



# CITY OF LONG BEACH

# R-17

DEPARTMENT OF FINANCIAL MANAGEMENT

333 West Ocean Boulevard 6<sup>th</sup> Floor • Long Beach, CA 90802 • (562) 570-6845 • Fax (562) 570-5836

March 24, 2009

HONORABLE MAYOR AND CITY COUNCIL  
City of Long Beach  
California

## RECOMMENDATION:

Adopt Specifications No. PA-00809 and award contract to American Building Maintenance Company (ABM) to provide custodial services at various locations in an annual amount of \$841,715 for a one-year period;

Authorize amendments to extend the term for three additional one-year periods, at the discretion of the City Manager; and

Declare Proposition "L" Ordinance read the first time and laid over to the next regular meeting of the City Council for final reading, which pursuant to Section 1806 of the City Charter, makes findings and determinations regarding contracting of custodial services. (Citywide)

## DISCUSSION

The City has been contracting with the private sector for custodial services since 1998. The current contracts will expire on April 30, 2009, and a new contract is required. The contracted sites include more than 80 buildings operated by the Community Development, Parks, Recreation and Marine, Library Services, Police, Fire, Public Works, Gas and Oil, and Technology Services Departments. Two additional sites have been included in the specifications -- the Environmental Services Building (at Temple & Willow) and the new Fire Department Administration Building. These two sites have been receiving minimal levels of custodial service provided by temporary, part-time staff or by non-maintenance staff working on an overtime basis.

The format of the bid specifications was revised to include industry "best practices" and minimum staffing requirements as recommended in the Custodial Services Optimization Study. Additionally, the bid format was revised to provide greater assurance to staff that the bidders can successfully meet the contract specifications for the amounts bid. Improved levels of service are anticipated.

The original bid was advertised on June 17th, 18th, 19th, and 22nd, 2008, and opened on July 10, 2008. The City received four bids and all were rejected to conduct a re-bid in order to simplify specifications and expand the bidders pool. The bid documents were available

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from the Purchasing Division, located on the seventh floor of City Hall, and the Purchasing Division's website at [www.longbeach.gov/purchasing](http://www.longbeach.gov/purchasing). A bid announcement was also included in the Purchasing Division's weekly update on Open Bid Opportunities, which is sent to 30 local, minority, and women's business groups. Sixty-two potential bidders specializing in custodial services were notified: ten are Woman-owned Business Enterprises (WBEs), 22 are Minority-owned Business Enterprises (MBEs), five are Long Beach businesses, and 15 are certified Small Business Enterprises (SBEs). Fifty-seven potential bidders attended the Bidder's Conference and ten bids were received. Bids were opened on December 18, 2008. American Building Maintenance (ABM) Company (not a MBE, WBE, local, or SBE) a national company with regional headquarters in Irvine, California, was determined to be the lowest responsible bidder.

The bid specifications include a requirement that contractors provide health care benefits or make a monetary payment of \$1.60 per hour in lieu of such benefits, which shall increase annually, based on the Consumer Price Index (CPI), to their full-time and part-time employees working under contract with the City. In addition, the contract requires the contractor to provide supplemental information, such as the number of employees and types of equipment used under this contract.

The City's cost to perform the work described in the specifications is \$1,479,000. The City Auditor has determined this estimate to be reasonable (Attachment A). The total contract cost for annual services is \$765,195, which is \$713,805 (48 percent) less, when compared to what it would cost if City employees were to provide the same level of service. The total contract amount includes the base bid of \$765,195, plus an optional 10 percent (\$76,520) contingency, if necessary and if funds are available, to provide for non-scheduled, supplemental and emergency functions to ensure public safety and sanitary conditions.

The City proposed ordinance provides for the findings required by City Charter Section 1806 and authorizes the City Manager to execute contracts for these services with ABM, for a period of one year and also authorizes the City Manager to execute three separate renewals for a period of one year each.

In June 2008, Ms. Janet Wright-Schabow, Business Representative of the International Association of Machinists and Aerospace Workers, was notified by mail, of the plans to adopt specifications and that no layoffs will result from any contract let pursuant to these specifications. In addition, an in person meeting was conducted on Monday, March 16, 2009 with Ms. Wright-Schabow to give her an update regarding the specifications and the City's recommended contractor.

This matter and Proposition "L" findings were reviewed by Deputy City Attorney Linda Trang on March 16, 2009 and Budget Management Officer Victoria Bell on March 13, 2009.

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TIMING CONSIDERATIONS

City Council action to adopt Specifications No. PA-00809 and award the contract concurrently is requested on March 24, 2009 to ensure that a contract is in place expeditiously.

