

# Agenda Report

August 8, 2016

**TO:** Honorable Mayor and City Council

**FROM:** Department of Human Resources

**SUBJECT:** **AUTHORIZATION TO ENTER INTO A CONTRACT WITH ST. GEORGE'S MEDICAL CLINIC FOR VARIOUS MEDICAL SERVICES FOR A TERM OF THREE YEARS OR UNTIL \$663,300 IS EXPENDED, WHICHEVER OCCURS FIRST, AND INCREASE PURCHASE ORDER NO 1160302 BY \$42,000.**

## **RECOMMENDATION:**

It is recommended that the City Council:

1. Find that this action is exempt under the California Environmental Quality Act (CEQA) in accordance with Section 15061(b)(3), the General Rule that CEQA only applied to projects that may have an effect on the environment;
2. Authorize the City Manager to enter into a contract with St. George's Medical Clinic for pre-employment medical review and physicals, OSHA mandated physicals and medical monitoring, occupational therapy, and drug screens, in an amount not-to-exceed \$663,300 or three years, whichever occurs first. Competitive Bidding is not required pursuant to City Charter Section 1002(F) Contracts for Professional or Unique Services;
3. To the extent this could be considered a separate transaction subject to Competitive Selection, grant the proposed contract an exemption from the Competitive Selection process pursuant to Pasadena Municipal Code Section 4.08.049 (B) Contracts for which the City's best interests are served; and
4. Authorize the City Manager to increase purchase order 1160302 with St. George's Medical Clinic by \$42,000 to a new amount of \$116,999 for pre-employment medical review and physicals.

## **BACKGROUND:**

The Department of Human Resources conducts preemployment physicals during the new hire background process. All candidates are sent to an offsite medical clinic to receive medical screening to determine their ability to meet job requirements. On July

16, 2014, the Human Resources Department issued a Request for Proposals for Medical Services. Services requested in the scope of work included: Pre-employment medical review and physicals for all classifications of employment (general office, physical labor, Police Officer, Fire Fighter, pesticide exposure and respirator fit/asbestos); OSHA mandated physicals and medical monitoring; Occupational Therapy; and other medical services such as drug screen and TB skin test.

On August 27, 2014, three proposals were received, deemed responsive, and were evaluated by a committee comprised of City staff in accordance with the evaluation criteria outlined in the RFP: 1. Ability to deliver quality and comprehensive medical services (25%), 2. Location and accessibility of medical services (20%), 3. Experience and professional qualifications of staff, physicians (20%), 4. Fees and cost (20%), Facility's Experience and history of providing medical services to a large employee groups in a variety of occupational areas (5%), Local Pasadena Business preference (5%) and Small/Micro Business preference (5%). The summary of the scores is as follows:

Proposer	Location	Local Pasadena Business	Total Score
Pasadena Community Urgent Clinic	Pasadena, CA	5%	77
St. George's Medical Clinic	Pasadena, CA	5%	88
US Health Works	El Monte, CA	0%	48

On November 13, 2014, St. George's was notified of its selection. The Human Resources Department opened a purchase order for \$50,000, which was sufficient at that time. In FY16, the purchase order was increased to \$74,999. The original RFP anticipated a five year engagement with annual expenditures under \$75,000.

Citywide recruitment and selection has sharply increased over the last four years. Compared to FY12, the number of recruitments conducted in FY16 increased by 92%, and the number of candidates hired increased by 160%. Recruitment for public safety, both Police and Fire trainees and laterals, has been a concerted effort that has resulted in processing more candidates than prior years. In FY15, with the closure of Public Health Department clinical services, the City can no longer process summer ROSE workers in-house, which has resulted in increased processing for an additional 170 workers. This increased the annual costs by approximately \$12,000 in 2015 and 2016. Lastly, in FY16, the City transitioned 50 Ambassadors to city employment, which resulted in an additional \$7,250 in unanticipated preemployment screening costs. As a result of the above, the number of candidates sent for preemployment medical services in FY16 increased 40% from FY15, from 473 candidates to 659 candidates.

