



City of Arts & Innovation

City Council Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL **DATE: AUGUST 23, 2016**

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

SUBJECT: FIRST AMENDMENT TO AGREEMENT FOR CUSTODIAL SERVICES AT VARIOUS CITY FACILITIES WITH MERCHANTS BUILDING MAINTENANCE, LLC EXTENDING THE TERM BY 20 MONTHS FROM OCTOBER 21, 2016, TO JUNE 30, 2018, FOR A TOTAL CONTRACT AMOUNT OF \$1,796,232.68

ISSUE:

Approve the First Amendment to Custodial Services Agreement at Various City Facilities with Merchants Building Maintenance LLC of Pomona, California, to extend the term by 20 months (from October 21, 2016 to June 30, 2018), with a one year option to extend to June 30, 2019, and to increase total compensation through June 30, 2018, for a total of \$1,796,232.68.

RECOMMENDATION:

That the City Council:

1. Approve the First Amendment to Custodial Services Agreement at Various City Facilities with Merchants Building Maintenance LLC to extend the term from October 21, 2016, to June 30, 2018, with a one year option to extend to June 30, 2019, for a total contract amount of \$1,796,232.68;
2. Authorize 10% change order authority in the amount of \$179,623.00 based on a total contract price of \$1,796,232.68, for the term October 21, 2016 to June 30, 2018, for unforeseen changes in service to include but not limited to requests to increase service frequency, add new City facilities, and for special or emergency service; and
3. Authorize the City Manager or his designee to execute the First Amendment to Custodial Services Agreement with Merchants Building Maintenance LLC including making minor and non-substantive changes.

LEGISLATIVE HISTORY:

Since 2013, Assembly Bill (AB) 10 increased minimum wage requirements from \$8.00 per hour to the current rate of \$10.00 per hour (a 25% increase). In addition, in April of 2016, AB 908 authorized future minimum wage increases in increments of 50 cents 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.

BACKGROUND:

The General Services Department (General Services) 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, with up to three one year extensions upon satisfactory contractor performance.

General Services has been satisfied with Merchants' performance. In addition, a customer survey was distributed to client departments to assess their satisfaction with Merchants' services. The survey results indicated respondents are satisfied with the current custodial services at various City facilities.

General Services is seeking approval of a First Amendment (Amendment) to extend the Agreement and to revise the compensation provision 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.

Departments were consulted prior to extending the Agreement and notified of proposed contract modifications. General Services received no objections from departments consulted.

DISCUSSION:

During the initial two year term of the Agreement, General Services received requests to increase service frequency, add facilities, and to provide special services. In addition, due to a series of mandated increases to California minimum wage and benefit laws, Merchants requested additional compensation. Therefore, to maintain current custodial service levels, additional funds are needed.

Compensation:

The following are cost increases under the current and extended terms.

ORIGINAL CONTRACT 10/21/2014 TO 10/20/2016 (24 MTHS)			
Original Contract Amount	10% Change Order Exercised	Additional Funds Requested Through 10/21/16	24 Month Total
\$811,697.76	\$81,169.78	\$103,046.10	\$995,332.84
AMENDMENT 10/20/2016 TO 6/30/2018 (20 MTHS)			
		Extension Funds Requested	20 Month Total
		\$800,899.84	\$800,899.84
TOTAL REVISED CONTRACT 10/21/2014 TO 6/30/2018 (44 MTHS)			
		Total Additional Funds	44 Month Total
		\$903,945.94	\$1,796,232.68

The Amendment proposes to modify compensation in the current term by an additional \$103,046.10 for reasons outlined above and extend the term by 20 months (from October 20, 2016 to June 30, 2018) in an amount of \$800,899.84 for total additional compensation in the amount of \$903,945.94. The revised total contract amount is \$1,796,232.68. The new change order authority amount will be \$179,623.00 or 10% of the total contract amount.

In the event the one year option is exercised at the end of the extension and additional compensation is necessary, staff will request City Council authority.

Cost Comparison:

In 2014, Merchants was the lowest responsive bidder to Request for Proposal No.1458 with an annual amount of \$405,584.88, or \$33,798.14 per month. The next lowest bidder was \$578,892 per year, or \$48,241 per month. Using those monthly averages extrapolated over the amended term (44 months), Merchants' remains the most cost effective option.

	Merchants (Original)	Merchants (Revised)	Next Lowest Proposal
Monthly Average	\$33,798.74	\$40,823.47	\$48,241.00
Total (44 months)	\$1,487,144.56	\$1,796,232.68	\$2,122,604.00

This request for additional compensation maintains competitive pricing and is substantially below 2014 prices.

The Purchasing Services Manager concurs with the recommendation above.

FISCAL IMPACT:

Departments were consulted prior to extending the custodial services agreement and sufficient funds are included to cover the legislative actions in the FY 2016/17 and FY 2017/18 budget in the following accounts to cover changes under this Amendment.

Account Number	Department	Dollar Amount
1140000-450050	City Manager Communication	\$6,712.96
2210000-421000	General Services	\$92,305.13
2855304-424130	Community& Economic Development	\$27,320.72
3510000-421000	Fire Department	\$12,177.13
4125400-424130	Public Works Sewer Division	\$97,598.43
4150000-424130	Public Works Administration	\$28,342.91
5130000-421000	Library	\$238,701.28
5215000-421000	Parks Administration	\$16,913.09
5305000-421000	Museum	\$20,505.73
7222100-421000	City Hall Occupancy	\$142,153.37
6000010-421000	Public Utilities	\$194,736.61
6120139-421000	Public Utilities - RERC	\$26,478.58
Total		\$903,945.94

Prepared by: Carl Carey, General Services Director

Certified as to

availability of funds: Scott G. Miller, Interim Finance Director/Treasurer

Approved by: Marianna Marysheva-Martinez, Assistant City Manager

Approved as to form: Gary G. Geuss, City Attorney

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