



# CITY OF LONG BEACH

DEPARTMENT OF FINANCIAL MANAGEMENT

333 WEST OCEAN BOULEVARD • LONG BEACH, CALIFORNIA 90802

August 21, 2001

HONORABLE MAYOR AND CITY COUNCIL  
City of Long Beach  
California

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CITY OF LONG BEACH

**SUBJECT: First Amendment to Contract No. 26980 With Grace Building Maintenance Company, Inc., for Custodial Services at Various Sites (Citywide)**

## DISCUSSION

On August 1, 2000, the City Council adopted Ordinance No. C-7699, which made Proposition "L" findings pursuant to Section 1806 of the City Charter, and awarded a one year contract (No. 26980) with three one-year extension options, for custodial services to Grace Building Maintenance Company, Inc., a Minority-owned Business Enterprise (MBE) and a Women-owned Business Enterprise (WBE), at the following locations:

<u>Department</u>	<u>Facilities</u>
• Police	East and North Substations and Youth Services Facility
• Health and Human Services	Department facilities (carpet cleaning only)
• Technology Services	Wireless Communications Division
• Library Services	Main Library and 11 branches
• Public Works	Public Service Bureau Yard
• Parks, Recreation and Marine	Park Restrooms and the Senior Citizens Center
• Long Beach Energy	Electric Generation Bureau

Ordinance No. C-7699 requires that, as a condition of proposed renewal of the contract, the City Council make new Proposition "L" findings, which confirm that the services provided can be performed as efficiently, effectively, and at an estimated lower cost to the City than if said work or services were performed by employees of the City, and that said contract will not be detrimental or adverse to the best interests of the City.

The Long Beach Plan, which was presented to the City Council on October 3, 2000, included a tool to assess City services called a "Work Process Review." The Review involves a facilitated discussion with a Work Process Review Team, which includes members of the workforce, the supervisor and the manager responsible for producing and delivering a particular service. The discussion items include customer identification, desired scope of work involved, quality and efficiency standards, output and outcome definition, and a review of the raw materials used to produce and deliver the service. Team members are encouraged to offer recommendations on how to

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improve the service delivery process. In the case of services currently contracted-out, Team members additionally review the proposed scope of work for the contract, discuss the private contractor's work process, identify any potential applications which could be adapted to the City's process, and validate the estimated City workforce requirements to accomplish the proposed scope of work. This validation helps ensure that the Proposition "L" analysis performed by the City Auditor (attached) reflects a fair comparison between the City estimated costs and the private sector contractor's bid.

The Work Process Review for custodial services was conducted on June 22, 2001, and was facilitated by the City Contracts Officer. The Work Process Review Team included members of the Building Services Division of the Department of Public Works, Public Service Bureau. The Team concluded that the private contractor's work process was similar to the City's and that the estimation for the completion of the scope of work by the City workforce was valid.

The City Auditor report certifies the City cost to provide custodial services described in the work specifications adopted by the City Council to be \$981,070. The total contract cost is \$457,939 for annual services, which, according to the City Auditor's analysis, is \$523,131, or 53 percent less, when compared to the costs the City would incur if City employees were to provide the same level of service.

It is recommended that the City exercise the first of three, one-year renewal options with Grace Building Maintenance Company, Inc., at an annual amount not to exceed \$526,630. The proposed annual amount is 15 percent above the contract cost to provide for non-scheduled work and emergency functions performed only at designated sites.

The current contract extension option before Council includes no additional sites. However, in an effort to ensure that the City's ongoing and future custodial needs will be met, a survey of department needs will be conducted. Should the survey identify additional site needs requiring a formal contract, City Council action will be requested to adopt specifications for the additional sites and make Proposition "L" findings.

At the time the original contract was awarded, 62 potential bidders were sent bid notifications, four of which were known companies located within the city. Of the potential bidders, 35 were MBEs and eight were WBEs. Thirteen bids were received, one was from a known company located within the city, nine were from MBEs and two were from WBEs.

City Purchasing Agent David C. Gonzalez advised Ms. Janet Wright, President of the International Association of Machinists and Aerospace Workers, by regular mail, of the plans for renewal of this contract on July 30, 2001 and that no layoffs will result from the renewal of this contract.

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This matter was reviewed by Deputy City Attorney Donna F. Gwin on July 26, 2001 and by Budget Manager Annette Hough on August 8, 2001. The Proposition "L" issues were reviewed by Deputy City Attorney Richard A. Alesso on July 25, 2001.

TIMING CONSIDERATIONS

City Council action on this matter is required at the August 21, 2001 City Council meeting to ensure an amendment to the contract is in place by September 6, 2001.

FISCAL IMPACT

The cost of this contract, in the estimated amount of \$526,630 annually, is budgeted in the various funds of the Health and Human Services, Library Services, Police, Public Works, Technology Services and Parks, Recreation and Marine Departments. The proposed annual contract amount is 15 percent above the contract base cost (\$457,939) to provide for non-scheduled work and emergency functions performed only at designated sites.

