



City of Sunnyvale

Agenda Item-No Attachments (PDF)

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REPORT TO COUNCIL

SUBJECT

Amend an Existing Contract for Janitorial Services (F17-014)

REPORT IN BRIEF

Approval is requested to amend the existing six-year janitorial contract (from February 1, 2012 through March 31, 2018) with Sunnyvale Building Maintenance (SBM), increasing the not to exceed value from \$2,093,473 to \$2,200,974, and to authorize the City Manager to increase the contract amount if operationally necessary subject to budget appropriation limits.

The increase is necessary due to ongoing fiscal impacts associated with the adoption of the Minimum Wage Ordinance, additional incremental services for the Library, the new Fire Station No. 5 (identified in the FY 2016/17 Budget) and ad hoc events where janitorial services may be necessary.

EXISTING POLICY

Pursuant to Chapter 2.08 of the Sunnyvale Municipal Code, transactions greater than \$100,000 require Council approval.

ENVIRONMENTAL REVIEW

The action being considered does not constitute a "project" within the meaning of the California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines section 15378(a) as it has no potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment.

BACKGROUND AND DISCUSSION

In 2014, the City Council adopted a Minimum Wage Ordinance to establish a minimum hourly wage in Sunnyvale of \$10.30 beginning on January 1, 2015. In 2016, the Ordinance was amended to increase the minimum wage in phases to \$15 per hour by January 1, 2018, with annual cost of living increases beginning in 2019. On July 1, 2016, the minimum wage increased to \$11 per hour. On January 1, 2017, the wage increased to \$13 and on January 1, 2018, the minimum wage is scheduled to increase to \$15 per hour.

The current six-year contract with Sunnyvale Building Maintenance (SBM) for janitorial services was awarded in 2012 and modified in 2013 (RTC Nos. 12-008, 13-007 and 13-057). The cost adjustments negotiated with SBM in 2013 predate the minimum wage increases, and the contract is recommended to be modified to compensate SBM for higher labor costs due to the City's adoption of a Minimum Wage Ordinance. Additionally, the service level was modified last year to include the new Fire Station No. 5, ad-hoc events occur throughout the year which require services from SBM, and more weekend day porter hours at the Library have been necessary (beyond those estimated in the original agreement). These costs have been absorbed within the current contract until now. Costs for

the new Fire Station 5 were included in the FY 2016/17 Budget.

Sunnyvale Building Maintenance has proposed adjustments of 5.8%, 15.5% and 13.1% to coincide with the minimum wage increases of 6.8% and 18.2% that occurred on July 1, 2016 and January 1, 2017, and the 15.4% increase to \$15 which will occur on January 1, 2018. Staff agrees with these adjustments. The monthly additional contract amounts and impact to the City's budget by Calendar Year are shown in the table below:

Contract Year	Recommended Monthly Contract Amount	Increase of Monthly Contract Amount from Prior Year	Calendar Year Fiscal Impact
July 1, 2016 to Dec. 30, 2016	\$31,183	\$1,704	\$10,225
Jan. 1, 2017 to Dec. 30, 2017	\$36,024	\$4,842	\$58,101
Jan. 1 2018 to March 31, 2018	\$40,749	\$4,725	\$14,175
Total Contract Increase related to Minimum Wage Adjustments			\$82,501

An additional incremental amount of \$25,000 is requested for the increased Library day porter services on the weekends, Fire Station No. 5 and ad hoc events or services as may be required by the City for the duration of the contract. The total requested increase for the remaining contract term is \$107,501.

The recommend contract amendment also includes minor changes to SBM's scope of services to align with the City's Zero Waste Reduction goals for composting and to clarify the use of environmentally preferable products.

In addition to this contract, minimum wage impacts will also affect the City's Crossing Guard contract. Staff will return to Council at the earliest opportunity to address the impacts to that contract.

FISCAL IMPACT

As mentioned above, the total recommended contract increase is \$107,501. Approximately \$53,000 is estimated for FY 2016/17. Based on current expenditures, sufficient budget is available in the department and fund to absorb this increase. If the contract amendment is approved, the remaining amount will be included as part of the development of the FY 2017/18 Recommended Budget.

Funding Source

These costs are funded in the Public Works Department, Program 709 - Facility Services Program in the General Services Fund/Facilities Services Sub-Fund.

PUBLIC CONTACT

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall, at the Sunnyvale Senior Center, Community Center and Department of Public Safety; and by making the agenda and report available at the Sunnyvale Public Library, the Office of the City Clerk and on the City's website.

RECOMMENDATION

Authorize the City Manager to execute an Amendment to an existing six-year agreement with Sunnyvale Building Maintenance for janitorial services to increase the not-to-exceed value from \$2,093,473 to \$2,200,974 and to increase the contract amount if operationally necessary and subject to budget appropriation control limits.

Prepared by: Pete Gonda, Purchasing Officer

Reviewed by: Timothy J. Kirby, Director of Finance

Reviewed by: Manuel Pineda, Director of Public Works

Reviewed by: Walter C. Rossmann, Assistant City Manager

Approved by: Deanna J. Santana, City Manager

ATTACHMENT

1. Draft Fourth Amendment to Services Agreement