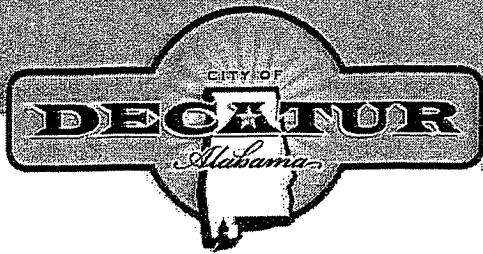


RESOLUTION 12- 199

ABL Management, Inc. holds the contract for providing food service to the Decatur City Detention Center based on a low bid submitted April 12, 2011 and adopted by City Council Resolution 11-077. They have requested consideration of a three percent (3%) increase in unit pricing due to increased operating expenses. Therefore:

BE IT RESOLVED by the City Council of Decatur, Morgan County, in the State of Alabama, that (1) it appearing the said request to be supported by reliable and independently obtained documentation and (2) it appearing to remain the lowest and best bid for furnishing food service to the Detention Center, the said request is hereby adopted and authorizes Purchasing Agent to amend Purchase Orders to reflect the adjustment.

Adopted this 2nd day of July, 2012



A Grand City on a CHARMING SCENE

Purchasing Department – Jeffrey Fussell C.P.M. Purchasing Agent

ABL Management currently holds the contract for food service in the city detention center. They have requested a 3% increase in pricing. In evaluating the request, I refer to the Producer Price index (PPI) as published by the US Bureau of Labor Statistics. This is a more reliable index for specific industries than is the Consumer Price Index (CPI) which is a generalization of pricing across a broad (and often irrelevant) spectrum of goods and services. Keying in on wholesale foods, we find the following:

Producer Price Index Industry Data

Series Id: PCU311---311---
 Industry: Food mfg
 Product: Food mfg
 Base Date: 198412

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual
2009	170.1	168.7	167.6	168.6	170.5	171.4	169.7	169.7	169.5	168.3	169.1	171.2	169.5
2010	172.2	172.4	172.6	173.6	175.8	174.6	174.6	175.3	177.3	178.2	179.4	179.8	175.5
2011	181.1	184.6	187.8	190.8	191.2	191.8	193.4	195.5	196.4	194.4	194.8	194.2	191.3
2012	194.4(P)	194.6(P)	195.6(P)	196.3(P)									

P : Preliminary. All indexes are subject to revision four months after original publication.

Using ABL's bid date of April 12, 2011 as a baseline, we see the PPI for wholesale foods increased from 190.8 to 196.3 and trends up slightly. This increase is about 2.9%. Accordingly, the 3% adjustment requested is reasonable. The effect of this adjustment is calculated in the table below:

INMATE COUNT	ABL Management Bid 4/12/2011	Proposed 3% Adjustment	CBM Managed Services Bid 4/12/2011
100 - 149	1.155	1.189	1.390
90 - 99	1.347	1.387	1.620
85 - 89	1.420	1.463	1.680
80 - 84	1.474	1.518	1.740
75 - 79	1.534	1.580	1.810
70 - 74	1.602	1.650	1.900
65 - 69	1.681	1.731	1.990
60 - 64	1.773	1.826	2.120
55 - 59	1.880	1.936	2.250
50 - 54	2.008	2.069	2.430
45 - 49	2.164	2.229	2.600
40 - 44	2.356	2.427	2.990
Below 40	2.601	2.679	No Bid



At Grand Central on a CHARMING SCALE

Purchasing Department – Jeffrey Fussell C.P.M. Purchasing Agent

We could rebid the contract, but based on the only other bid received when last solicited; it is unlikely that we would obtain a better price than that offered by ABL. With the 3% adjustment in place, pricing is still significantly below that offered by CBM.

Of course, we will rebid the contract in 2014 regardless.

Based on the information available, I recommend that we agree to the 3% increase requested by ABL Management.

A handwritten signature in black ink, appearing to read "Jeffrey Fussell".

Jeffrey Fussell, Purchasing Agent