IT IS RECOMMENDED THAT THE CITY COUNCIL:

Make Proposition "L" findings and determinations pursuant to Section 1806 of the City Charter, regarding contracting of custodial services at designated Long Beach City facilities as certified herein, and authorize the City Manager to execute the first amendment to Contract No. 26980, for a one-year period with Grace Building Maintenance Company, Inc., in an annual amount not to exceed \$526,630.

Respectfully submitted,



ROBERT S. TORRÉZ  
DIRECTOR OF FINANCIAL MANAGEMENT

RST:DCG:dg  
Custodial Services Renewal  
Attachment

APPROVED:



HENRY TABOADA  
CITY MANAGER

**OFFICE OF THE CITY AUDITOR**

City of Long Beach  
333 W. Ocean Blvd.  
Long Beach, CA 90802  
Telephone: 562-570-6751  
Telecopier: 562-570-6167

**GARY L. BURROUGHS, CPA**  
City Auditor

July 20, 2001

Robert S. Torrez  
Director of Financial Management

Per your request, we have applied agreed-upon procedures to records relating to the City's cost of providing custodial services at selected City sites as detailed in Bid Specification PA-00100. The City currently contracts for the above services with Grace Building Maintenance Co., Inc. under City contract no. 26980. The contract expires September 8, 2001 and may be extended by mutual agreement for up to three additional periods of one year each.

The purpose of applying the agreed-upon procedures was to verify the City's estimated cost of providing the service, and compare to the cost of having a private contractor perform the work in accordance with City Charter Section 1806 – Contracts for Work Usually Performed By City Employees. Section 1806 requires a finding that the work or the contracted services can be performed by a private contractor at an estimated lower cost to the City than if said work or services were performed by City employees.

Agreed-upon procedures included:

- Reading bid specifications for custodial services;
- Obtaining and analyzing the City's cost estimates for providing custodial services;
- Determining and evaluating the basis of estimated City costs through discussion with Department staff;
- Tracing and agreeing costs to source budget reports and documents.
- Adjusting the City's cost estimates to eliminate unavoidable costs.

Based on the procedures performed, the City's estimated annual cost of providing the service for the subject facilities is \$981,070. The cost for Grace Building Maintenance Co., based on the terms of the contract renewal would be \$457,939. Therefore, the City's net annual cost savings from using Grace Building Maintenance Co., would be \$523,131 ( $\$981,070 - \$457,939 = \$523,131$ ) summarized as follows:

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Robert S. Torrez, Director, Financial Management

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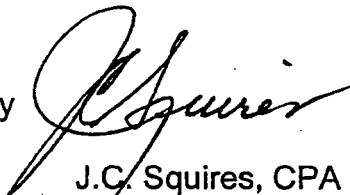
<u>Bid Item</u>	<u>City's Cost</u>	<u>Contractor Cost</u>	<u>Cost Differential</u>
Police East Substation	\$ 23,377	\$ 6,346	\$ 17,031
Police North Substation	19,557	4,418	15,139
Police Youth Services	14,787	5,998	8,789
Health & Human Services	3,874	13,027	(9,153)
Tech Service/Wireless	18,010	2,738	15,272
PW Energy Recovery	2,400	2,853	(453)
PW Public Service Yard	48,110	24,266	23,844
Various Facilities	130,115	59,646	70,469
Library	488,629	212,876	275,753
Park Sites	362,326	185,417	176,909
<b>Total</b>	<b>\$ 981,070</b>	<b>\$ 457,939</b>	<b>\$ 523,131</b>

Details on the City's costs are included as Attachment I.

Sincerely,

GARY L. BURROUGHS, City Auditor

By



J.C. Squires, CPA  
Assistant City Auditor

s:zmc\prop\CustodialRenewalRpt.doc

cc Kevin Pregovisk, Manager, Administrative Services Bureau  
David Gonzalez, Purchasing Agent  
Karie Bash, Buyer, Purchasing

