



City Council Report

Date: June 20, 2022
To: City Council
Through: Michael Kennington, Deputy City Manager/Chief Financial Officer
From: Edward Quedens, Business Services Director
Kristy Garcia, Procurement Administrator
Subject: Dollar Limit Increase to the Term Contracts for Custodial Services - Zones 5, 6 and 7 for the Parks, Recreation and Community Facilities Department
(Citywide)

Recommendation

Council is requested to approve the contract amendment as recommended.

The Parks, Recreation and Community Facilities Department and Purchasing recommend increasing the dollar limit with Kellermeyer Bergensons Services LLC for Zones 5, 6, and 7, cumulatively by \$182,937.55, from \$2,928,857.60 to \$3,111,795.15 annually, with an annual increase allowance of up to 5% or the adjusted Consumer Price Index.

Background / Discussion

On 1/13/2020, Council originally awarded the three-year term contract with two years of renewal options for Custodial Services - Zones 5, 6 and 7. This contract eliminated the single Citywide contract for custodial services and split the City's buildings into three Zones which provides the ability for staff to better enforce contract terms and conditions by isolating locations into separate Zones (lessening the impact if a contractor was terminated due to being deficient in work or if the contractor self-terminated; increasing supervision over a specific set of buildings by the contractor; and creating a manageable situation for a contractor or contractors to be effective partners towards cleaning of the facilities).

KBS has requested an overall pricing increase of 7.5% to the Custodial Services contracts for Zones 5, 6 and 7, retroactive to the start of Year 3, effective 3/1/2022 through 2/28/2023. KBS submitted verifiable justification for the increases in labor costs, as well as materials and supplies.

PRCF and Purchasing have reviewed the contractor's proposed pricing adjustments, their documentation is in order, and shows the pricing increases to be reasonable requests. The last time this contract was re-bid, the City experienced a ~20% increase across the board. In today's market, staff believes a re-bid of this contract would result in an even larger increase.

Purchase Information

Action: Amendment

Procurement Type: Request for Proposals

Contract Number: Zone 5 - 2020088, Zone 6 - 2020089, Zone 7 - 2020040

Initial Contract Term: Three years

Possible Renewals: Up to a maximum of two years subject to Administrative review and approval

Funding Source: Parks, Recreation and Community Facilities Department – Facilities Maintenance operating budget

Dollar Limit History – Custodial Services

Zone 5 - Original Council Award – 1/13/2020:	\$1,096,000.00
Administrative Increase 10/15/2020	\$9,856.97
Dollar-Limit Increase (for Year 3) – 6/20/2022:	<u>\$69,006.70</u>
New Contract Amount (Year 3 thru 2/28/2023):	<u>\$1,174,863.67</u>
Zone 5 Renewal Options (Years 4 and 5):	<u>\$1,174,863.67</u>

Zone 6 - Original Council Award – 1/13/2020:	\$1,169,000.00
Administrative Decrease 9/1/2020	(\$15,037.17)
Dollar-Limit Increase (for Year 3) – 6/20/2022:	<u>\$72,116.06</u>
New Contract Amount (Year 3 thru 2/28/2023):	<u>\$1,226,078.89</u>
Zone 6 Renewal Options (Years 4 and 5):	<u>\$1,226,078.89</u>

Zone 7 - Original Council Award – 1/13/2020:	\$673,800.00
Administrative Decrease	(\$4,762.20)
Dollar-Limit Increase (for Year 3) – 6/20/2022:	<u>\$41,814.79</u>
New Contract Amount (Year 3 thru 2/28/2023):	<u>\$710,852.59</u>
Zone 7 Renewal Options (Years 4 and 5):	<u>\$710,852.59</u>