
MEMO

APPROVED
4/18/2022



DATE: April 12, 2022
FROM: Matney M. Ellis
Procurement Director
TO: Board of County Commissioners
SUBJECT: Amendment 1 – Correctional-Institutional Supplies

A handwritten signature in black ink, appearing to read "Matney M. Ellis", with a long horizontal flourish extending to the right.

On June 21, 2021 the bid for Correctional-Institutional Supplies for the using Tulsa County Departments was awarded to Acme Supply Co., LTD., Bob Barker Company, Inc. and Victory Supply, LLC, CMF#20211262.

The Tulsa County Procurement Department has been notified by Victory Supply, Inc. that there has been price increases direct from many of their manufacturers. Procurement request that the prices of the impacted items in the attached documents be raised. After evaluated the current bid prices from other bid vendors, Victory Supply, Inc. still comes in lowest and best on the impacted items.

Respectfully submitted for your execution and approval.

MME / jdf

SUBMITTED FOR: The April 18, 2022 BOCC meeting agenda.

CMF# 20220637



UNDERSTANDING THE CURRENT GLOBAL SUPPLY CRISIS

WHAT GLOBAL INFLATION MEANS FOR THE WHOLESALE MARKET AND OUR VALUED CUSTOMERS



Understanding The Current Crisis And The Factors At Play

We are respectfully providing this data to support our request for price increases as well as your general edification. On the following pages you will find helpful information that may bring to light important points to consider.

- In regard to container vessel shipping, the price to ship a 40 ft container to the United States has increased 300% in the last 9 months, therefore increasing the transportation cost of every product by 3 times.
- Securing space aboard the limited amount of ocean vessels has become nearly impossible. Delays at foreign ports, domestic ports and railroad ramps can now exceed six to eight weeks longer than a year ago.
- Yarn prices in several regions around the world including the Indian region and China have increased 20-30% in the last six months.
- Petroleum (the cost of oil) has risen over 35% in the last seven months.

The bottom line is that all sectors whether retail or wholesale have seen unprecedented price increases and general challenges not experienced in the last fifty years.

We are asking our customers to understand that this situation is far beyond our control and was not a scenario that could reasonably be foreseen nor accounted for in past pricing.

Below are excerpts from two of hundreds of articles that can be researched on line.

New Economy Daily

China Threatens to Export Inflation

By *Malcolm Scott*

May 12, 2021, 6:00 AM EDT

"Everything has gone up in price," says Bryant Chan, whose factory in China's Guangdong province turns out Nerf guns, LeapPad toy tablets, and other playthings for major American brands.

Manufacturers like Chan have been absorbing some of the rising costs of things like paint, screws, metal and packaging for months, providing a buffer for global inflation. But as Enda Curran writes, some are now starting to pass on their rising input costs to overseas customers.

Bloomberg

A \$4,749 Bike Hints at Inflation Peril Looming for U.S. Economy

Justin Blum · 1 day ago

Looking for a Santa Cruz Hightower C R, a full-suspension carbon mountain bike? It'll cost \$4,749, up 10% from earlier this year. But with stocks depleted, buyers probably will be told to wait for the next model, due out this summer, at a higher price.

A hobby that's enjoying a new wave of popularity illustrates the inflationary pressures rippling through the wider U.S. economy — and bringing political risks for President Joe Biden — amid supply bottlenecks and worldwide surges in demand.

Prices for all kinds of products, from lumber to diapers, have been climbing this year. The headline measure of consumer prices rose 4.2% in the 12 months through April, the most since 2008. The numbers for May are due to be published on Thursday.

An Explanation Of Why CPI and PPI Indexes Do Not Capture The Current State Of Our Industry.

Government entities have long used the CPI and PPI index as gauges for allowing raises on contracted pricing. While you can expect to see those indexes start to move up as well, they do not capture the story of textiles, linens and shoe-wear made overseas. **Here is why:**

While PPI and CPI are both effective methods for the calculation of inflation, neither has any bearing on foreign inflation or prices. **PPI only deals with domestic producers and CPI only measures prices at the retail level**, domestically and globally. Neither of these has any affect on our pricing. **When dealing with goods from outside the United States, the Wholesale Price Index (WPI) of the producing country as well as the inflation rate of those countries must be considered**

For your knowledge here are the definitions of PPI, CPI and WPI:

What Is the Producer Price Index (PPI)?

