

## Leticia Saenz

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**From:** Anacleto Martinez [anacleto.martinez@hidalgo.org]  
**Sent:** Wednesday, March 23, 2011 11:39 AM  
**To:** 'Martha Salazar'; 'Leticia Saenz'  
**Cc:** sheriff.trevino@hidalgo.org; Daniel.Garcia@hidalgo.org; Rene.Gonzalez@hidalgo.org; Armando.Campos@hidalgo.org; Raul Silguero; dina.trevino@co.hidalgo.tx.us  
**Subject:** RE: LCS Respons/Supportive Documentation-Per diem increase

Ms. Salazar,

After reviewing the justification submitted by LCS, Inc to increase their daily rate from \$42.00 to \$46.00, we are of the opinion that the proposed increased rate is not totally justified.

In forming our opinion, we referred back to our historical data as it relates to LCS, Inc.<sup>[1]</sup> We noticed that in 2006 LCS, Inc requested and received an increase of \$0.75 from a rate of \$39.25 to \$40.00. In 2009, LCS, Inc. requested and received a two dollar (\$2.00) increase from \$40.00 to \$42.00 after holding their rate for two years and nine months. The Sheriff's Office agreed that the rate increase was justified.

In 2010, however, in the mist of one of the worst recessions, LCS, Inc requested another \$2.00 increase. After conferring with their management staff, and explaining the financial uncertainty of the County and the Nation as a whole, LCS, Inc. agreed to hold their rate at \$42.00.

Now in 2011, LCS, Inc. is requesting a four dollar (\$4.00) rate increase. They are proposing moving from \$42.00 to \$46.00 per day. It is our belief that LCS is trying to recoup the \$2.00 requested in 2010 and an additional \$2.00 for 2011. As a justification, LCS, Inc has indicated increased costs in utilities, workman compensation insurance and management expenses that include debt service. LCS has attributed these costs to the construction of two new buildings and the up-grading of four other buildings.

The Sheriff's Office position is that LCS has not incurred justifiable increased expenditures that can be attributed to the housing and care of those inmates housed for Hidalgo County. It is our contention that the increased costs are mostly related to the increase of capacity at the La Villa facility. By increasing capacity, LCS naturally incurred increased costs related to manpower, utilities, and fringe benefits and of course debt service. These factors, however, have another side to them. By increasing capacity, LCS, Inc has also increased their potential for additional revenues that we are sure LCS has taken advantage of. Prior to starting construction we are sure that LCS, Inc. took into consideration the increased costs that would be offset by increased revenues.

The Sheriff's Office, however is aware that there are annual increases in any long-term operation and the La Villa Facility is no exception. We, therefore, are in agreement with the "new" negotiated proposed rate increase of \$3.00 with the stipulated condition that this rate increase will be for a term of two (2) years. This agreement once approved by Commissioner's Court should carry us through March 30<sup>th</sup> of 2013 at the daily rate of \$45.00.

In Summary, the Sheriff's Office is in agreement to a \$45.00 daily rate for a term of two (2) years ending March 31, 2013.

*Anacleto "Sonny" Martinez, Chief Deputy  
Hidalgo County Sheriff's Office*