.30	\$ 481,659.63	\$ 40,058.65	\$ 480,703.75

Financial Impact (Elasticity Applied)	Current Contract and Calling Rates <i>(Current Commission Rate of 55.3%)</i>		Revised Rates - 20% Elasticity		Revised Rates - 30% Elasticity		Revised Rates - 40% Elasticity	
	Est. Gross Revenue	\$ 65,513.56	\$ 786,162.70	\$ 80,349.28	\$ 964,191.36	\$ 87,045.05	\$ 1,044,540.64	\$ 93,740.83
Est. Compensation to Jackson County	\$ 42,976.89	\$ 515,722.73	\$ 47,084.68	\$ 565,016.14	\$ 51,006.40	\$ 612,100.82	\$ 54,932.12	\$ 658,185.48
Est. Gross Revenue Retained by CenturyLink	\$ 22,536.66	\$ 270,439.97	\$ 33,264.60	\$ 399,175.22	\$ 36,036.65	\$ 432,439.82	\$ 38,808.70	\$ 465,704.43
Est. Fee Revenue Generated by CenturyLink	\$ 19,329.69	\$ 231,956.25	\$ 11,078.65	\$ 132,943.75	\$ 11,078.65	\$ 132,943.75	\$ 11,078.65	\$ 132,943.75
Total CenturyLink Revenue	\$ 41,866.35	\$ 502,396.22	\$ 44,343.25	\$ 532,118.97	\$ 47,115.30	\$ 565,383.57	\$ 49,887.35	\$ 598,648.18

Notes to County:
 Jackson County has averaged ~670K minutes per month over the last 12 months.
 CenturyLink proposes 55.3% commission as a 'base offer' (regardless of minutes).
 CenturyLink proposes 56.6% commission if minutes per month average at least 650K for 4 consecutive months.
 CenturyLink proposes 58.6% commission if minutes per month average at least 700K for 4 consecutive months.
 With an elasticity of only 20% applied to current average monthly minutes, County is realizing over 800K in minutes per month.
 Fee revenue estimates remain unaffected by elasticity.