

REPLACEMENT

COUNCL AGENDA: 11/29/11

ITEM: 3.4



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Julia H. Cooper

SUBJECT: SEE BELOW

DATE: November 21, 2011

Approved

Date

11/22/11

SUBJECT: REPORT ON REQUEST FOR PROPOSAL FOR CITYWIDE JANITORIAL SERVICES

REASON FOR REPLACEMENT

Report has been updated to include an analysis and summary of actual verses projected cost savings.

RECOMMENDATION

Report on Request for Proposal (RFP) for Citywide Janitorial Services and adoption of a resolution authorizing the City Manager to:

1. Execute four separate agreements with GCA Services Group Inc. (Alviso, CA) for Janitorial Services, with an initial three year term ending October 31, 2014 for each agreement, and a cumulative total amount not to exceed \$18,009,454 as follows:

Department	Maximum Compensation (three years)
Public Works	\$8,853,696
Airport	\$7,728,377
Parks, Recreation & Neighborhood Services	\$1,387,790
Office of Cultural Affairs	\$39,591
Total	\$18,009,454

2. Subject to approval by the Treatment Plant Advisory Committee, execute an agreement with GCA Services Group Inc. (Alviso, CA) for Janitorial Services, with an initial three year term ending October 31, 2014 for the Environmental Services Department Water Pollution Control Plant (WPCP), and a total amount not to exceed \$1,109,154.
3. Execute amendments as required to add or delete facilities, or change service levels due to seasonal changes or budget constraints, subject to appropriation of funds.
4. Execute five one-year options to renew each of the agreements subject to the appropriation of funds.

OUTCOME

Provide quality and cost effective janitorial services to City of San José owned and operated facilities used by employees, residents and visitors.

BACKGROUND

As part of the approval of the 2010-2011 Adopted Budget and the 2011-2012 Adopted Budget, the City transitioned from a hybrid service model (City staff and contract employees) providing custodial services to a fully outsourced service delivery model. Prior to that transition, City employees provided custodial services at the Airport, City Hall for the daytime shift, Police Department and park restrooms, and vendors provided custodial services, at community centers, libraries, and backup at the Airport, the graveyard shift at City Hall, and certain facilities at the Water Pollution Control Plant. These services were performed under four separate agreements with two vendors.

In July 2010 and March 2011, the City amended its existing agreements to outsource remaining custodial services that were performed by City Staff at all City facilities with the exception of restrooms located in City parks. In June 2011 an interim agreement was executed with GCA Services, Inc. to outsource custodial services in restrooms located in City parks.

All of the amendments were executed on an interim basis to allow sufficient time for staff to develop a consolidated scope for citywide custodial services and issue a competitive Request for Proposal (RFP) to provide the City with the best and most competitive rates and service.

Custodial services provided by GCA to date have been of a high quality and staff expects that this quality will be maintained or improved under the new agreements. A recent survey conducted at the Airport between August and September of 2011, shows a high level of customer satisfaction with over 90% of respondents indicating that the cleanliness of the restrooms and public areas of the airport was good or excellent. The Airport has also received numerous comment cards praising the condition of the airport and the customer service provided.

ANALYSIS

On March 8, 2011, the Finance Department released a Request for Proposal (RFP) for Citywide Janitorial Services on the City's e-procurement system. This comprehensive RFP included the diverse requirements of all of the City departments requiring custodial services. For example, the requirements for the Airport and Community Centers where there is a high degree of contact with the public are significantly different than the office environment at City Hall. Concerns were expressed that the size of a citywide agreement would exclude all but the largest vendors from the ability to compete, the RFP allowed contract award by City department. Independent teams from each department evaluated and recommended the highest ranked proposal for their respective departments.

A total of 160 companies viewed the RFP, and eleven proposals were received by the April, 25, 2011 deadline as follows:

- Able Building Maintenance, Inc, (Foster City, CA)
- ABM Services, Inc. (Irvine, CA)
- Clean Innovation, Inc. (Santa Clara, CA)
- GCA Services Group, Inc. (Alviso, CA)
- ISS Facility Services, Inc. (San Carlos, CA)
- OJS Systems, Inc. (Acworth, GA)
- Service by Medallion, Inc. (Mountain View, CA)
- Triangle Services, Inc. (Valley Stream, NY)
- T&T Janitorial, Inc. (San Diego, CA)
- Uniserve Facilities Services, Inc. (Los Angeles, CA)
- Universal Building Services and Supply, Inc. (Richmond, CA)

Evaluation Team

Five, three-member evaluation teams were named, one team for each department represented in the RFP: Public Works, Airport, Environmental Services, Parks, Recreation & Neighborhood Services and Office of Cultural Affairs. Proposals were independently evaluated and scored by each team.

