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**THE STATE OF IDAHO
DEPARTMENT OF CORRECTION
Volume 2 – Price Proposal
Request for Proposal for
Inmate Phone Service**

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SIGNATURE PAGE For Use with a Manually Submitted Invitation to Bid (ITB) or Request for Proposal (RFP) Response

Bids or proposals and pricing information shall be prepared by typewriter or in ink and shall be signed in ink by an authorized representative of the submitting vendor. Two (2) copies of the bid or proposal shall be submitted, one (1) original and one (1) photocopy of the original, unless the RFP solicitation instructions specify otherwise. AT LEAST ONE BID OR PROPOSAL SUBMITTED BY THE VENDOR MUST BE AN ORIGINAL (NOT PHOTOCOPIED) SIGNATURE.

NO LIABILITY WILL BE ASSUMED BY THE DIVISION OF PURCHASING FOR A VENDOR'S FAILURE TO OBTAIN THE TERMS AND CONDITIONS AND ANY PROPERLY ISSUED SOLICITATION ADDENDUMS IN A TIMELY MANNER FOR USE IN THE VENDOR'S RESPONSE TO THIS SOLICITATION OR ANY OTHER FAILURE BY THE VENDOR TO CONSIDER THE TERMS, CONDITIONS, AND ANY ADDENDUMS IN THE VENDOR'S RESPONSE TO THE SOLICITATION.

The words "SEALED BID" and the bid number must be noted on the outside of your SEALED BID package. To insure that your SEALED BID is handled properly, the following information must be placed in the lower left corner of your bid package:

SEALED BID
BUYER:
SEALED BID FOR:
BID NUMBER:
CLOSES:

Send your sealed bid package to:

Division of Purchasing
PO Box 83720
Boise, ID 83720-0075

When sending packages by FedEx, UPS, or other Couriers:

Division of Purchasing
5569 Kendall Street
Boise, ID 83706-1231

This ITB or RFP response is submitted in accordance with all documents and provisions of the specified Bid Number and Title detailed below. By my signature below I accept the STATE'S CONDITIONS AND INSTRUCTIONS TO VENDORS and STATE OF IDAHO STANDARD CONTRACT TERMS & CONDITIONS dated 7/1/01 as incorporated by reference into this solicitation. As the undersigned, I certify I am authorized to sign and submit this response for the Bidder or Offeror. I further acknowledge I am responsible for reviewing and acknowledging any addendums that have been issued for this solicitation.

Please complete the following information:

BIDDER/OFFEROR (Company Name) Public Communications Services, Inc. BID Number: RFP01695

ADDRESS 11859 Wilshire Blvd., Suite 600 BID Title: Request for Proposal for Inmate Phone Service

CITY, ST, ZIP Los Angeles, CA 90025

TOLL FREE (800) 350-1000 PHONE (310) 231-1000

FAX (310) 473-5401 E-Mail proposals@teampcs.com

FEIN/SSN# 95-4615-444

THIS SIGNATURE PAGE MUST BE SIGNED WITH AN ORIGINAL HANDWRITTEN SIGNATURE EXECUTED IN INK AND RETURNED WITH YOUR BID OR PROPOSAL FOR YOUR BID OR PROPOSAL TO BE CONSIDERED!


Original Signature (Manually Signed in Ink)

November 11, 2005
Date

Tommie E. Joe
Please type or Print Name

Chief Operating Officer
Title

04 Cost and Revenue Requirements

All copies of the cost proposal must be in a separate sealed envelope from the remainder of the proposal, and no price information may appear in any other proposal section.

04.01 Department Priorities

- . Functionality and contractor support.
- . Assuring that the lowest possible rates are charged for all call types. These shall include all charges, including call set-up charges and per minute charges for any call placed and accepted
- . Types of calls are consistent from all Department facilities.
 - Local (including extended community) calls
 - IntraLATA calls
 - InterLATA calls
 - Interstate calls

There are a minimal number of international call requests, which are handled on a case-by-case basis.

The present maximum call length for all locations is thirty (30) minutes. For fiscal year 2004 (July 1, 2003 – June 30, 2004) the number of calls placed was 513,502 and the total minutes was 10,593,234.

