

County of Santa Clara

Office of the Sheriff

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Laurie Smith
Sheriff

January 23, 2018

To: Honorable Members of the Board of Supervisors
Jeffrey V. Smith, County Executive

From: Carl Neusel, Undersheriff and Interim Chief of Correction

C. Neusel 1452

Subject: Report Relating to Alternative Options for Inmate Commissary

REASON FOR REPORT

At its February 28, 2017 meeting, the Board of Supervisors requested that the Sheriff's Office provide an off agenda report relating to alternatives to the County's model for providing commissary services in the jail.

BACKGROUND

Commissary services are non-mandated services made available in the jail in order to provide inmates the opportunity to obtain food products, beverages, and other items that are otherwise not available in the jail. There is no legal requirement for the County to provide commissary services in the jail. Section 4025 of the California Penal Code authorizes the establishment, maintenance, and operation of a commissary store, but does not mandate it.

Historically, Santa Clara County has entered into vendor contracts for jail commissary services which have included terms that provided commission payments to the County which were based on a percentage of commissary sales revenue. All commission payments received by the County were then paid into the County's Inmate Welfare Fund (IWF).

On June 24, 2014 the Board of Supervisors approved a three year agreement with Aramark for the term July 1, 2014 through June 30, 2017. Initially, Aramark paid a commission (50% of sales revenue) on all commissary sales in the jails, to the County's IWF.

On October 6, 2015 the County Board of Supervisors approved a Resolution establishing the Blue Ribbon Commission on Improving Custody Operations (BRC) and on April 12, 2016 the Board of Supervisors received a report relating to the BRC's recommendations. The BRC report included the following recommendations specifically related to jail commissary, among others:

- Prices for all commissary items should be reduced by 10% to 20%.
- Prices of goods sold to inmates should be monitored and updated.
- Fees charged to deposit funds should be reassessed to see if they can be reduced or removed.

- The County should review its current model of providing commissary to inmates with a view toward providing a variety of products at prices that are reasonable and fair to family and friends who pay into the commissary system, and ensuring that any profit made is funneled back into the IWF, rather than to a third-party vendor. This review should re-examine the outsourcing of the commissary system to a third-party, for-profit vendors and identify a variety of models of “in-house,” jail-administered commissary systems that can be administered efficiently while providing reasonable prices to inmates and families.

The Finance and Government Operations Committee (FGOC) was tasked with reviewing jail reform recommendations prior to review by the full Board with their recommendations. On December 19, 2016 the FGOC directed the Sheriff’s Office and the Department of Correction to present a report with recommended options to reduce overall prices of commissary services to inmates.

In early March, 2017, at the direction of the Board of Supervisors, vendor payment of commissary commissions to the IWF according to the terms of the 2014 Agreement with Aramark mentioned above, was discontinued and concurrently, the prices of items offered on the commissary menu were reduced by up to 50%. Beginning with the approval of the first (and only) amendment to the Agreement with jail commissary services vendor Aramark on in May 23, 2017, commission payments on commissary sales revenue were officially discontinued and at the same time, the prices for most commissary menu items were officially reduced by up to 50%. The current Agreement with Aramark, as amended, includes an end date of June 30, 2019. In addition to officially ending commission payments on commissary sales and re-setting commissary menu item pricing, the May 23, 2017 amendment accomplished the following additional changes to the commissary services Agreement with Aramark.

- Added prepaid telephone calling as a product orderable through the commissary order process.
- Formalized commissary menu item pricing effective March 1, 2017.
- Added certain “ICare” products as orderable from Aramark via the internet, by telephone, and at one of the kiosks located in the jail lobbies.
 - ICare products are typically a single orderable item which is made up of a collection of commissary items, some of which are not included on the contracted jail commissary menu. These product “packages” are not available for order by inmates, but are made available for order by friends and family, only from outside the jail.
- Reduced certain Internet order, telephone, and kiosk system order fees.
- Added the County’s mandatory contract provisions.

