



# OPERATIONS COMMITTEE

## Agenda Report

Administration Building  
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**File #:** 2023-2881

**Agenda Date:** 4/5/2023

**Agenda Item No:** 9.

**FROM:** Robert Thompson, General Manager  
Originator: Riaz Moinuddin, Director of Operations & Maintenance

**SUBJECT:**

**CONTINGENCY INCREASE FOR JANITORIAL & FLOOR MAINTENANCE SERVICE CONTRACT S-2021-1270BD**

**GENERAL MANAGER'S RECOMMENDATION**

RECOMMENDATION: Recommend to the Board of Directors to:

- A. Approve a one-time contingency increase of \$182,724 (19%) to the Service Contract with Gamboa Services Inc. dba Corporate Image Maintenance for Janitorial & Floor Maintenance Services at Plant Nos. 1 and 2, Specification No. S- 2021-1270BD, for the period May 1, 2023 through January 31, 2024, for a total contingency amount not to exceed \$278,894 (29%) for this term, resulting in a new annual contract amount of \$1,240,599; and
- B. Approve an annual contingency increase of 10% for all remaining renewal periods.

**BACKGROUND**

In January 2022, the Board of Directors approved a Service Contract with Gamboa Services Inc. dba Corporate Image Maintenance for Janitorial & Floor Maintenance Services at Plant Nos. 1 and 2, Specification No. S-2021-1270BD, for a total amount not to exceed \$961,705 for the period February 1, 2022 through January 31, 2023, with four (4) one-year renewal options for cleaning the civil infrastructure at Orange County Sanitation District's (OC San) treatment facilities and pump stations, and an annual contingency amount of \$96,170 (10%).

Janitorial services are one of the industries where prevailing wages rates apply when employed by Special Districts. The applicable prevailing wage rate and benefits are determined by the State of California Department of Industrial Relations (DIR) and adjusted periodically.

**RELEVANT STANDARDS**

- Commitment to safety & reducing risk in all operations
- Provide a safe and collegial workplace

**PROBLEM**

The State of California DIR recently increased the prevailing wage and benefit levels for these services. The current contract amount and contingency is not enough to cover these increased costs.

**PROPOSED SOLUTION**

Approve a contingency increase to the Service Contract to cover the increased Prevailing Wage and Benefit Requirements, Payroll Taxes, and Insurance.

**TIMING CONCERNS**

The new prevailing wage rates will take effect May 1 of this term, so increased funds are necessary.

**RAMIFICATIONS OF NOT TAKING ACTION**

Adequate funds are needed to address the new prevailing wage rates that will take effect May 1 to continue current janitorial services.

**PRIOR COMMITTEE/BOARD ACTIONS**

January 2022 - Approved a Service Contract to Gamboa Services Inc. dba Corporate Image Maintenance to provide Janitorial & Floor Maintenance Services at Plant Nos. 1 and 2, Specification No. S- 2021-1270BD, for a total amount not to exceed \$961,705, for the period beginning February 1, 2022, through January 31, 2023, with four (4) one-year renewal options and approve an annual contingency of \$96,170 (10%).

**ADDITIONAL INFORMATION**

The original contract was approved in January 2022, since then the DIR has increased the applicable prevailing wage rate and benefits and has announced a second increase to be effective on May 1, 2023. The table below shows the wage rate applicable to this contract:

<b>Effective Date</b>	<b>Prevailing Wage Rate</b>	<b>Prevailing Wage Benefits</b>
January 1, 2022	\$15.00	\$4.47
January 1, 2023	\$17.00	\$8.47
May 1, 2023	\$17.50	\$8.97

Additional funds are needed to cover costs associated with the increases to the prevailing wage rate and benefit requirements. The additional funding will increase the contingency from 10% to 29%.

**CEQA**

N/A

**FINANCIAL CONSIDERATIONS**

This request complies with authority levels of OC San's Purchasing Ordinance. This recommendation will be funded under the Professional and Contractual Service line item for Division 210, Administrative Services Administration (Adopted Budget, FY 2022-23 & 2023-24, Section 6, Page 24) and the available funding is sufficient for this action.

<u>Date of Approval</u>	<u>Contract Amount</u>	<u>Contingency</u>
01/26/2022	\$961,705	\$96,170 (10%)
04/26/2023		\$182,724 (19%)

**ATTACHMENT**

*The following attachment(s) may be viewed on-line at the OC San website ([www.ocsan.gov](http://www.ocsan.gov)) with the complete agenda package:*

N/A