



MEMORANDUM

Date: August 7, 2023

To: The Honorable Chair and Members
Pima County Board of Supervisors

From: Jan Leshner 
County Administrator

Re: **Additional Information for the Board of Supervisors August 8, 2023 Meeting, Agenda Item 15 – Amendment of Award: Master Agreement No. MA-PO-18-343, Amendment No. 7, Keefe Commissary Network, L.L.C, to Provide for Commissary Program Services**

On July 25, 2023 the Board of Supervisors continued Master Agreement No. MA-PO-18-343 with Keefe Commissary Network, L.L.C. due to questions regarding the revised County commission percentage from gross sales from 48% to 39%. The purpose of this memorandum is to clarify the rationale for the sales percentage change.

Under the proposed amendment No. 7, the revised commission rate of 39% is due to increased costs for the vendor to provide this service. The request for the adjustment submitted by the vendor was processed and considered similar to how a price increase would be on an expense contract. An analysis of market indicators was conducted and resulted in the determination that the adjustment is fair and reasonable and in the best interest of County to accept. Information published by the U.S. Bureau of Labor Statistics and used to reach this conclusion included the most relevant Producer Price Index and the Consumer Price Index for services in the geographic west and in areas of similar size class to Pima County. Both databases indicated a 22% increase in the price to produce/purchase comparable services, since the original commission percentage of 48% was established in 2018.

Additionally, research was conducted to compare the proposed commission rate to that which is being offered to other agencies, which also affirmed that the proposed commission represented a fair market rate. Further, justification provided by the vendor explained that over the initial term of the contract the inmate labor that was previously available to assist in order fulfillment and warehouse maintenance was eliminated in 2020 and resulted in additional staff being hired by the vendor to operate the program.

The commission reduction will not have any impact on the cost of goods to the inmates. Revenue gained through commission rates, which are designated for inmate welfare services, are distinct from monies obtained through general appropriated funds.

c: Carmine DeBonis, Jr., Deputy County Administrator
Francisco García, MD, MPH, Deputy County Administrator & Chief Medical Officer
Steve Holmes, Deputy County Administrator
Terri Spencer, Director, Procurement Department

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