The jail commissary business model in place today operates under the terms of the Board Agreement with Aramark as amended, and will continue as such until June 30, 2019, unless amended otherwise or terminated.

IN HOUSE COMMISSARY OPERATIONS IN OTHER CALIFORNIA COUNTIES

In order to assess commissary business models in use in other county jails in California, with a focus on business models which might offer improvements or benefits to the County of Santa Clara, to inmates in the Santa Clara County jail, and to their families and friends, the Sheriff's Office queried all the other counties in the state as to whether or not they operated a jail commissary using an "in-house" model. The query was distributed state-wide by way of the California State Sheriff's Association. Of the 58 California counties, twelve (12) provided a response.

Of the twelve responding counties, seven (7) indicated they did not operate in-house commissary. Of the remaining five (5), four (4) indicated they did operate in-house commissary, and one (1) county indicated it utilized a hybrid model where some operations, specifically delivery of commissary items in the jail, were handled by county employees with the help of inmates, while a majority of the operation (procurement, order processing, warehousing, inventory picking, packaging, delivery to the jail, etc.), utilized the contracted services of a commissary vendor. Additionally, Santa Clara County's current jail commissary vendor, Aramark, was asked to provide information about their operations which could be compared to the other counties' in-house operations.

Of the five counties which indicated they operated in-house or hybrid model commissary functions, two were only partially responsive to further inquiries. Three provided additional information about their jail commissary operations. In addition, information collected indicates that four of the five responding counties, San Diego, Ventura, Placer, and Lake Counties utilize inmate labor in some aspect of commissary operations.

A summary of county "in-house" commissary operations information collected from responding counties and similar information from Aramark in Santa Clara County is provided below.

Santa Clara County Office of the Sheriff Survey Responses - In-House Commissary

County:	Santa Clara	San Diego	Ventura	Placer	Imperial	Lake
Commissary Vendor	Aramark	In House	In House	Hybrid (Trinity)	In House	In House
Average Daily Inmate Population	3,470	5,700	1,600	740	600 **	300 **
Weekly Average Total Order Count	1,898	8,000	1,483	425		
Menu Item Total	212	225	185	210		
Full Time Employees	23 *	23	7	4		
Part Time Employees	-	-	3	-	No further response	No response
Days Orders Accepted per Week	1	5	6	1		
Days Orders Delivered per Week	1	5	6	1		
Processing Area Square Feet	<i>not available</i>	14,000	2,070	No dedicated space		
Is Inmate Labor Utilized in Operations?	No	Yes	Yes	Yes		Yes

SAN DIEGO COUNTY

Because San Diego County's jail and commissary operations are, of the responding counties, most comparable to Santa Clara County, Sheriff's staff traveled to San Diego County to tour commissary operational areas and to observe commissary processes underway. Jail and commissary operations demographics which support comparison to Santa Clara County include average daily inmate population, the number of commissary menu items offered, the number and geographic distribution of jail facilities to which commissary orders must be delivered, and the number of full-time commissary operations employees as compared with those of the Santa Clara County's contracted vendor, Aramark.

San Diego County employs a labor intensive in-house commissary operation. A summary of observations regarding the processes employed in San Diego County's commissary operation includes the following key points.

Staffing

- County employees on two shifts staff 24 different positions in the commissary warehouse.
- On any given day of commissary operation, up to twenty (20) inmates, selected from San Diego County Sheriff's East Mesa Reentry Facility inmate population, are utilized to pull commissary inventory against commissary order "kit" lists.