## CITY ANNUAL COST OF PROVIDING CUSTODIAL SERVICES

Facility	Square Footage	Hours Per Year	FTE	Personal	Uniforms	Materials	Equipment	Vehicles	Total Cost
				Services Per year		& Supplies			
Police East Substation	6,000	1,092	0.6	\$ 20,311	\$ 102	\$ 1,540	\$ 340	\$ 1,084	\$ 23,377
Police North Substation	3,272	936	0.5	17,410	87	840	291	929	19,557
Police Youth Services	9,000	624	0.3	11,606	58	2,310	194	619	14,787
Health & Human Services*	78,512	140	0.3	2,604	13	1,074	44	139	3,874
Tech Service/Wireless	2,788	910	0.5	16,926	85	716	283	n/a	18,010
PW Energy Recovery	1,250	104	0.1	1,934	10	321	32	103	2,400
PW Public Service Yard	23,808	2,210	1.2	41,106	206	6,111	687	n/a	48,110
<b>Various Facilities Subtotal</b>	<b>124,630</b>	<b>6,016</b>	<b>3.5</b>	<b>\$ 111,897</b>	<b>\$ 561</b>	<b>\$ 12,912</b>	<b>\$ 1,871</b>	<b>\$ 2,874</b>	<b>\$ 130,115</b>
Library - Main	135,000	10,967	5.8	\$195,610	\$ 981	\$ 14,311	\$ 657	\$ -	\$ 211,559
Library - Group 2 Branches	34,035	4,620	2.5	87,663	413	3,608	277	-	91,961
Library - Group 3 Branches	36,900	4,984	2.7	92,734	446	3,912	298	-	97,390
Library - Carpet Cleaning**	156,569	3,142	1.7	59,611	296	24,738	199	2,875	87,719
<b>Library Subtotal</b>	<b>362,504</b>	<b>23,713</b>	<b>12.7</b>	<b>\$435,618</b>	<b>\$ 2,136</b>	<b>\$ 46,569</b>	<b>\$ 1,431</b>	<b>\$ 2,875</b>	<b>\$ 488,629</b>
Park Restrooms	13,090	13,324	7.2	\$ 253,574	\$ 2,143	\$ 5,840	\$ -	\$ 16,271	\$ 277,828
Senior Center	42,999	4,103	2.2	81,121	855	2,522	-	-	84,498
<b>Park Sites Subtotal</b>	<b>56,089</b>	<b>17,427</b>	<b>9.4</b>	<b>\$ 334,695</b>	<b>\$ 2,998</b>	<b>\$ 8,362</b>	<b>\$ -</b>	<b>\$ 16,271</b>	<b>\$ 362,326</b>
<b>Grand Total</b>	<b>543,223</b>	<b>47,156</b>	<b>25.6</b>	<b>\$ 882,210</b>	<b>\$ 5,695</b>	<b>\$ 67,843</b>	<b>\$ 3,302</b>	<b>\$ 22,020</b>	<b>\$ 981,070</b>

**Note:**

\* Services provided at seven Health & Human Services facilities consist of carpet cleaning only, with a frequency of four cleanings per year.

\*\* Carpet cleaning services for the main Library and eleven branches consist of four cleanings per year.

**CITY ANNUAL COST OF PROVIDING CUSTODIAL SERVICES  
NOTES - VARIOUS FACILITIES AND LIBRARY**

## Personal Service Rates:

Library Maintenance Assistant (M.A.) I = \$35,065 / year

Library Maintenance Assistant (M.A.) I - Non career (NC) = \$25,356 / year

Various facilities blended hourly rate = \$18.60 / hour

3 MAI's x 1848 hrs = 5,544 hrs	3 x \$35,065 = \$105,195
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Non Career hrs = 472 hrs	472 x \$13.72 = 6,476
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Total hrs = 6,016	Total \$111,671
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**Blended Rate \$111,671/6016 hrs = \$18.60/hour***See personal services detail on Attachment I, page 5 of 5*

## Library staffing detail:

	Hours Per Year					FTE					\$				
	Main	Group 2	Group 3	Carpet	Total	Main	Group 2	Group 3	Carpet	Total	Main	Group 2	Group 3	Carpet	Total
I	9,240	4,620	4,620	3,142	21,622	5.0	2.5	2.5	1.7	11.7	\$175,325	\$87,663	\$87,663	\$59,611	\$410,262
I-NC	1,727	0	364	0	2,091	0.8	0.0	0.2	0.0	1.0	20,285	0	5,071	0	25,356
al	10,967	4,620	4,984	3,142	23,713	5.8	2.5	2.7	1.7	12.7	\$195,610	\$87,663	\$92,734	\$59,611	\$435,618

Materials, supplies and equipment costs are allocated to the facilities based on square footage. Equipment costs of \$1,871 for Various facilities and \$1,231 for Library facilities are amortized over five years.

Vehicle costs are fleet estimated cost of providing two vans for transportation of personnel and equipment. Vehicle costs are allocated proportionate to work hours at each site, except for public service facilities. It is assumed these custodians would be dedicated to the public service facilities.

