



City of Arts & Innovation

City Council Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL DATE: DECEMBER 14, 2021

FROM: PUBLIC WORKS DEPARTMENT WARDS: ALL

SUBJECT: FIRST AMENDMENT TO AGREEMENT FOR LABOR COMPLIANCE AUDIT SERVICES WITH PPM GROUP INC TO INCREASE THE COMPENSATION BY \$25,000 FOR A REVISED CONTRACT TOTAL OF \$100,000

ISSUE:

Approval of First Amendment to the Professional Consultant Services Agreement for Labor Compliance Audit Services with PPM Group Inc. to increase compensation by an additional \$25,000 for a revised contract total of \$100,000.

RECOMMENDATION:

That the City Council approve the First Amendment to the Professional Consultant Services Agreement for Labor Compliance Audit Services with PPM Group Inc. to increase compensation in the amount of \$25,000 for a revised contract total of \$100,000 for the period of January 1, 2019, through December 31, 2022.

BACKGROUND:

To comply with funding requirements from State and Federal agencies, Public Works contracts with a firm to provide a qualified Labor Compliance Officer to audit certified payroll reports and provide experience, knowledge, and expertise in the various reporting requirements.

On September 4, 2018, the City received five proposals in response to Request for Proposal (RFP) #1840. A selection panel consisting of representatives from the Public Works Department evaluated all proposals based on the criteria set forth in RFP #1840 which included labor compliance officer's experience, outside references, and cost. PPM Group Inc. was selected as the most qualified company to provide the required services.

On December 4, 2018, the City Council approved a Professional Consultant Services Agreement with PPM Group Inc. in the amount of \$75,000 for Labor Compliance Audit Services for the period of January 1, 2019, through December 31, 2022.

DISCUSSION:

PPM Group Inc. monitors Capital Improvement Projects documentation and practices to ensure labor compliance meets State and Federal Davis-Bacon Act prevailing wage laws; and facilitates wage corrections caused by misclassifications, accurate hours worked, and other associated labor compliance errors submitted by the contractor.

On January 1, 2021, Gov. Gavin Newsom signed into law new labor and employment laws passed by the California Legislature. Also, the additional approved Measure Z funding and State Grant funding for street rehabilitation and walkability improvements has increased the volume of services needed for labor compliance. Therefore, additional compensation of \$25,000 is required to fund the remainder of the contract through December 31, 2022. This will bring the total contract amount to \$100,000.

Section 702(g) of Purchasing Resolution 23256 allows for an exception to competitive procurement “When Services can be Procured from a Contractor who offers the same or better price, terms and conditions as the Contractor previously offered as the Lowest Responsive Bidder under Competitive Procurement or negotiations conducted by the City or another public agency, provided that, in the opinion of the Manager, it is in the best interests of the City to do so”.

The Purchasing Manager concurs that the recommended action to approve is in compliance with Purchasing Resolution 23256.

STRATEGIC PLAN ALIGNMENT:

This contract aligns with **Strategic Priority 6 – Infrastructure, Mobility & Connectivity** and specifically, **Goal 6.2**, to Maintain, protect, and improve assets and infrastructure within the City’s built environment to ensure and enhance reliability, resiliency, sustainability, and facilitate connectivity.

Furthermore, this Labor Compliance service aligns with each of the five Cross-Cutting Threads as follows:

1. **Community Trust** – California law requires that not less than the general prevailing rate of wages be paid to all workers employed on a public works project.
2. **Equity** – Confirms that Equal Employment Opportunity (EEO) requirements are being met.
3. **Fiscal Responsibility** – Depending on the type of funding for a project, there is specific documentation that needs to be obtained from the contractor and submitted.
4. **Innovation** – Enforces the new laws of SB854 and Department of International Relations (DIR) monitoring.
5. **Sustainability & Resiliency** – Compliance for Federal Highway Administration (FHWA) and Caltrans Local Assistance Procedures Manual (LAPM) projects; and implements, monitors, and enforce Davis-Bacon and Related Acts, California Labor Code, and California Code of Regulations (CCR).

FISCAL IMPACT:

The cost of Labor Compliance Auditing Services is included in the budget for each project. The City will only expend based upon actual expenses incurred for time and materials up to \$100,000 for the total contract amount.

Prepared by: Gilbert Hernandez, Interim Public Works Director
Certified as to
availability of funds: Edward Enriquez, Chief Financial Officer/Treasurer
Approved by: Kris Martinez, Interim Assistant City Manager
Approved as to form: Phaedra A. Norton, City Attorney

Attachments:

1. Agreement
2. First Amendment to Agreement