Order Processing

- Inmates place orders for commissary items using paper "scantron", "bubble-sheet" forms, completed in pencil.
- Order bubble-sheets are manually collected, scanned into, and printed using a computerized order processing system.
- Using "pick-lists" which list the items on orders printed from the order processing system, inmates travel a line of commissary product inventory bins, each bin containing multiples of a single product.
 - There are four "kitting" lines, each identical in terms of bins and inventory, such that the four lines may be in operation simultaneously.
- If the product in the inventory bin matches a product listed on the "pick list"/order, the inmate who is "kitting" the order pulls the product in a quantity to match the order and places the pulled quantity into an "order bin", then moves to the next inventory container.
 - This step is repeated from the start to the finish of a line of inventory bins.
- Once the end of the kitting line is reached and all possible ordered items have been pulled, the "order bin" is handed off to a County employee who uses a barcode scanner to scan each item in the "order bin".
 - Software compares scanned items to the list of ordered items. Mismatched items cause an alarm which alerts the County employee to an error in the "order bin". As items are scanned, they are placed into a delivery container.

- No inventory control practices were observed or described in the “kitting” area of the commissary operation.
- Once the entire “order bin” has been scanned, verified, and placed into a delivery container by a County employee, the delivery container is sealed, placed on a short roller line, and conveyed to a delivery holding area.
- Completed orders are pulled and staged to roller carts by delivery destination within the jail.
- County employees then manually move product on the roller carts from the staging area in the warehouse to delivery in each of the inmate housing areas.
- Motor vehicles (cargo trucks) are used to move commissary product to a number of geographically distributed (throughout the County of San Diego) jail facilities.
 - Various other warehouse equipment including forklifts, pallet jacks, mechanized roller lines, pallet racks, etc. is also in use in the commissary operation.

Other Observations

- The commissary warehouse and processing areas are within a larger warehouse building occupied by the San Diego County Jail Food Services function, which operates using food preparation and handling processes similar to the equivalent functions in Santa Clara.
- The commissary warehouse and processing area occupies a footprint of approximately 15,000 square feet within the larger food services warehouse.
- Building construction is steel frame warehouse.
- The commissary warehouse and processing areas are not climate controlled.
- The warehouse area of the San Diego County jail commissary operation does not employ any automation technology.
- No inventory control practices or monitoring for shrinkage beyond visual monitoring of the warehouse area were observed.
- While informed by commissary order monitoring, warehouse inventory replenishment is accomplished manually through the efforts of a County employee Senior Stock Keeper who visually monitors the quantity of available inventory in the warehouse portion of the operation.
- The warehousing area does not employ an inventory locator system. The location of inventory in the warehouse may only be accomplished manually through visually locating pallets or boxes of inventory.
- Bulk inventory placement and pulling in the warehouse is entirely a manual process utilizing hand-trucks, fork lifts, and manual labor.
- Pallet racks are four tiers high with the top pallet positions approximately 12 to 15 feet from the floor.
- Inmates that work in the commissary operation are paid \$3.50 per week, which is deposited to the inmate’s personal fund.

- San Diego County Jail Commissary procures commissary inventory directly from multiple suppliers, including Keefe Commissary, Union Supply, Meram, Inc., Performance Food Group, and Sysco.
- Commissary employee positions and inmate pay of \$3.50 per week to each inmate-worker, are funded from commissary revenue. The details of the financial model in place in San Diego County were not explored further.
- The San Diego commissary operation contributes revenue proceeds in excess of costs to the County's Inmate Welfare Fund.

ALTERNATIVE OPTIONS FOR INMATE COMMISSARY

According to information previously available and the information collected in preparation for this report, several options for providing commissary in the jail are in use throughout the state today. The commissary operations models observed include the following.

- Contracted
- County owned and operated; "In-House"
- Hybrid

Some advantages and disadvantages of each model are shown below.

Model	Pros	Cons
Contracted	Zero to Low County Investment / Costs	No opportunity for inmate participation
		Less control over menu pricing and product selection
In-House	Inmate job training and work experience potential	One time equipment and floor space costs
	Menu item and price control	Ongoing staffing costs
		Ongoing inventory procurement and management costs
		No existing County owned, locked-facility warehouse space
Hybrid	Inmate job training and work experience potential	Ongoing staffing costs
		Additional floor space cost
	Lower County Costs than in-house	Additional receiving and delivery equipment costs

Copy list:

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