



# City Council Memorandum

City of Arts & Innovation

---

**TO: HONORABLE MAYOR AND CITY COUNCIL      DATE: AUGUST 6, 2019**

**FROM: GENERAL SERVICES DEPARTMENT      WARDS: ALL**

**SUBJECT: THIRD AMENDMENT TO AGREEMENT FOR CUSTODIAL SERVICES AT VARIOUS CITY FACILITIES WITH MERCHANTS BUILDING MAINTENANCE, LLC TO EXTEND THE TERM BY THREE MONTHS FROM JULY 1, 2019 THROUGH SEPTEMBER 30, 2019, IN THE AMOUNT OF \$140,700 FOR A TOTAL CONTRACT AMOUNT OF \$2,467,885.31**

**ISSUE:**

Approve the Third Amendment to Agreement for Custodial Services at Various City Facilities with Merchants Building Maintenance, LLC of Pomona, California to extend the term by three months from July 1, 2019, through September 30, 2019, in the amount of \$140,700 for a total contract amount of \$2,467,885.31.

**RECOMMENDATION:**

That the City Council:

1. Approve the Third Amendment to Agreement for Custodial Services at Various City Facilities with Merchants Building Maintenance, LLC of Pomona, California to extend the term by three months to July 1, 2019, through September 30, 2019, in the amount of \$140,700 for a total contract amount of \$2,467,885.31;
2. Authorize a 10% change order authority in the amount of \$14,700 for unforeseen circumstances; and
3. Authorize the City Manager, or his designee, to execute the Third Amendment to Agreement for Custodial Services with Merchants Building Maintenance, LLC including making minor and non-substantive changes.

**BACKGROUND/LEGISLATIVE HISTORY:**

The General Services Department is responsible for maintenance of City facilities, including custodial services. In May 2014, General Services issued Request for Proposal No. 1458 for custodial services. Four proposals were received, three of which were deemed responsive. On October 28, 2014, City Council approved an Agreement with Merchants Building Maintenance LLC (Merchants) for Custodial Services at Various City Facilities (Agreement) for a term of

October 21, 2014, through October 20, 2016, for the sum of \$811,169.76 with up to three one year extensions.

On August 23, 2016, City Council approved the First Amendment (Amendment) to extend the Agreement from October 21, 2016 through June 30, 2018, and to revise the compensation provision by \$903,945.94 to cover service level changes requested by departments such as added facilities, increased frequency and special requests and additional compensation requested by Merchants to offset recent employee wage and benefit changes in California law as outlined below.

The wage increases are a result of Assembly Bill (AB) 10, which increased minimum wage requirements from \$8.00 per hour to \$10.00 per hour (a 25% increase) beginning in 2014. In addition, in April of 2016, AB 908 authorized future minimum wage increases in increments of \$0.50 per hour effective January 1, 2017, and January 1, 2018, to \$10.50 and \$11.00 per hour respectively. Additionally, the Healthy Workplaces, Healthy Families Act of 2014 (AB 1522) modified paid sick leave benefits to employees which became effective July 1, 2015.

On June 26, 2018, City Council approved the Second Amendment to the Agreement for an additional twelve months to cover the period from July 1, 2018 through to June 30, 2019 and increase the contract amount by \$530,952.63 for a total contract of \$2,327,185.31.

**DISCUSSION:**

On March 19, 2019, the City issued Request for Proposals (RFP) No. 1914 for Annual Custodial Services from Various City Facilities. A total of ten proposals were received. The RFP evaluation committee, consisting of staff from the General Services Department, Library Department, Fire Department, Public Works Department, and Public Utilities Department reviewed the proposals, and interviews were scheduled on May 22, 2019, with the six highest rated proposers.

To allow sufficient time to complete the RFP evaluation process and award the new contract without a lapse in custodial services, it is necessary to extend the current Agreement with Merchants for an additional three months, from July 1, 2019 through September 30, 2019.

**Compensation**

The following reflects the cost increases under the current and extended terms of the Agreement.

<b>ORIGINAL CONTRACT 10/21/2014 TO 10/20/2016 (24 MTHS)</b>			
Original Contract Amount	10% Change Order Exercised	Additional Funds Requested Through 10/21/16	24 Month Total
\$811,169.76	\$81,116.98		\$892,286.74
<b>FIRST AMENDMENT 10/21/2014 TO 6/30/2018 (44 MTHS)</b>			
		Additional Funds Requested	44 Month Total
		\$903,945.94	\$1,796,232.68
<b>SECOND AMENDMENT 07/01/2018 TO 6/30/2019 (TOTAL 56 MTHS)</b>			
		Additional Funds Requested	56 Month Total
		\$530,952.63	\$2,327,185.31

<b>THIRD AMENDMENT 07/01/2019 TO 9/30/2019 (TOTAL 59 MTHS)</b>			
		Additional Funds Requested	59 Month Total
		\$140,700.00	\$2,467,885.31

The Purchasing Services Manager concurs that the recommendation is in compliance with Purchasing Resolution No. 23256.

**FISCAL IMPACT:**

The fiscal impact of this action is \$140,700. Sufficient funds are included in the FY 2019/20 budget in the following accounts to cover changes under this Amendment.

<b>Account Number</b>	<b>Department</b>	<b>Dollar Amount</b>
1140000-450050	City Manager Communication	\$996.85
2210000-421000	General Services	\$14,725.40
2855304-424130	Community& Economic Development	\$4,190.34
3510000-421000	Fire Department	\$1,881.24
4125400-424130	Public Works Sewer Division	\$15,048.86
4150000-424130	Public Works Administration	\$4,369.72
5130000-421000	Library	\$34,023.55
5215000-421000	Parks Administration	\$2,577.65
5305000-421000	Museum	\$775.94
6000010-421000	Public Utilities	\$33,868.08
6120130-421000	Public Utilities – Riverside Energy Resources Center	\$4,310.31
7222100-421000	City Hall Occupancy	\$23,932.06
<b>Total</b>		<b>\$140,700.00</b>

Prepared by: Carl Carey, General Services Director  
 Certified as to availability of funds: Edward Enriquez, Chief Financial Officer/Treasurer  
 Approved by: Moises Lopez, Deputy City Manager  
 Approved as to form: Gary G. Geuss, City Attorney

Attachment: Third Amendment to Custodial Services Agreement with Merchants Building Maintenance LLC