List your proposed rates on the Call Cost Analysis Sheet below. These listed rates will be used in the measurement of the Vendor's RFP. There will be only one set of rates for the entire Inmate Phone System. Rates will be fixed for the initial period of the contract which shall be three (3) years.

Please provide the total charges, including any call set-up, for the following call types. If call set-up charges are "wrapped" into per minute charges, indicate so under the appropriate heading. All call rates will remain constant for calls made during any time of day or day of week. Please indicate if these charges are inclusive of any and all surcharges and/or taxes.

Call Cost Analysis Sheet

Call Type:	Number of Calls	Set-up Charge	Number of Minutes	Per Minute Rate:
Local	258,493		6,008,363	
IntraLATA	122,980		2,302,786	
InterLATA	66,064		1,148,067	
Interstate	65,965		1,134,018	

Evaluation of call cost will be based on fiscal year 2004 actual usage of the IDOC Inmate phones.

Proposers must describe how time is measured for billing purposes. Explain how partial minutes are billed. This billing for partial minutes will be used in the call cost scoring.

- PCS agrees and will comply.

PCS Proposal At A Glance

PCS presents to the State of Idaho Department of Corrections the following offer and options:

- Consumer **cost reductions from 4% to 69%** based on call type.
- The option of **“time and distance” or “flat rate”** calling costs for the citizens of Idaho.
- The option of commissions of **45%, 50% and 55%** based on call type.
- The option of a **franchise fee** linked to either call volume or inmate population to ensure automatic and traceable adjustments over time.

Partial Minute Billing:

Under the variable rate option calls can be rounded to the next one-half minute (30 seconds) or to the nearest whole minute.

Cost and Revenue Objectives:

Public Communications Services (PCS) is pleased to present a creative set of alternatives to the **Idaho Department of Corrections**. These offerings are designed around the following five core features:

- First, meet the mission of the Department of Corrections
- Second, treat all inmates and their families equally
- Third, provide inmates and their families with consumer choice
- Fourth, provide real and tangible consumer value
- Fifth, reliable and predictable revenues

Consumer Choice and Value:

There are two key elements to consumer satisfaction. First the consumer must have the option of choice. PCS is pleased to present the citizens of Idaho, both free and incarcerated, with a tiered set of true choices between collect, pre-paid collect and debit services with meaningful rate reductions within each category.

Second, consumers must perceive real value where they not only have choice but where they can purchase more service for fewer dollars based upon the choices they make, and there is an underpinning sense of equality for all.

Our proposed costs to consumers are simple, easily understood, easy to budget and check, and, perhaps most importantly, are fully disclosed. With PCS there are no hidden fees or additional charges such as “billing fees” that so many other providers charge and do not include in their commission payments.

Equitable Treatment and DOC Mission Accomplishment:

One of the most interesting aspects of inmate telephone services is that the traditional telecom model for costing a call is directly contrary to the accomplishment of the correctional mission. Said simply, inmate telephone calls are traditionally priced based on such factors as time of day and distance called. Thus, while the correctional mission is to treat all inmates equally, traditional telephone costs reward inmates and families who live closest to an institution and punish those who live most distant from the institution.

Additionally traditional inmate call pricing encourages inmates and their families to engage in fraudulent behavior through the establishment of local number and call forwarding services as they attempt to decrease costs and increase value. This too is behavior counter to the correctional mission.

Therefore we have not only provided a traditional costing model but have added a flat rate for a 30 minute call to anywhere in the State of Idaho at any time of the day or night.

The rate tables specified in Section 04 are provided under the following tabbed Subsections: 04.A, 04.B and 04.C. These contain the following information:

OPTION ONE

Subsection 04.A Time and Distance Option including:

This table uses the traditional “time and distance” ratings and shows the expected gross revenues, rates and estimated cost savings to the citizens of Idaho by call type of collect, pre-paid collect and debit.

OPTION TWO

Subsection 04.B Flat Rate Option including:

This table uses an equal treatment for all “flat rate” and shows the expected gross revenues, rates and estimated cost savings to the citizens of Idaho by call type of collect, pre-paid collect and debit.

