



Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Scott P. Johnson
Peter Jensen

SUBJECT: SEE BELOW

DATE: June 16, 2006

Approved

Date

6/19/06

SUBJECT: REPORT ON PROPOSALS FOR CUSTODIAL SERVICES FOR CITY HALL, AIRPORT, AND OTHER FACILITIES MANAGED BY GENERAL SERVICES

RECOMMENDATION

Authorize the Director of Finance to:

1. Execute a one-year agreement with Acme Building Maintenance for the contracting of custodial services for City Hall for an amount not to exceed \$635,000, including 13% contingency for extra-ordinary custodial work, and execute four one-year options to renew with compensation adjustments based on the Consumer Price Index without further Council action other than the appropriation of funding
2. Execute a one-year agreement with Acme Building Maintenance for the contracting of custodial services for the Norman Y. Mineta San José International Airport for an amount not to exceed \$216,000 and execute four one-year options to renew with compensation adjustments based on the Consumer Price Index without further Council action other than the appropriation of funding.
3. Reject all proposals for the portion of Custodial Services for other facilities managed by General Services and authorize the re-solicitation of these requirements.
4. Execute an amendment to the agreement with Acme Building Maintenance, located in San José, CA, for Custodial Services for other facilities managed by General Services, increasing the compensation by \$765,000, from \$3,330,524 to a not to exceed amount of \$4,095,524 and extending the term of the agreement from July 10, 2006 to January 9, 2007.

OUTCOME

Provide cost effective and quality custodial services per specification to City owned and operated facilities for use by City of San Jose employees, residents of the City, and visitors.

EXECUTIVE SUMMARY

This Council Memorandum describes the Request for Proposal process for citywide custodial services. Staff recommends award of contract of custodial services for City Hall and Norman Y.

Mineta San José International Airport, rejection of the portion of all proposals which responded to the custodial service requirements for other facilities managed by General Services, and extension of the current contract servicing other facilities managed by General Services for six months. This extension will allow staff to assess the anticipated square footage and specific specifications for custodial services needs resulting from major changes in building additions and deletions.

BACKGROUND

On December 13, 2005, Council approved an amendment to the contract with Acme Building Maintenance for citywide custodial services extending the contract for six months for City Hall, the Norman Y. Mineta San José International Airport, and the other facilities managed by General Services. The current contract for the Water Pollution Control Plant with Acme Building Maintenance is scheduled to expire on March 31, 2007. After approval of the recommendation to award the contract for the Water Pollution Control Plant by the Treatment Plant Advisory Committee (TPAC), staff will request award of contract to Pacific Maintenance by the Council. These new agreements will replace the Acme Building Maintenance contract for custodial services at City Hall and the Norman Y. Mineta San José International Airport.

ANALYSIS

A notice inviting Custodial service providers to submit proposals (RFP) was published on March 7, 2006. Mandatory pre-proposal conferences were held on March 14th and 22nd, 2006. Twelve custodial service companies attended and nine companies submitted proposals by the designated RFP due date and time.

The "Request for Proposal" (RFP) process required all respondents to submit with their proposal the required documentation including but not limited to proposal forms, questionnaire, employee work environment questionnaire, request for local and small business preference, acknowledgment of addenda, wage requirements and labor compliance, City insurance requirements, and all cost forms, plus a business management plan for each service area.

Of the nine proposals received, one company was not responsive. Clean Innovation (San Jose, CA) did not submit the required cost proposal. The remaining eight suppliers were evaluated and received scores for both Technical Capability and Quality of their Proposal that accounted for 35% of their overall rating. Scoring for cost proposals was 55% of the overall rating and was tabulated by Finance/Purchasing. After completion of the technical evaluation, the Technical and Quality scoring was combined with the Cost scoring. In accordance with the Local and Small Business Preference Ordinance, five percentage points were added for Local and Small Business businesses, respectively. The tables below summarize the scoring for City Hall, the Norman Y. Mineta San José International Airport, and the Water Pollution Control Plant proposals. The City's Local and Small Business preference had no effect on the award recommendation for City Hall. It did affect the award recommendation for the Norman Y. Mineta San José International Airport.