CITY ANNUAL COST OF PROVIDING  
CUSTODIAL SERVICES AT  
PARK RESTROOMS

PERSONAL SERVICES	Required Hours	FTE	Annual Salary Per Employee (1)			Total Salary (FTE x Total)
			Salary	Benefits & Insurance	Total (1)	
Maintenance Assistant I	12,862	6.96	\$27,278	\$7,787	\$35,065	\$244,052
Maintenance Assistant II	462	0.25	30,081	8,007	38,088	9,522
<b>Total Personal Services</b>	<b>13,324</b>	<b>7.21</b>				<b>\$253,574</b>
<b>NON-PERSONAL COSTS</b>						
Fleet Services (2)					\$16,271	
Materials and Supplies (3)					7,983	
<b>Total Non-Personal Costs</b>						<b>\$24,254</b>
<b>TOTAL DIRECT COSTS</b>						<b>\$277,828</b>

Notes:

- (1) See salary detail on page 5 of 5.
- (2) Cost of four half-ton vans and one quarter half-ton truck utilized in providing service.
- (3) Cost of uniforms, consumable cleaning supplies and equipment.



**CITY ANNUAL COST OF PROVIDING  
CUSTODIAL SERVICES AT THE  
LONG BEACH SENIOR CITIZEN CENTER**

<b>PERSONAL SERVICES</b>	<b>Required Hours</b>	<b>FTE</b>	<b>Annual Salary Per Employee (1)</b>			<b>Total Salary (FTE x Total)</b>
			<b>Salary</b>	<b>Benefits &amp; Insurance</b>	<b>Total</b>	
Maintenance Assistant I	4,103	2.220	\$27,278	\$7,787	\$35,065	\$77,8
Maintenance Assistant I-Night Shift (256 days x 8 hours x \$0.80 x 2 FTE)	4,096	2.000				3,2
<b>Total Personal Services</b>						<b>\$81,1</b>
<b>NON-PERSONAL COSTS</b>						
Materials and Supplies (2)					\$3,377	
<b>Total Non-Personal Costs</b>						<b>3,3</b>
<b>TOTAL DIRECT COSTS</b>						<b>\$84,4</b>

**Notes:**

- (1) See salary detail on page 5 of 5.  
 (2) Cost of uniforms, equipment (including vacuum cleaners and floor polisher),  
 and consumable cleaning supplies utilized by employees in providing service.

**CITY ANNUAL COST OF PROVIDING  
CUSTODIAL SERVICES AT PARK RESTROOMS & LONG BEACH SENIOR CITIZEN CENTER  
PERSONAL SERVICES DETAIL**

**NOTES:**

(1) **Personal Services.** Budgeted salary and benefits by employee classification for FY 2001:

	<u>Annual Salary(a)</u>	<u>Fringe Benefits &amp; Insurance(c)</u>	<u>Less Unavoidable Costs(b)</u>	<u>Adjusted Benefits &amp; Insurance</u>	<u>Total Salary &amp; Adjusted Benefits</u>
Maintenance Assistant I	\$27,278	\$8,791	\$1,004	\$7,787	\$35,065
Maintenance, Assistant I-NC	\$24,705	\$1,560	\$909	\$651	\$25,356
Maintenance Assistant II	\$30,081	\$9,115	\$1,107	\$8,007	\$38,088

(a) *Annual Salary* is based on an average of the Maintenance and Development personal services rates for the particular classifications within the department.

(b) *Unavoidable costs* are City indirect costs associated with human resources administration and employee benefits. These costs are allocated to City Departments as a percentage of employee direct salaries and are included in employee fringe benefits. These costs are considered unavoidable as the City would continue to incur these costs whether the subject service was contracted out or performed by City Staff. Unavoidable costs are excluded from City costs for purpose of estimating any potential savings from contracting out City services.

<u>Unavoidable Fringe</u>	<u>Allocation Percentage</u>
Employee Benefits Fund	2.409%
Retired Employee Health Benefits	1.272%
<b>Total Percentage of Direct Salary</b>	<b><u>3.681%</u></b>

(c) *Fringe Benefits* decreased from prior year due to super-funding of CalPERS (Retirement system). The City was notified by CalPERS that effective for FY 1999-2000 the City was super funded for both its Safety and Miscellaneous plans. Therefore, neither employer or employee contributions are required. It is anticipated that the City will remain super-funded for the foreseeable future.



**Date:** August 21, 2001  
**To:** Honorable Mayor and City Council  
**From:** Councilwoman Laura Richardson-Batts *CR For LRB*  
**Subject:** Item 17 – City Council Agenda: First Amendment to Contract No. 26980 with Grace Building Maintenance Company, Inc., for Custodial Services at Various Sites

Based upon a briefing I had this afternoon with Braden Phillips, I would like to make the following two Motions for Item #17.

- I move that the City Council authorize the City Manager to execute the proposed first amendment to Contract No. 26980 for a one-year period with Grace Building Maintenance Company, Inc. in an annual amount not to exceed \$565,630,

And

- **I move that the City Council authorize the referral of the Long Beach Plan "Work Process Review" results to the Personnel & Civil Service Committee.**

Thank you for your consideration.

LRB:CB:sj  
Agenda item #17aug21-01

cc: City Clerk  
City Attorney  
City Manager