Evaluation Criteria

- ***Minimum Qualifications:*** The initial review consisted of a pass/fail assessment to ensure that all minimum qualifications were met and that all proposals were complete. Two proposals were deemed non responsive for not meeting the minimum criteria.

Proposals submitted by T&T Janitorial and Service by Medallion did not provide one reference servicing at least one million square feet of cleanable floor space, and Service by Medallion did not provide one reference where employees were required to be in contact with the general public in the performance of their duties. Both companies were notified in writing that their proposals would not be subject to further evaluation.

- ***Technical Evaluation (55%):*** The technical evaluation consisted of a thorough review of each company's written proposal for company experience and technical capabilities.

- **Cost Proposals (30%):** Cost proposals were opened and scored at the conclusion of the technical proposal evaluation.
- **Environmental Stewardship (5%):** Proposers were required to specifically address how their proposals would support the goals and objectives of the City's EP3 program.
- **Local and Small Business Preference (10%):** Pursuant to City policy, ten percent of the total evaluation points were reserved for local and small business preference. Three Proposers requested consideration for the City's local business preference. The application of the local business preference had no effect on the recommendation of award.

Protest Period: The RFP process included a ten-day protest period in accordance with City purchasing rules. No protests were received.

Recommendation Summary: Proposal scores for each Department's evaluation committee are summarized in Attachment A to this memorandum. Each evaluation team independently recommended GCA Services Group as the most advantageous and "best value" solution based on the evaluation criteria set forth in the RFP. GCA's proposal met or exceeded all of the RFP requirements, provided the most detailed and comprehensive proposal, and demonstrated a superior understanding of the City's requirements. GCA's proposal was found to be superior in the following key areas:

- Demonstrated experience. GCA has provided a high level of quality service and professionalism for the City of San José. Currently, GCA provides custodial services for Public Works (through management of citywide facilities), PRNS, the Airport and OCA.
- A comprehensive staffing plan ensuring optimal cleaning levels and cost efficiencies.
- A complete training program to ensure that staff is well qualified and cross-trained.
- Incentives to retain employees and avert turnover and high absenteeism, such as recognition events that include group dinners, luncheons, and holiday celebrations.
- A transition plan that minimizes service interruptions.
- Provided the most cost effective and just-in-time delivery plan for saving the City money on usage of supplies, materials and consumables.

Wage Requirements: GCA will be required to pay the City's established prevailing wage rates for custodial services provided at City Hall, the Police Department, Libraries, Community Centers, Parks, Citywide public art locations and the Water Pollution Control Plant. GCA will be required to pay the City's established Airport living wage rates for custodial services provided at the Airport under the Airport's Living wage ordinance.

Labor Peace: GCA operates under a collective bargaining agreement with the Service Employees International Union (SEIU).

Worker Retention applies and Office Equality Assurance oversees these requirements. In this case, GCA is the incumbent service provider at all of the facilities, except the Water Pollution

Control Plant. The current contractor at the Plant will be requested to cooperate with the transition of its workers to GCA.

Summary of Agreement: The requirements and service levels are different for each department responsible for managing the custodial services under their purview. As a result, it was determined that it would be more efficient to enter into five separate agreements. Each agreement will have identical business and legal terms and conditions, but the scope of service and schedule of performance are department specific for each agreement.

Each agreement includes a detailed scope of services, schedule of performance and a fixed price compensation schedule contingent on the successful completion of work. Pricing shall be firm fixed for the initial three year period of the agreements. After the initial three year period, price adjustments may be considered if GCA can demonstrate to the satisfaction of the City that a price increase is justifiable. Any such increase shall not exceed 3% annually.

All of the agreements have provisions that allow staff to request additional non-scheduled services. In addition, staff will be able to add, delete and change scheduled services through a process similar to a change order, in order to meet the janitorial service needs of the organization.

Comparison of Actual versus Projected Cost Savings

The following information included in Table A is a comparison of actual cost savings versus projected cost savings that were estimated by various City Departments in their respective Alternate Service Delivery Proposals submitted to the City Council as part of the 2010-2011 and 2011-2012 budget processes.

With approval of this contract, total annual cost savings are \$6.24 million and \$18.72 million over the three-year term of the contract. It is important to note that the annual contract amounts depicted in Table A do not necessarily reconcile with the recommended annual three year maximum compensation contract amounts. Specifically, some of the agreements are inclusive of all restroom consumables such as hand towels and cleaning supplies, which have been netted out for purposes of this analysis because all such supplies under the in-house model were supplied by the City. Furthermore, some of the agreements are inclusive of services that were previously provided utilizing a combination of in-house and contracted-out labor. Thus, Table A identifies the cost and associated savings for services that were contracted-out.