City Hall

	Technical Score	Price Score	Local Business Preference	Small Business Preference	Total Score	Final Rank
Acme	33	55	5	0	93	1
Pacific Maint.	33	43.7	5	0	81.7	2
ABM	28	48.1	0	0	76.1	3
DMS	35	37.5	0	0	72.5	4
UBS	31	36.6	0	0	67.6	5
Able Services	26	41.2	0	0	67.2	6
Hassan	15	36.7	5	0	56.7	7
Cal Facilities	3	31.9	1.7	0	36.6	8

Norman Y. Mineta San José International Airport

	Technical Score	Price Score	Local Business Preference	Small Business Preference	Total Score	Final Rank
Acme	35	52.5	5	0	92.5	1
Pacific Maint.	33	53.4	5	0	91.4	2
Able Services	34	54	0	0	88	3
Hassan	32	48.3	5	0	85.3	4
UBS	34	48.1	0	0	82.1	5
ABM	34	42.4	0	0	76.4	6
Cal Facilities	29	28.8	5	0	62.8	7

Custodial Services at the Norman Y. Mineta International Airport will be provided for approximately 12,000 hours annually on an hourly as-needed basis.

Worker Retention

Since Acme Building Maintenance is the current provider of contract custodial services for City Hall and the Norman Y. Mineta San José International Airport, the City does not have to facilitate the transitioning of current contract employees in accordance with the Living Wage ordinance.

Environmentally Preferable Custodial Supplies

In June 2001, the Council approved the Green Building Policy that requires that all new city facilities be designed to meet a Leadership in Energy and Environmental Design (LEED) certification standard. Low impact cleaning products used in the operation and maintenance of buildings are cited as a strategy to help achieve this policy's objective. In September 2001, the Council approved the Environmentally Preferable Purchasing Policy which guides the City to procure products and services that reduce toxicity, conserve natural resources, materials, and energy, and maximize recyclability and recycled content.

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In accordance with this policy, Proposers could only offer products that are approved by the non-profit organization "Green Seal." Green Seal, a non-profit organization founded in 1989, provides science-based environmental certification standards that are credible, transparent, and essential in an increasingly educated and competitive marketplace. Green Seal's industry knowledge and standards help manufacturers, purchasers, and end users alike make responsible choices that positively impact business behavior and improve quality of life. For the duration of this contract, additional products that become approved by Green Seal may be considered by the City".

Rejection of Portions of Proposals Submitted

Staff recommends rejecting the portion of proposals which responded to the requirement of custodial services for facilities other than City Hall managed by General Services. Due to major changes in building additions and deletions, and changes to square footage available for custodial services, plus the need to accumulate information on Library and Community center usage the additional time will be needed to complete a concise specification and conduct a "Request for Proposal" for all General Service facilities except for City Hall.

To ensure continuous custodial services for these facilities, staff recommends extending the current contract with Acme Building Maintenance from July 10, 2006 to January 9, 2007 at the current terms and conditions. The contractor has met the requirements as stipulated by the contract and their performance has been satisfactory. The company has provided an efficient and professional custodial staff, meeting all requested city custodial services. Through continuing the Agreement, General Services and City departments can continue to provide the safe, clean environment the public and employees have come to expect of the City.

Contracting-In

Working collaboratively with the Municipal Employees Federation (MEF), staff from General Services and the Office of Employee Relations discussed various custodial staffing models for City Hall. An analysis was conducted on several models of staffing in which a review of costs and service level impacts associated with each staffing model was considered. As a result of this analysis, it was determined that a proposal to in-source all of the day-shift custodial services at City Hall be developed and advanced as customer service would be improved. This proposal is being considered as part of the FY06-07 Proposed Operating Budget.

On May 3, the Contracting-In Committee reviewed the contract award recommendation. The Committee was informed that a 2006-2007 budget proposal from General Services would increase custodial staffing for City Hall to ensure that the day shift would be fully staffed by City employees and that the night shift would be contracted through the recommended contractor, Acme Building Maintenance.