Because of the increase in volume in FY16, Human Resources was expending its purchase order at a faster rate than usual. It became evident that the amount of \$74,999 would be exceeded. Through June 30, 2016, total expenditures have totaled \$115,385. Staff is requesting authorization to pay this amount. As Human Resources

explored the best approach for increasing its purchase order, it was discovered that several divisions across the City also had open purchase orders with the vendor St. George's. They include Public Works (three divisions), Water and Power, Fire, Human Resources – Safety division, Public Health and Housing – MASH. The Fire Department manages its own preemployment physical processing, in coordination with Human Resources. In FY16, the amount of purchase orders open for St. George's throughout the City totaled \$159,798. In collaboration with Finance/Purchasing, it was determined that the best approach for medical services was to have one larger citywide contract, and as a consequence of working toward that, Human Resources exceeded the purchase order amount.

The Human Resources Department seeks authorization to establish a contract that would replace previously approved purchase orders with St. George's Medical Clinic. Consolidating the purchase orders would allow a centralized contract manager in Human Resources to monitor the citywide medical services and provide better control and oversight to the services requested by department users. In 2014, the RFP was completed and purchase orders were opened, however given that we will include multiple departments, the option is to now use a standard service contract. If approved, the new contract start date is July 1, 2016, and the contract term could continue through June 30, 2019. Some of the department users will increase the funds allocated to these services in future fiscal years, which is reflected under Fiscal Impact.

**COUNCIL POLICY CONSIDERATION:**

The consolidation of purchase orders for St. George's Medical Clinic supports the City Council's strategic planning goals to maintain fiscal responsibility and stability, as well as supporting and promoting the local economy.

**FISCAL IMPACT:**

The maximum cost of this action is \$705,300, of which \$42,000 is for the existing contract and \$663,300 is for the new contract. Funding for this action will be addressed by the utilization of existing budgeted appropriations in the funds and accounts listed below. It is anticipated that \$221,100 of the cost will be spent during the current fiscal year. The remainder of the costs will be spent over the next two fiscal years.

The funds needed to increase Purchase Order No. 1160302 in the amount of \$42,000 will be allocated from existing appropriations in the Benefits Fund (504). Charges for services performed in FY16 will be charged to that fiscal year prior to its close.

The following table presents a summary of the sources of funds that will be used in FY17.

Benefits Fund	\$100,000
General Fund	\$92,000
Water Fund	\$20,000
Safety Fund	\$5,000
Health Fund	\$1,200
Building Maintenance Fund	\$1,000
Fleet Maintenance Fund	\$1,000
Community Development Block Grant	\$900
<b>Total Sources</b>	<b>\$221,100</b>

The following table presents a summary of amounts and funds by department in FY17.

Department/Division	Fund #	Fund Name	Annual Amount
Fire	10131015-811400	General Fund	75,000.00
Health	20323010-811400	Health Fund	1,200.00
Human Resources – Employment Services	50417004-811400	Benefits Fund	100,000.00
Human Resources - Safety	50617008-811400	Safety Fund	5,000.00
Housing - MASH	2196024-812900	Community Development Block Grant	900
Public Works – Parks & Natural Resources	10122034-811400	General Fund	2,000.00
Public Works – Building Systems Fleet Management	50222050-811400	Building Maintenance Fund	1,000
Public Works – Building Systems Fleet Management	50322058-811400	Fleet Maintenance Fund	1,000
Public Works – Street Maintenance Integrated Waste Management	10122029-811400	General Fund	15,000.00
Water and Power – Safety	40207920-811400	Water Fund	20,000.00

The following table presents an overall contract summary.

Increase to FY16 PO # 1160302	\$42,000
FY 2017 Contract Amount	\$221,100
Future Contract Amount	\$442,200
<b>Total Fiscal Impact</b>	<b>\$705,300</b>

Respectfully submitted,



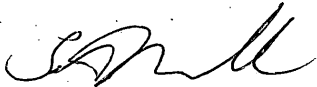
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Attachment A – Taxpayer Protection Amendment