OPTION THREE

Subsection 04.C Franchise Fee Option including:

This section provides the additional option of a Franchise fee linked to the rate selection by the State and adds an automatic adjustment in anticipation of population changes based on either:

- Franchise Fee Option by Inmate Population or
- Franchise Fee Option by Inmate Call Volume

Either of these options may be selected as the State desires.

***NOTE:** Each Subsection constitutes an offer to the State of Idaho. The PCS proposal contains standardized rates system-wide but additionally provides consumer incentives for the use of pre-paid and debit services through price. Therefore there is a single rate for collect, a single rate for pre-paid and a single rate for debit calls. Please see Subsections A and B for rate details.*

04.01.01 Rate Basis

Charges for telephone calls are generally based on tariffs, regulations and/or standards as well as the Vendor cost related to providing the service. These may be under the jurisdiction of the Idaho Public Utilities Commission or the Federal Communications Commission. If this is the basis for rate calculations, used above, and the basis is reduced, any reduction must be immediately passed onto the called parties accepting calls under this contract. Such reductions must be provided to the Department in writing.

Please confirm that any rate reductions will be incorporated into the rate structure of this contract and the method of notification that will be used. Also provide a listing of applicable tariffs, regulations and standards used in the calculation of the proposed rates.

All tariffs, standards, and regulations utilized in pricing calculations must be provided in the RFP response.

- PCS agrees and will comply.

In the event of rate reductions, these will be incorporated and passed through the consumer. Existing tariffs were not used in our calculations. However, tariffs will be provided, if desired. All standards and regulations of the FCC and Idaho PUC are included herein by reference but are not attached due to volume.

Reduced, Unambiguous & Fully Disclosed Rates:

PCS is pleased to present the following rate alternatives based upon the standard 30 minute call durations. Additionally PCS does not add additional bill rendering or other fees to these calls but the rates presented are in-fact the true costs to consumers.

No Bill Rendering and Other Fees:

The calling costs presented on the following pages are the full and complete costs to the consumer. For example PCS has no bill rendering fee on collect calls nor do we charge the consumers fees for the creation of pre-paid calling accounts, fees for remote banking, fees for the use of credit cards or any other fees.

Full Value and Fully Commissionable Revenues:

The State of Idaho shall receive full commissions on full revenues from PCS.

Bill rendering and other fees tend to have two impacts. First they increase the cost to consumers. Second, as these fees are traditionally outside the direct call costing revenues they generate no commission for the State and thus devalue the commission offerings.

Stated directly, a service that charges a bill rendering or other fees and offers a commission of (for example) 45% on the cost of calls and does not commission these fees is in reality (for example) offering a true commission on revenues of 42%.

04.01.02 Franchise Fee/Commission

There shall be no charges whatsoever to the State for the proposed inmate phone services. The successful Contractor assumes responsibility for any fees, billing and collections, and fraudulent billing and un-collectible charges associated with the Inmate Phone System.

The proposed percentage of commission payable shall be based on the Contractor's gross billings for all calls placed on the Inmate Telephone System. Total gross billings shall, for the purpose of this RFP, be defined as total calls placed on or through the Inmate Telephone System, billed at the rates authorized under the Contractor's proposal, as accepted by the State or as subsequently modified pursuant to the proposal specifications. Commission checks shall be submitted to the Idaho Department of Correction on a monthly basis, and shall be accompanied by a report which itemizes by facility, minutes of usage, and number of calls, gross billings and commission for each telephone.

The State will also consider a monthly franchise fee payment in lieu of commission. The franchise fee shall be a fixed fee payable to the department on a monthly basis. The franchise fee will be fixed for the initial term of three (3) years of the contract. Future adjustments will be negotiated with the contractor, IDOC, and the State of Idaho Division of Purchasing.

Call detail records must be provided for all calls placed on or through the Inmate Telephone System. All such calls must be billed in the manner outlined above. No deduction or credit shall be given for any expenses, allowances, bad debts, disconnects, or for billed calls which for any reason are not collected or which otherwise do not result in revenue to the Contractor.