As identified below in Table A, the annual cost for janitorial services is \$3.75 million compared to \$9.99 million under the hybrid model that was previously utilized, resulting in annual cost savings of \$6.24 million. Savings are about 10% less than projected during the 2010-2011 and 2011-2012 budget processes because the projections at that time were based on contracted labor rates from existing contracts that were subject to annual increases tied to the Consumer Price Index. The RFP required fixed pricing for the initial three year term; therefore initial labor rates for the new agreement are higher than at the time the projections were being calculated, primarily since the contractor had to assume certain living wage increases during the first three years of the contract. For example, during the last two years, the Living Wage (assuming that the contractor pays health benefits) increased by 5% for 2011-2012 and 1% for 2010-2011.

In summary, the actual costs of the recommended contract are generally consistent with the cost and savings estimates that were projected at the time the janitorial service delivery evaluation was conducted. In combination with the positive feedback received regarding the quality of service and a simplified management, this procurement validates the conclusion of prior analysis.

TABLE A

	Airport	Public Works (Police and Non-Police)	PRNS	WPCP	Total
In-house (Annual Cost)	\$5,245,591	\$1,646,853	\$2,798,000	\$301,139	\$9,991,583
Contracted-out (Annual Cost)	2,107,747	1,010,491	462,592	169,811	3,750,641
Annual Cost Savings	3,137,844	636,362	2,335,408	131,328	6,240,942
Projected Annual Cost Savings	<u>3,289,591</u>	<u>1,063,288</u>	<u>2,336,000</u>	<u>147,264</u>	<u>6,836,143</u>
Projected vs. Realized Cost Savings	(\$151,747)	(\$426,926)	(\$592)	(\$15,936)	(\$595,201)

EVALUATION AND FOLLOW-UP

No further evaluation or follow up for this contract is anticipated at this time.

PUBLIC OUTREACH/INTEREST

- Criterion 1:** Requires Council action on the use of public funds equal to \$1 million or greater. **(Required: Website Posting)**
- Criterion 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City. **(Required: E-mail and Website Posting)**
- Criterion 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach. **(Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)**

This item meets Criterion 1 and will be posted on the Council Agenda for November 29, 2011.

COORDINATION

This memorandum was coordinated with Public Works (including the Office of Equality Assurance), Airport, Environmental Services, and Parks, Recreation & Neighborhood Services Departments, the Office of Cultural Affairs, the City Manager’s Budget Office, and the City Attorney’s Office. This item will be scheduled for approval by the Treatment Plant Advisory Committee (TPAC) on December 8, 2011.

FISCAL/POLICY ALIGNMENT

This Council item is consistent with Council approved Budget Strategy Memo General Principle #2, “We must focus on protecting our vital core City services.”

COST SUMMARY/IMPLICATIONS

The following outlines the elements of the contract.

1. AMOUNT OF RECOMMENDATION/CONTRACT:

<u>Description</u>	<u>Year One Cost*</u>	<u>Three Year Max. Compensation*</u>
Public Works (Citywide Facilities)	\$2,951,232	\$8,853,696
Airport	2,576,126	7,728,377
Parks, Recreation & Neighborhood Services	462,597	1,387,790
Environmental Services	369,718	1,109,154
Office of Cultural Affairs	13,197	39,591
Total	\$6,372,870	\$19,118,608

* Includes base annual rate plus 10% for supplemental services (except for park services) to be directed by the City.

2. SOURCE OF FUNDING:

Public Works	Funds 001, 515, 290
Airport	Airport Maintenance and Operation Fund (523)
Parks, Recreation & Neighborhood Services	Fund 001
Environmental Services	San José-Santa Clara Treatment Plant Operating Fund (513)
Office of Cultural Affairs	Transient Occupancy Tax Fund (461)

BUDGET REFERENCE

The table below identifies the fund and appropriations proposed to fund the contract recommended as part of this memorandum.