SUMMARY

Based on a complete evaluation of all proposals and a check of references, Acme Building Maintenance was ranked highest and is recommended for award of contract to provide custodial services at City Hall with a total first year compensation not to exceed \$635,000 and at the

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Norman Y. Mineta San José International Airport with a total first year compensation not to exceed \$216,000.

In addition, staff recommends an amendment to the agreement with Acme Building Maintenance for other City Facilities managed by General Services, extending the term of the agreement until January 9, 2007. This amendment will increase the compensation to Acme Building Maintenance by \$765,000 and will be funded by various sources.

ALTERNATIVE

In evaluating the methods for providing Custodial Services at City Hall, staff considered the alternative of contracting in for all or part of the service. As mentioned above, the day-shift custodial services are proposed to be in-sourced. This will address the light cleaning and bathroom restocking activities conducted during regular business hours. The heavy cleaning and custodial servicing of City Hall is completed after regular business hours on a night-shift work operation. These services are currently provided through a service contract with Acme Building Maintenance.

To analyze whether these night-shift services could be in-sourced, staff developed a staffing option that would provide sufficient labor to cover the required services (including covering periods when in-house staff would receive paid leave) and sufficient supervisory staff to manage the service. This analysis indicates that the in-house option carries a cost of approximately \$900,000-\$1,000,000 more annually than what is currently budgeted for contractual services. Due to this increase in cost, this alternative was not recommended.

In discussions of this alternative with representatives of MEF, the idea of a phased approach to in-sourcing night shift services has been discussed. Given the fact that the Five-Year General Fund Forecast envisions budget shortfalls in each of the next five years, staff cannot recommend committing to a phased approach at this time. Between the time this memo was completed and the June 27 Council meeting, another meeting will be held with MEF to continue the discussions. If the budget forecast changes in the future, staff will revisit this alternative in cooperation with MEF.

PUBLIC OUTREACH

This Request for Proposals was placed on the City of San Jose web site and on the Demandstar bid notification system and emailed to interested vendors.

COORDINATION

This memorandum has been coordinated with Airport, the Office of Equality Assurance, the City Manager's Budget Office, the Office of Employee Relations, the City Attorney's Office, and the City Manager's Office.

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COST IMPLICATIONS

These contracts replace existing agreements funded as an ongoing operational budget item.

BUDGET REFERENCE

Fund #	Appn. #	Appn. Name	RC #	Total Appropriation	Amount for Contract	2006-2007 Proposed Budget Page	Last Budget Action (Date, Ord. No.)
001	0592	Non-Personal/Equipment (City Hall)	000577	\$10,657,985	\$635,000	Pg. VIII-6	N/A
523	0802	Non-Personal/Equipment (Airport)	304131-304052 & 553130-4052	\$36,772,206	\$216,000	Pg. XI-3	N/A
001	0592	Non-Personal/Equipment (General Service)	000401	\$10,657,985	\$537,000	Pg. VIII-60	N/A
001	0722	Non-Personal/Equipment (Library)	000090 & 000091	\$4,640,317	\$175,000	Pg. VIII-78	N/A
515	0592	Non-Personal/Equipment (General Services)	000401	\$28,802	\$8,000	Pg. XI-82	N/A
290	2530	Dislocated Workers	031020	\$6,376,473	\$30,000	Pg. XI- 84	N/A
001	0642	Non-Personal/Equipment (PRNS)	015030	\$16,502,482	\$15,000	Pg. VIII-86	N/A

*These contracts will be funded by the 2006-2007 Operating and Capital Budgets. The 2006-2007 Operating and Capital Budgets and the implementing appropriation ordinance are expected to be approved by the City Council on June 27, 2006.

CEQA

Not a project.


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 Director, Finance


 PETER JENSEN
 Director of General Services

For questions, please contact Walter C. Rossmann, Chief Purchasing Officer, at (408) 535-7051 or Peter Jensen, Director of General Services, at (408) 938-2025.