All copies of the cost proposal must be in a separate sealed envelope from the remainder of the proposal, and no price information may appear in any other proposal section.

- PCS agrees and will comply.

The precise commission offerings with corresponding rate scales are contained in Subsections A & B of this volume.

PCS is pleased to offer a franchise fee alternative. This alternative is presented in Subsection C reflecting the call rating option elected by the State and proposing the fee be linked to either inmate population or call volumes as the Department may desire.

For a detailed review of call detail reports, please see Volume 1, "Usage Reports", Section 03.07.01, pages 25-33.

Subsection 04.A

TIME AND DISTANCE RATES

Commission Offering

45.00% Collect

50.00% Pre-Paid Collect

55.00% Debit

Projected Monthly Gross Revenues: \$223,965

TIME AND DISTANCE OPTION with COST COMPARISONS

NOTE: Taxes for collect calls are assessed and billed to the called party.
 All Debit calls include any taxes and FCC/PUC fees.

VARIABLE RATE: COLLECT

Call Type	Connect Rate	Per Minute Rate	Number Of Calls	Set Up Charge	Number Of Minutes	Per Minute Rate	COST REDUCTION	
							From Current Rate %	\$
Local	\$1.30	\$0.10	258,493	\$336,040.90	6,008,363	\$600,836.30	-4.44%	\$51,699
IntraLATA	\$1.40	\$0.14	122,980	\$172,172.00	2,302,786	\$322,390.04	-10.40%	\$79,937
InterLATA	\$1.50	\$0.15	66,064	\$99,096.00	1,148,067	\$172,210.05	-46.67%	\$346,836
Interstate	\$3.60	\$0.85	65,965	\$237,474.00	1,134,018	\$963,915.30	-5.06%	\$102,246

VARIABLE RATE: PRE-PAID COLLECT

Call Type	Connect Rate	Per Minute Rate	Number Of Calls	Set Up Charge	Number Of Minutes	Per Minute Rate	COST REDUCTION	
							From Current Rate %	\$
Local	\$1.25	\$0.10	258,493	\$323,116.25	6,008,363	\$570,794.49	-8.89%	\$168,020
IntraLATA	\$1.35	\$0.13	122,980	\$166,023.00	2,302,786	\$306,270.54	-14.56%	\$645,645
InterLATA	\$1.45	\$0.14	66,064	\$95,792.80	1,148,067	\$163,599.55	-49.11%	\$102,399
Interstate	\$3.40	\$0.75	65,965	\$224,281.00	1,134,018	\$850,513.50	-15.50%	\$313,334

VARIABLE RATE: DEBIT

Call Type	Connect Rate	Per Minute Rate	Number Of Calls	Set Up Charge	Number Of Minutes	Per Minute Rate	COST REDUCTION	
							From Current Rate %	\$
Local	\$1.20	\$0.09	258,493	\$310,191.60	6,008,363	\$513,715.04	-16.33%	\$189,992
IntraLATA	\$1.30	\$0.12	122,980	\$159,874.00	2,302,786	\$275,643.48	-21.74%	\$167,130
InterLATA	\$1.40	\$0.13	66,064	\$92,489.60	1,148,067	\$147,239.59	-53.36%	\$396,549
Interstate	\$3.00	\$0.65	65,965	\$197,895.00	1,134,018	\$737,111.70	-26.59%	\$537,615

Subsection 04.B

FLAT RATE

Commission Offering

45% Collect

50% Pre-Paid Collect

55% Debit

Projected Monthly Gross Revenues: \$229,519

FLAT RATE OPTION with COST COMPARISONS

NOTE: Taxes for collect calls are assessed and billed to the called party.
 All Debit calls include any taxes and FCC/PUC fees.