The producer price index (PPI), published by the Bureau of Labor Statistics (BLS), is a group of indexes that calculates and represents the average movement in selling prices from domestic production over time. **The producer price index focuses on the whole output of producers in the United States.**

What is Consumer Price Index (CPI)?

The Consumer Price Index (CPI) is a measure that examines the weighted average of prices of a basket of consumer goods and services, such as transportation, food, and medical care. It is calculated by taking price changes for each item in the predetermined basket of goods and averaging them. The consumer price index targets goods and services bought for consumption by urban U.S. residents. **The CPI includes imports; the PPI does not. CPI, indicates the average change in the prices of commodities, at a retail level only.**

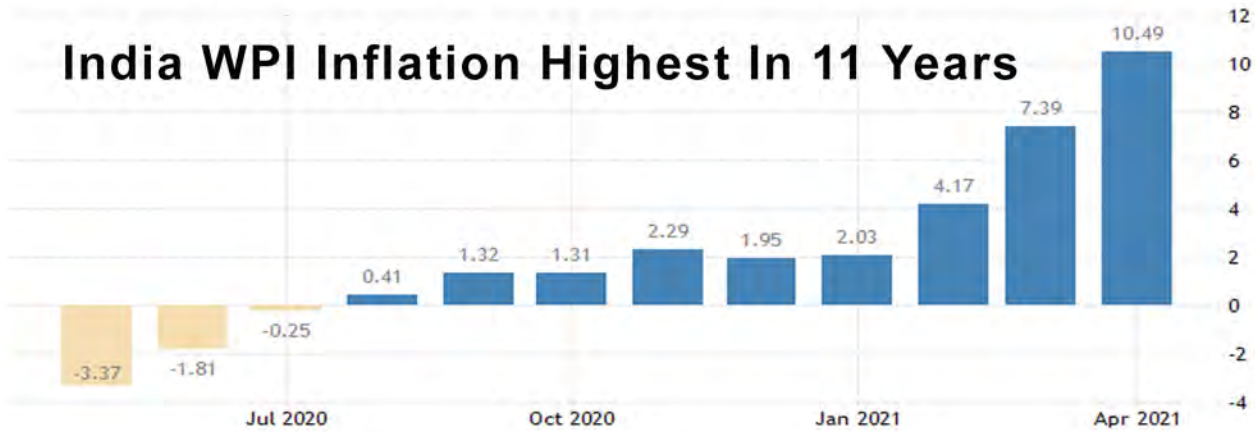
Wholesale Price Index (WPI) is an indicator of price changes in the wholesale market. WPI calculates the price paid by the manufacturers and wholesalers in the market. WPI measures the changes in commodity price at selected stages before goods reach the retail level. **WPI is used in production oriented countries such as India, Pakistan and China.**

We respectfully ask you to consider basing your evaluation of our contracts on the WPI of different world wide regions where our product is produced. Additionally, in instances where your contract language does not allow for an increase, we ask you to take into consideration the fact that never before have shipping costs and product costs ever seen such unprecedented raises in this short of time.

Here are relevant graphs, further explaining our position:

