



*City of Arts & Innovation*

# City Council Memorandum

**TO: HONORABLE MAYOR AND CITY COUNCIL      DATE: JUNE 26, 2018**

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

**SUBJECT: SECOND AMENDMENT TO AGREEMENT FOR CUSTODIAL SERVICES AT VARIOUS CITY FACILITIES WITH MERCHANTS BUILDING MAINTENANCE, LLC. TO EXTEND THE TERM BY 12 MONTHS FROM JULY 1, 2018 TO JUNE 30, 2019, WITH AN INCREASE OF \$530,952.63, FOR A TOTAL CONTRACT AMOUNT OF \$2,327,185.31**

## **ISSUE:**

Approve the Second Amendment to Agreement for Custodial Services at Various City Facilities with Merchants Building Maintenance, LLC., of Pomona, California, to extend the term by 12 months from July 01, 2018, through June 30, 2019, with an increase of \$530,952.63 for a total contract amount of \$2,327,185.31.

## **RECOMMENDATION:**

That the City Council:

1. Approve the Second Amendment to Agreement for Custodial Services at Various City Facilities with Merchants Building Maintenance, LLC. of Pomona, California to extend the term by 12 months from July 01, 2018, through June 30, 2019, with an increase of \$530,952.63 for a total contract amount of \$2,327,185.31;
2. Authorize 10% change order authority in the amount of \$53,095.26 for the term July 01, 2018 to June 30, 2019, for unforeseen circumstances; and
3. Authorize the City Manager or his designee to execute the Second Amendment to Agreement for Custodial Services at Various City Facilities with Merchants Building Maintenance, LLC. including making minor and non-substantive changes.

## **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 (RFP) 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, plus a 10% change order authority in the amount of \$81,116.98, with up to three one year extensions.

On September 8, 2016, City Council approved the First Amendment (Amendment) to extend the Agreement through June 30, 2018, and to increase the amount by \$903,945.94 to cover service level changes requested by departments such as added facilities, increased frequency of service and special requests and additional compensation requested by Merchants to offset recent employee wage and benefit changes in California law as outlined below.

In April of 2016, Assembly Bill (AB) 908 authorized 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.

## **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.

General Services is seeking approval of the Second Amendment to the Agreement for an additional twelve months to cover the period from July 01, 2018 through June 30, 2019 and to increase the contract amount by \$530,952.63 for a total contract of \$2,327,185.31.

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

## **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 10/21/2016 TO 6/30/2018</b>			
		Additional Funds Requested	44 Month Total
		\$903,945.94	\$1,796,232.68
<b>SECOND AMENDMENT 07/01/2018 TO 6/30/2019</b>			
		Additional Funds Requested	56 Month Total
		\$530,952.63	\$2,327,185.31

The Second Amendment proposes to modify compensation by \$530,952.63, and extend the term by 12 months (from July 01, 2018 to June 30, 2019). The revised total contract amount is \$2,327,185.31.

The Purchasing Services Manager concurs with the recommendation above.

### **FISCAL IMPACT:**

The fiscal impact of this action is \$530,952.63. Departments were consulted prior to extending the custodial services agreement and sufficient funds are included to cover the legislative actions in the FY 2018/19 budget in the following accounts to cover changes under this Amendment.

Account Number	Department	Dollar Amount
1140000-450050	City Manager Communication	\$3,817.39
2210000-421000	General Services	\$54,113.03
2855304-424130	Community& Economic Development	\$16,004.42
3510000-421000	Fire Department	\$7,168.91
4125400-424130	Public Works Sewer Division	\$57,453.90
4150000-424130	Public Works Administration	\$16,662.12
5130000-421000	Library	\$139,125.59
5215000-421000	Parks Administration	\$9,864.35
5305000-421000	Museum	\$2,975.91
7222100-421000	City Hall Occupancy	\$83,403.54
6000010-421000	Public Utilities	\$123,898.38
6120139-421000	Public Utilities – Riverside Energy Resources Center	\$16,465.09
<b>Total</b>		<b>\$530,952.63</b>

Prepared by: Carl Carey, General Services Director  
 Certified as to  
 availability of funds: Adam Raymond, Chief Financial Officer/City Treasurer  
 Approved by: Rafael Guzman, Assistant City Manager  
 Approved as to form: Gary G. Geuss, City Attorney

Attachment: Second Amendment to Custodial Services Agreement