Fund #	Appn #	Appn. Name	Total Appn.	Amount for Year One of Contract*	2011-2012 Proposed Budget Page**	Last Budget Action (Date, Ord. No.)
001	0572	PW non-personal	\$8,004,530	\$2,619,088	VIII-319	6/21/11, Ord. No. 28928
001	0722	Lib non-personal	\$4,212,139	\$302,927	VIII-218	6/21/11, Ord. No. 28928
515	0572	PW non-personal	\$32,184	\$22,134	XI-90	6/21/11, Ord. No. 28928
001	0512	DOT non-personal	\$9,956,815	\$7,083	VIII-365	6/21/11, Ord. No. 28928
523	0802	Airport Non-personal/Equip	\$37,581,440	\$2,576,126	XI-3	6/21/11, Ord. No. 28928
001	0642	PRNS non-personal	\$10,799,610	\$462,597	VIII-240	6/21/11, Ord. No. 28928
513	0762	ESD Non-personal/Equip	\$25,548,275	\$369,718	XI-77	6/21/11, Ord. No. 28928
461	0096	Transient Occupancy Tax	\$3,253,977	\$13,197	XI-87	06/21/11 Ord. No 28928
Total (Year One)				\$6,372,870		

* Year two and three of the contract are subject to the appropriation of funds.

** The 2011-2012 Proposed Operating Budget was adopted by the City Council on June 21, 2011.

HONORABLE MAYOR AND CITY COUNCIL
November 21, 2011
Subject: Report on RFP for Citywide Janitorial Services
Page 9

CEQA

Not a Public Project, File No. PP10-066 (e).

/s/
JULIA H. COOPER
Acting Finance Director

For questions please contact Mark Giovannetti, Purchasing Division Manager (408) 535-7052.

Attachment A – Evaluation Summary by Department

Public Works

Evaluation Criteria (weight)	OJS	Clean	UBS	Uniserve	ABM	Able	Triangle	ISS	GCA
Experience (25%)	12	10	10	14	14	9	18	19	22
Technical Capabilities (30%)	13	10	12	17	17	12	16	20	25
Environmental Stewardship (5%)	1	1	1	2	2	1	2	2	2
Cost (30%)	24	26	26	24	28	25	15	26	30
Local (5%)	0	0	5	0	5	0	0	5	0
Small (5%)	0	0	0	0	0	0	0	0	0
TOTAL	50	47	54	57	66	47	51	72	79

Norman Y. Mineta San José International Airport (Airport):

Evaluation Criteria (weight)	OJS	Clean	UBS	Uniserve	ABM	Able	Triangle	ISS	GCA
Experience (25%)	16	13	19	18	22	11	21	22	22
Technical Capabilities (30%)	22	10	17	23	25	10	16	26	28
Environmental Stewardship (5%)	3	0	2	3	2	0	2	3	3
Cost (30%)	30	25	21	21	24	26	23	17	26
Local (5%)	0	0	5	0	5	0	0	5	0
Small (5%)	0	0	0	0	0	0	0	0	0
TOTAL	71	48	64	65	78	47	62	73	79

Environmental Services (Water Pollution Control Plant):

Evaluation Criteria (weight)	OJS	Clean	UBS	Uniserve	ABM	Able	Triangle	ISS	GCA
Experience (25%)	15	11	15	16	16	9	14	18	19
Technical Capabilities (30%)	18	13	17	22	23	14	19	21	24
Environmental Stewardship (5%)	2	1	2	2	2	2	2	2	2
Cost (30%)	30	27	26	23	25	18	14	20	27
Local (5%)	0	0	5	0	5	0	0	5	0
Small (5%)	0	0	0	0	0	0	0	0	0
TOTAL	65	52	65	63	71	43	49	66	72

Parks Recreation & Neighborhood Services (PRNS):

Evaluation Criteria (weight)	OJS	Clean	UBS	Uniserve	ABM	Able	Triangle	ISS	GCA
Experience (25%)	17	17	23	20	23	24	23	23	24
Technical Capabilities (30%)	17	16	24	22	28	20	22	29	29
Environmental Stewardship (5%)	2	1	2	3	2	3	3	3	3
Cost (30%)	11	26	13	22	21	13	14	16	30
Local (5%)	0	0	5	0	5	0	0	5	0
Small (5%)	0	0	0	0	0	0	0	0	0
TOTAL	47	60	67	67	79	60	62	76	86

Office of Cultures Affairs (OCA):

Evaluation Criteria (weight)	OJS*	Clean	UBS	Uniserve	ABM	Able	Triangle	ISS	GCA
Experience (25%)	0	16	13	15	17	12	15	19	17
Technical Capabilities (30%)	0	16	18	19	20	17	13	22	24
Environmental Stewardship (5%)	0	1	1	0	1	1	2	2	2
Cost (30%)	0	18	18	30	7	9	3	12	23
Local (5%)	0	0	5	0	5	0	0	5	0
Small (5%)	0	0	0	0	0	0	0	0	0
TOTAL	0	51	55	64	50	39	33	60	66

*OJS did not submit a proposal for the cleaning of the City's public art collection.