1Y 5Y 10Y 25Y MAX Chart Compare Export API Embed

India WPI Inflation Highest In 11 Years



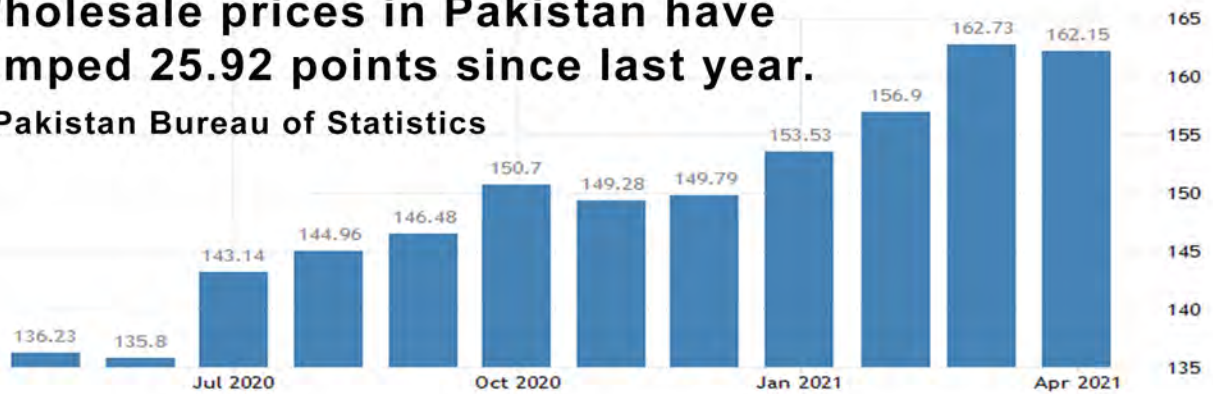
SOURCE: TRADINGECONOMICS.COM | OFFICE OF THE ECONOMIC ADVISOR, INDIA

Wholesale prices in India jumped 10.49 percent year-on-year in April of 2021, the highest rate since May of 2010 and well above market forecasts of 9.05 percent. *source: Office of the Economic Advisor, India.*

1Y 5Y 10Y 25Y MAX Chart Compare Export API Embed

Wholesale prices in Pakistan have jumped 25.92 points since last year.

- Pakistan Bureau of Statistics



SOURCE: TRADINGECONOMICS.COM | PAKISTAN BUREAU OF STATISTICS

Crude Oil Brent (USD/Bbl) 71.6100

Crude oil prices climbed above 72.10 a barrel for the first time in over two years... -Trading Economics



Additional Factors and Documentation

The information contained on the preceding pages do not factor in the largest threat to pricing stability. As explained in our introduction, container shipping prices have spiraled out of control.

Victory Supply is not passing on the total amount of increases that we have experienced. We have done everything that we can do to absorb as much of the price increase passed to us as possible. The amount of increase that we are requesting from our customers is being made after we have absorbed as much as we can.

Please find below additional links to articles that further explain the continued pressure on pricing that we are experiencing.

Yarn

- [Cotton yarn prices gain sharply on surging cotton rates, demand - The Hindu Business Line](#)
- [Yarn Price Reports - Emerging Textiles - Textile Market Information](#)
- [Cotton prices continue to rise unabatedly \(thenews.com.pk\)](#)
- [Cotton exports likely to jump 40% in 2020-21 - The Financial Express](#)
- [Fabric, yarn: Exporters not accepting orders due to high price, short availability - Markets - Business Recorder \(brecorder.com\)](#)
- [Prices of polyester yarn raw material MEG and PTA on rise in domestic market | | YnFx \(yarnsandfibers.com\)](#)

Container

- [Shipping container shortage is causing shipping costs to rise \(cnbc.com\)](#)
- [Shipping costs quadruple to record highs on China-Europe 'bottleneck' | Financial Times \(ft.com\)](#)
- [Shipping container shortage hits global trade – POLITICO](#)

We're all in this together...

At Victory Supply we always do our best to offer the most competitive price in the industry while providing you with the best service and quality anywhere. We want you, our valued customers, to understand that while in this case we have no choice but to increase prices due to the factors we have explained, we will continue to make every effort to mitigate the increases as much as possible.

Thank you for your consideration.

