



**PUBLIC WORKS DEPARTMENT**

CITY HALL

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**CITY COUNCIL STAFF REPORT**

Meeting: October 4, 2016

Subject

2015 Contractual Crossing Guard Services – Project No. 2015-25, contract amendment.

Recommended Action

Staff recommends Council authorize the City Manager to negotiate and execute an amendment (Attachment A) to the current crossing guard services contract to provide for contractor compensation of \$18.64/hr for the 2016/17 school year and \$20.61/hr for 2017/18 school year, if the City's Minimum Wage Ordinance is adopted.

Discussion

The contract for crossing guard services for the 2015/16 school year has been the subject of a formal bidding process. On July 7, 2015, Council authorized authority to award the crossing guard contract to lowest responsive bidder subject to budget limits. On July 30, 2015 one bid was received and the City proceeded with an award of the contract to All City Management Services, Inc. (ACMS).

Shortly after the start of the 2015/16 school year, ACMS expressed challenges in recruiting and retaining crossing guard staff because of pay limitations necessary to meet contractual obligations, as many other neighboring jurisdictions paid more for an hourly rate. These challenges were cited by ACMS as the reasons why staffing was limited to 12, instead of the 16 intersections required by the contract. Citing these challenges as ongoing, ACMS has requested an increase in compensation over the annual consumer price index (CPI) adjustment allowed by contract (Attachment B).

Staff has reviewed the ACMS request per the conditions of the executed contract and the requirements of any contractor competitively bidding on public work. Accordingly, the burden is on the contractor to show a change in conditions now that could not be reasonably predicted when their bid was received by the City

in July 2015. It is staffs opinion that ACMS has not shown reasonable cause to increase compensation because employment conditions today are substantially similar to those that existed in July 2015. The one exception is the increase in minimum wage requirements.

In July 2015 the minimum wage was \$10/hr. This wage is now anticipated to increase to \$12/hr in 2017 and \$13.50/hr in 2018 based upon Council's September 20, 2016, first reading of the Minimum Wage Ordinance. As a result, staff recommends that an amendment to the agreement be negotiated and executed that provides for a proportional increase to ACMS compensation for both the 2016/17 and 2017/18 school years. Current compensation to ACMS (including direct wages, benefits, and ACMS overhead) is \$16.01/hr for each crossing guard. If authorized, it is recommended that compensation increase to \$18.64/hr (includes 31.5% payroll burden) immediately and then to \$20.61/hr at the start of the 2017/18 school year. Due to these adjustments, it is recommended that future year CPI adjustments be eliminated.

ACMS is a good contractor that has provided many years of service to the City and it is important that all locations be staffed to the fullest extent possible. It is anticipated that ACMS will honor their contractual requirements and execute a good faith agreement.

#### Sustainability Impact

No sustainability impact.

#### Fiscal Impact

In the 15/16 operating budget, approximately \$185,000 was budgeted for crossing guard services in account number 100-83-807-700-702. Due to reduced crossing guard staffing, budget savings of \$36,847 were realized in 15/16 and these funds were carried over to the 16/17 budget. A \$2.63/hr increase in compensation is expected to cost \$28,404 in 16/17 and a subsequent \$1.97/hr increase in 17/18 is expected to cost \$21,276. No additional dollars are needed in the 16/17 budget as prior year savings exceed additional compensation costs. Increased budget for these services will be needed in 17/18.

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Prepared by: Roger Lee, Assistant Director of Public Works

Reviewed by: Timm Borden, Director of Public Works

Approved for Submission by: David Brandt, City Manager

Attachments:

A - Draft Amendment

B – ACMS Additional Compensation Request Letter dated September 12, 2016