



**COUNTY OF SAN MATEO**  
Inter-Departmental Correspondence  
Sheriff's Office



**Date:** March 5, 2014  
**Board Meeting Date:** April 8, 2014  
**Special Notice / Hearing:** None  
**Vote Required:** Majority

**To:** Honorable Board of Supervisors

**From:** Greg Munks, Sheriff

**Subject:** Amendment to the Agreement with Securus Technologies, Inc.

**RECOMMENDATION:**

Adopt a Resolution authorizing an amendment to the agreement with Securus Technologies, Inc., for inmate telephone services, decreasing the minimum annual guaranteed commission for the second and third years by \$25,000 to \$795,000.

**BACKGROUND:**

Inmates in the Sheriff's correctional facilities have the need and entitlement to the use of pay telephones for placing collect calls to family, attorneys, or others. Pursuant to Penal Code Section 4025, commission revenues generated from the operation of an inmate telephone system are exclusively deposited into the Sheriff's Inmate Welfare Trust Fund to be used for the benefit of inmates and their families.

On April 9, 2013, your Board approved an agreement with Securus Technologies, Inc. to provide inmate telephone services, for an initial period of three (3) years with a Minimum Annual Guaranteed (MAG) commission of \$820,000.

Prior to September 2013, agencies were able to determine inmate calling rates within their jurisdiction. On September 26, 2013, the Federal Communications Commission (FCC) released a Report and Order and Further Notice of Proposed Rulemaking (FNPRM) on inmate calling services, which placed a cap on all interstate calling rates and eliminated commissions on interstate calls. The final rules adopted (FCC 13-113) in the Inmate Calling Report and Order and FNPRM were to become effective February 11, 2014, 90 days after publication in the Federal Register.

Securus Technologies, Inc. immediately filed for a stay and reversal of the FCC ruling. In late January, the Federal Court denied the stay and required the FCC Order to go into effect on February 11, 2014.

**DISCUSSION:**

As of February 11, 2014, the calling rates for interstate calls were changed to a flat rate of \$0.25 per minute for collect calls and prepaid cards, and a flat rate of \$0.21 per minute for debit calls made by inmates. Also, commissions to agencies for related calls could no longer be paid. Any failure to implement the FCC mandated rates and elimination of commissions would result in penalties and refunds.

In view of the latest FCC ruling on the capped interstate inmate calling rates, Securus Technologies is unable to pay any commission on these calls. Securus has analyzed interstate call volume for the last eight (8) months and has determined that the effect on commission paid to the County from this ruling and implementation will be a decrease of \$25,000 annually.

Although the new rates have been effective since February 11, 2014, Securus has agreed to absorb any losses from this change for the balance of the first year of the contract. Securus has requested a \$25,000 reduction annually in the Minimum Annual Guarantee (MAG) commission, from \$820,000 to \$795,000 for the remaining two years. Since this is a legally binding enforcement from the FCC, it is recommended that the contract with Securus be amended to account for the reduction in the annual MAG commission.

The amendment and Resolution have been reviewed and approved by County Counsel as to form.

This amendment contributes to the 2025 Shared Vision outcome of a Safe Community by ensuring that communication between inmates and their families, attorneys, and/or others continue without interruption and by ensuring that inmate programming provided by the Inmate Welfare Trust Fund continues.

**PERFORMANCE MEASURE:**

Measure	FY 2013-14 Actual	FY 2014-15 Projected
Minimum Annual Guaranteed (MAG) Commission received annually by the Inmate Welfare Trust Fund from inmate telephone services	\$820,000	\$795,000

**FISCAL IMPACT:**

The amendment to the contract reduces the annual commission by \$25,000 (3%), from \$820,000 to \$795,000, and should not have any major impact on the Inmate Welfare Trust Fund, which supports the inmate service providers. There is no Net County Cost associated with this amendment.