

Agenda Report

TO: CITY COUNCIL **DATE:** FEBRUARY 22, 1998

FROM: CITY MANAGER

SUBJECT: AMENDMENT TO CONTRACT 15,743 WITH INTER-CON SECURITY SYSTEMS, INC. FOR CITYWIDE SECURITY SERVICES

RECOMMENDATION:

It is recommended that City Council authorize the City Manager to:

1. Extend Contract number 15,743 with Inter-Con Security Systems, Inc., for a period of one-year or until an amount not to exceed \$358,800 has been expended whichever occurs first, to provide security services at various City facilities; and
2. Authorized the City Manager to renew the Contract at the conclusion of the proposed extension period for an additional one-year period provided the same prices, terms and conditions are acceptable to the City Manager.

BACKGROUND:

In July 1995, the City enter into contract number 15,743 with Inter-Con Security Systems, Inc., to provide security services for various City facilities and operations including; City-owned parking structures, the ARTS buses, City Yards, City parks and City Hall.

The initial term of the contract was for three years in an amount not to exceed \$410,000 annually. In addition, the contract provided for up to two one-year extensions subject to the approval of the City Manager and provided all prices, terms and conditions remain unchanged.

The base term of three years has expired. Inter-Con has performed well under the contract and staff desires to exercise the first extension option. The extension of the contract will make it subject to the Living Wage Ordinance. As a result, Inter-Con would have to increase the compensation level for virtually all employees assigned to the contract. Inter-Con has indicated that unless a portion of these increases are passed along to the City through higher billing rates it would not be able to extend the contract.

Since the beginning of negotiations, the number of service hours needed by Inter-Con has decreased. It was determined that security services were no longer needed for the anti-scavenging of curbside recycling materials program. Additionally, the recently approved

Contract between the City and Parsons and the City and Rusnak Pasadena to store new cars in the parking structure owned by Parsons reduced the number of security hours tremendously. Thus, approximately 11,000 service hours are no longer needed.

Over the past several months staff has analyzed Inter-Con's billings as well as met with the company to determine the cost associated of applying the Living Wage Ordinance. Presently, the majority of personnel assigned to the contract earn \$6.50 per hour without benefits. Increasing the compensation for these classifications to \$8.50 per hour without benefits will, based on past usage as well as future projections, result in additional costs of about \$76,069 per year. Inter-Con has proposed raising its billing rate from \$10.34 per hour to \$11.96 per hour for the affected classifications, thus passing along approximately \$45,900 of this \$76,069 total to the City; Inter-Con would absorb the remaining \$30,169.

Since the adoption of the Living Wage Ordinance, staff has been successful in negotiating relatively equal sharing of costs associated with its application. While the price proposal put forward by Inter-Con passes along approximately 60% of the cost associated with applying the Living Wage Ordinance, there are several reasons why staff recommends accepting the proposal.

The worldwide administrative headquarters of Inter-Con Security Systems, Inc., is located in Pasadena. Presently, seventy-four of the company's employees are Pasadena residents and the company focuses recruiting efforts on local residents. In discussions prior to the adoption of the Living Wage Ordinance one of the issues raised was the extent to which the policy would have a local impact. It is unlikely that any other services contract issued by the City would have a greater living wage impact locally. It is also unlikely that were the City to undertake a new selection process that it would result in the selection of a contractor with as many resident employees. Finally, given that labor costs are a major component of a security contract, it is staff's belief that re-bidding the work is not likely to lessen the additional costs associated with the Living Wage Ordinance sufficiently to justify disrupting the current service.

Therefore, staff recommends extending the contract for a period of one year or until an amount not to exceed \$358,800 is expended whichever comes first. A portion of this amount will be used to pay for unpaid services already provided by Inter-Con Security Systems to date. Amending the contract in this manner to accommodate the application of the Living Wage Ordinance is within the City's rights without requiring a new bidding procedure.

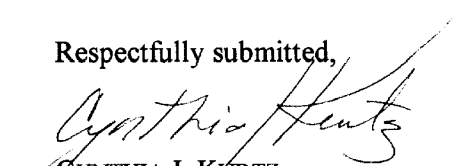
The proposed contract amendment is in compliance with the Affirmative Action in Contracting Ordinance and the rules and regulations promulgated thereunder.

February 22, 1999
Amendment to Contract 15,743
Inter-Con Security Systems, Inc.
Page 3 of 3

FISCAL IMPACT:


Sufficient funds were appropriated in the following Public Works and Transportation FY1999 budgets and will be proposed for the FY 2000 recommended budgets: Old Pasadena Parking Structures (407-763200); Holly Street Parking Structure (102-763211); City Manager's Parking Lot (102-763217); Playhouse Parking Lot (102-763213); Union / El Molino Parking Lot (102-763215); Boston Court (102-763214); South Lake Parking Lots (217-763200); Parks & Natural Resources (101-765110; and 101-765111) and Building Systems (502-766500). Security for events held at City Hall is paid for by the applicant of the event and services will be charged when needed to account number 8178-105-762110.

Respectfully submitted,

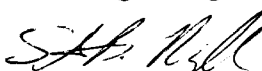


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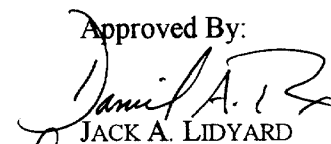
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