FLAT RATE: COLLECT

Call Type	Connect Rate	Per Minute Rate	Number Of Calls	Set Up Charge	Number Of Minutes	Per Minute Rate	COST REDUCTION	
							From Current Rate %	\$
Local	\$3.80	\$0.00	258,493	\$982,273.40	6,008,363	\$0.00	-15.56%	\$180,945
IntraLATA	\$3.80	\$0.00	122,980	\$467,324.00	2,302,786	\$0.00	-39.20%	\$301,301
InterLATA	\$3.80	\$0.00	66,064	\$251,043.20	1,148,067	\$0.00	-66.22%	\$492,177
Interstate	\$4.50	\$0.85	65,965	\$296,842.50	1,134,018	\$0.85		

FLAT RATE: PRE-PAID COLLECT

Call Type	Connect Rate	Per Minute Rate	Number Of Calls	Set Up Charge	Number Of Minutes	Per Minute Rate	COST REDUCTION	
							From Current Rate %	\$
Local	\$3.60	\$0.00	258,493	\$930,574.80	6,008,363	\$0.00	-20.00%	\$232,644
IntraLATA	\$3.60	\$0.00	122,980	\$442,728.00	2,302,786	\$0.00	-42.40%	\$325,897
InterLATA	\$3.60	\$0.00	66,064	\$237,830.40	1,148,067	\$0.00	-68.00%	\$505,390
Interstate	\$4.35	\$0.80	65,965	\$286,947.75	1,134,018	\$907,214.40		

FLAT RATE: DEBIT

Call Type	Connect Rate	Per Minute Rate	Number Of Calls	Set Up Charge	Number Of Minutes	Per Minute Rate	COST REDUCTION	
							From Current Rate %	\$
Local	\$3.40	\$0.00	258,493	\$878,876.20	6,008,363	\$0.00	-24.44%	\$284,342
IntraLATA	\$3.40	\$0.00	122,980	\$418,132.00	2,302,786	\$0.00	-45.60%	\$350,493
InterLATA	\$3.40	\$0.00	66,064	\$224,617.60	1,148,067	\$0.00	-69.78%	\$518,602
Interstate	\$4.25	\$0.75	65,965	\$280,351.25	1,134,018	\$850,513.50		

Subsection 04.C

FRANCHISE FEE OPTION

FRANCHISE FEE OPTION

Public Communications Services (PCS) is pleased to present a creative set of alternatives to the Idaho Department of Corrections in respect to a franchise fee.

These offerings are designed to facilitate easy monitoring and audit using data common to the Department and/or immediately available to the Department.

Franchise Fee By Population:

Inmate population drives every aspect of correctional planning, budgets and operations. PCS therefore proposes a franchise fee option, as follows, based on inmate population and linked to either the variable or fixed rate option as the State may elect.

FRANCHISE FEE OPTION		
BY POPULATION		
IDOC Population	Franchise Fee Variable Rate Model	Franchise Fee Fixed Rate Model
6200	\$1,000,308	\$1,025,665
6400	\$1,032,576	\$1,058,751
6600	\$1,064,844	\$1,091,837
6800	\$1,097,112	\$1,124,923
7000	\$1,129,380	\$1,158,009
7200	\$1,161,648	\$1,191,095
7400	\$1,193,916	\$1,224,181
7600	\$1,226,184	\$1,257,266
7800	\$1,258,452	\$1,290,352

Franchise Fee By Call Volume:

This call volume model assumes relatively consistent inmate behavior and relatively consistent DOC policies regarding access.

FRANCHISE FEE OPTION		
BY CALL VOLUME		
IDOC	Franchise Fee	Franchise Fee
Call Volume	Variable Rate Model	Fixed Rate Model
537600	\$1,000,308	\$1,025,665
554942	\$1,032,576	\$1,058,751
572286	\$1,064,844	\$1,091,837
589628	\$1,097,112	\$1,124,923
606970	\$1,129,380	\$1,158,009
624312	\$1,161,648	\$1,191,095
641654	\$1,193,916	\$1,224,181
658996	\$1,226,184	\$1,257,266
676338	\$1,258,452	\$1,290,352

Franchise Fee Administration:

Franchise fees can be paid monthly, quarterly, semi-annually, annually or linked to a commission base and then “trued-up” at the close of each fiscal or calendar year. PCS does not propose to know what the best options are for the State of Idaho but proposes that such details will be resolved during negotiations.

We look forward to this and all opportunities to work with the Idaho Department of Corrections.