Victory Supply LLC - Tulsa County OK

Pricing Adjustment Contract # Inmate Correctional Contract

Item #	Item Description	UOM	Current Price	New Price
	Section 3: Orange T-shirts Orange crew T-shirts with non-binding neck; 100% cotton; double-stitched and reinforced stress points; and bleach resistant dye; Size Small through 7XLarge			
2000-037-0029	Orange T-shirts- Small-XLarge	dz	\$ 26.24	\$29.87
2000-037-0030	Orange T-shirts- 2XLarge-5XLarge	dz	\$ 32.74	\$39.75
2000-037-0031	Orange T-shirts- 6XLarge	dz	\$ 54.99	\$54.99
2000-037-0032	Orange T-shirts- 7XLarge	dz	\$ 66.99	\$66.99
	Section 5: Men's Boxers White boxers with elastic waistband; fly fronts; and hemmed bottoms; polyester/cotton blend; Sizes Small through 5XLarge			
2000-037-0034	Men's Boxers- Small-XLarge	dz	\$ 11.87	\$12.99
2000-037-0036	Men's Boxers- 2XLarge-3XLarge	dz	\$ 12.64	\$13.44
2000-037-0036	Men's Boxers- 4XLarge-5XLarge	dz	\$ 13.44	\$13.71
2000-037-0104	Men's Boxers- 6XLarge	dz	\$ 13.44	\$14.94
2000-037-0105	Men's Boxers- 7XLarge	dz	\$ 13.44	\$14.94
2000-037-0106	Men's Boxers- 8XLarge	dz	\$ 14.44	\$15.94
2000-037-0107	Men's Boxers- 9XLarge	dz	\$ 14.44	\$15.94
2000-037-0108	Men's Boxers- 10XLarge	dz	\$ 14.44	\$15.94
	Section 6: Women's Panties White panties with narrow knit elastic; waist and leg bands; polyester/cotton blend; sizes 5-14			
2000-037-0037	Women's Panties - 5-8	dz	\$ 7.34	\$7.74
2000-037-0038	Women's Panties- 9-13	dz	\$ 8.47	\$8.87
2000-037-0039	Women's Panties- 14	dz	\$ 9.24	\$9.64
	Section 7: Sport Bras White sports bra; hookless pull-on style with no metal or plastic; two-ply Lycra/cotton construction; sizes 32-50			
2000-037-0040	Sport Bras- 32-40	dz	\$ 16.24	\$18.24
2000-037-0041	Sport Bras- 42-50	dz	\$ 17.97	\$18.97
	Section 9: Shoes			
2000-037-0043	Uni-Foot shoe	pr	\$ 2.44	\$3.34
2000-037-0066	EVA Sandals Uni-Shoe	pr	\$ 2.17	\$2.89
2000-037-0045	EVA Strapless Step-in Shoe	pr	\$ 3.84	\$4.84
2000-037-0044	Canvas Shoes	pr	\$ 5.54	\$5.94

Item #	Item Description	UOM	Current Price	New Price
	Section 4: Socks Tube, Crew, and Ankle style socks; gray in color; cotton/polyester blend; one size fits all			
2000-037-0052	Gray Tube Socks	pr	\$ 5.69	\$6.10
2000-037-0053	Gray Crew Socks	pr	\$ 5.69	\$6.24
2000-037-0054	Gray Ankle Socks	pr	\$ 5.34	
	Section 5: Boy's Briefs Olive green briefs with elastic waistband; fly fronts; hemmed bottoms; polyester/cotton blend; Sizes Small though 3XLarge			
2000-037-0055	Boys Briefs- Small-XLarge	dz	\$ 12.61	\$12.61
2000-037-0056	Boys Briefs- 2XLarge-3XLarge	dz	\$ 12.82	\$12.82
	Section 6: Girl's Panties Brown panties with double panel crotch; narrow knit elastic waist and leg bands; 100% cotton blend; Sizes 5 through 11			
2000-037-0057	Girl Panties- 5-8	dz	\$ 7.44	\$8.62
2000-037-0058	Girl Panties- 9-11	dz	\$ 8.44	\$9.44
	Section 7: Sport Bras Gray sports bra; hookless pull-on style with no metal or plastic; cotton/polyester/spandex construction,; Sizes 32-46 ABCD			
2000-037-0059	Sport Bras- 32-40	dz	\$ 19.24	\$19.74
2000-037-0060	Sport Bras- 42-46	dz	\$ 20.24	\$21.24
2000-037-0087	Light Blue or Navy Washcloth, 12" x 12", 100% cotton terry; standard grade; machine washable	dz	\$ 3.15	\$3.85
2000-037-0089	Laundry Nets- 24" x 30"; white; polyester; tie cord	dz	\$ 27.91	\$29.91
2000 037 - varies	Vendor's current catalog discount		15%	15%