FISCAL IMPACT

The cost of the contract, in the estimated amount of \$841,715 annually, is budgeted in the funds of Community Development, Parks, Recreation and Marine, Library Services, Police, Fire, Public Works, Gas and Oil, and Technology Services Departments. This amount includes the option of adding up to 10 percent (\$76,520) above the base bid contract amount of \$765,195, if necessary and if funding is available.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



LORI ANN FARRELL  
DIRECTOR OF FINANCIAL MANAGEMENT/CFO

LAF:ES:LK  
K:\EXEC\COUNCIL LETTERS\PURCHASING\03-24-09 OCL - PA-00809 - CUSTODIAL SERVICES CONTRACT.DOC

ATTACHMENTS

APPROVED:

  
PATRICK H. WEST  
CITY MANAGER



**OFFICE OF THE CITY AUDITOR**  
Long Beach, California

LAURA L. DOUD, CPA  
City Auditor

March 6, 2009

Erik Sund  
Business Relations Manager, Financial Management

Geoffrey Hall  
Assistant to the City Manager

Gentlemen:

When contracting out work usually performed by City employees, Section 1806 of the City Charter requires a finding that the work or contracted services can be performed at an estimated lower cost to the City than if said work or services were performed by City employees. We performed specific procedures, as outlined below, to determine the reasonableness of the City's analysis of comparable City costs for services specified in Bid Specifications PA-00809 (Bid No. PA-00809).

Since 1998, the City has contracted out custodial services at selected City sites. The existing contracts are set to expire on April 30, 2009. Bid No. PA-00809 allows for maintaining the existing locations, with an addition of two locations. In the past, the two additional sites have received minimal levels of custodial service provided by temporary, part-time staff or by non-maintenance staff working on an overtime basis. In addition, Bid No. PA-00809 allows for two levels of service – "routine" or "enhance". Bidders were asked to provide bid costs for both levels of service.

We performed the following procedures in our analysis:

- Reviewed the Bid Specifications PA-00809 for custodial services;
- Interviewed City management to determine the basis and methodology used to estimate City costs for custodial services;
- Obtained and analyzed the City's cost estimates for providing custodial services; and
- Verified the City's estimated cost of providing custodial services to source budget reports and documents.

Mr. Erik Sunday  
Mr. Geoffrey Hall  
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Based on the procedures performed, the City's estimated annual cost of \$1,479,000 to provide custodial services outlined in Bid No. PA-00809 appears reasonable. Based on the winning bid, the annual contracted out cost would be \$765,195 for the same level of services. Therefore, the contracted services can be performed at a significantly lower cost than if services were performed by City employees.

Sincerely,

A handwritten signature in cursive script that reads "Laura L. Doud".

Laura L. Doud, CPA  
CITY AUDITOR

cc: Suzanne Frick, Assistant City Manager  
Lori Ann Farrell, Director of Financial Management



1           Section 1.   Based on the calculations of the City Auditor and the  
2 Department of Financial Management, the annual cost of custodial services if performed  
3 by City employees, the cost of these services if performed by the lowest responsible  
4 bidder, American Building Maintenance Company, and the resultant savings are as  
5 follows:

6           City Cost:	\$1,479,000
7           Contract or Cost:	\$765,195
8           Annual Savings:	\$713,805

9  
10           Section 2.   The City Council finds and determines that custodial services  
11 can be performed by private contractors as efficiently, effectively and at a lower cost to  
12 the City than if the services were performed by employees of the City.

13  
14           Section 3.   The City Council has considered all other relevant factors and  
15 finds and determines that the performance of custodial services by private contractors will  
16 not be detrimental or adverse to the best interests of the citizens of the City.

17  
18           Section 4.   The City Manager is authorized to execute a contract with  
19 American Building Maintenance Company in an annual amount not to exceed \$841,715  
20 which amount is 10% above the base bid of \$765,195 to allow for "as-needed" or  
21 emergency work, all in accordance with Specifications PA-00809. Each contract shall be  
22 for a period of one year. The contract may, at the discretion of the City Manager, be  
23 renewed for three (3) separate, consecutive periods of one (1) year each provided that,  
24 for each renewal period, the City Auditor and the Department of Financial Management  
25 determine that the services continue to be performed at a lower cost to the City than if the  
26 work were performed by City employees and that the services have been satisfactorily  
27 performed. No subsequent resolutions, ordinances or findings shall be required and the  
28 contract may be amended to extend the term based on said determination.

OFFICE OF THE CITY ATTORNEY  
ROBERT E. SHANNON, City Attorney  
333 West Ocean Boulevard, 11th Floor  
Long Beach, CA 90802-4664

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Section 5. The City Clerk shall certify to the passage of this ordinance by the City Council and cause it to be posted in three (3) conspicuous places in the City of Long Beach, and it shall take effect on the thirty-first (31st) day after it is approved by the Mayor.

I hereby certify that the foregoing ordinance was adopted by the City Council of the City of Long Beach at its meeting of \_\_\_\_\_, 20\_\_, by the following vote:

Ayes: Councilmembers: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Noes: Councilmembers: \_\_\_\_\_  
\_\_\_\_\_

Absent: Councilmembers: \_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
City Clerk

Approved: \_\_\_\_\_  
(Date)

\_\_\_\_\_  
Mayor