LOS ANGELES COUNTY ISD INTERNAL SERVICES

Tom Tindall
Director

COUNTY OF LOS ANGELES
Internal Services Department
1100 North Eastern Avenue
Los Angeles, California 90063

To enrich lives through effective and caring service.

Telephone: (323) 267-2471
FAX: (323) 415-8664

January 12, 2010

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

AUTHORITY TO AMEND CONTRACTS UNDER THE CONTRACT REDUCTION/EXTENSION INITIATIVE (ALL DISTRICTS – 3 VOTES)

SUBJECT

Recommendation to authorize the Director of the Internal Services Department (ISD) to amend two contracts consistent with the County's Contract Reduction/Extension Initiative mandated by your Board on June 16, 2009.

IT IS RECOMMENDED THAT YOUR BOARD:

1. Approve and delegate authority to the Director of ISD to reduce the annual contract amounts and extend the contract terms, consistent with your Board's Contract Reduction/Extension initiative, effective 2009-2010 for a landscape services contract with Sepco Earthscape, Inc. (Sepco) and a custodial services contract with Diversified Maintenance Services (DMS).

2. Instruct the Director of ISD to notify your Board and the Chief Executive Office, in writing, within ten business days after execution of such amendments.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

On June 16, 2009, your Board directed the Chief Executive Officer, working with the ISD, County Counsel, Auditor-Controller and other departments to develop the parameters for a contract cost-savings initiative for existing contractors. Your Board also directed the Chief Executive Officer to provide all departments with a model letter to send to contractors by early July 2009, requesting that contractors reduce their rates in exchange for term extensions, without the need to undergo competitive bidding.

In early July 2009, departments, including ISD, issued the model letter to each existing contractor that met certain specified criteria. ISD reviewed the offers submitted in response to the request, and solicited cost reduction offers in exchange for one-year and/or two-year contract term extensions. To date, your Board has approved contract amendments for several ISD contracts that extend the contract terms in exchange for cost reductions. Recently, two additional contractors offered cost reductions of 5% of their annual contract cost. Sepco is a landscaping services contractor that provides services at 93 facilities and DMS provides custodial services at 20 facilities countywide. The offers were reviewed by ISD and are being recommended to your Board for approval. Each of these companies has provided acceptable services to the County, and agreed to the annual contract reductions without a change in the level of services required under their individual contracts. The attached provides additional background on each of the two contracts.

FISCAL IMPACT/FINANCING

The proposed contract amendments are for DMS and Sepco. If approved, the estimated total annual savings to the County for DMS are $169,783, and $60,079 for Sepco, through June 30, 2012 and April 3, 2013 respectively.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

This effort pertains to current contracts which were planned to be competitively rebid upon expiration, and for which a competitive solicitation process was not already underway. Both contractors agreed to have the contract amended and have the cost reductions become effective 2/1/2010. Both contracts are subject to and will continue to comply with the Living Wage Ordinance.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

This effort is intended to produce cost savings in light of the fiscal challenges faced by the County. The proposed contract amendments should not have a negative impact on the level or quality of service provided to the County by the affected contractors.

CONCLUSION

Approval of the recommended actions will result in cost savings to ISD and customer department. The contract cost reductions will not impact the current level of services.

Respectfully submitted,

Tom Tindall

TOM TINDALL
Director

TT:YY

Attachments (1)

c: Chief Executive Officer
County Counsel

Contract No. 1-Sepco Earthscape, Inc. for Landscape Services (Contract #75619)

Background

- The Board approved the current landscape services contract with Sepco Earthscape, Inc. (Sepco) on April 4, 2006. The contract is currently in the first one-year option period through April 3, 2010. The second one-year option period will extend this contract through April 3, 2011. The proposed two-year contract extension will extend the term through April 3, 2013.

- Sepco provides landscaping services to County departments at approximately 93 locations.

- The annual contract amount fluctuates based upon usage by client departments. The current annual contract amount is $1,201,581. The 5% decrease would result in an estimated annual savings amount of $60,079.

Recommended Amendment/Fiscal Impact

Sepco has proposed a 5% reduction in exchange for a two-year contract extension. The Internal Services Department (ISD) is recommending a two-year contract extension beyond April 3, 2011, through April 3, 2013. A 5% reduction, effective February 1, 2010, would result in an estimated cost savings as follows:

FY2009 - 2010 (first option year)	$10,013
FY 2010 - 2011 (2nd option year)	$60,079
FY2011 - 2012	$60,079
FY2012 - 2013	$60,079

Contract No. 2 –Diversified Maintenance Services, Inc. for Custodial Services (Contract # 75323)

Background

- The Board approved the current custodial services contract with Diversified Maintenance Services, Inc. (DMS) on June 21, 2005.
- DMS provides custodial services to County departments at approximately 21 locations.
- The term of the contract is for an initial three-year period with two one-year renewal options, and six month-to-month extension options.

- The contract is currently in the final one-year option period through June 20, 2010.
- The annual contract amount fluctuates based upon usage by client departments. The current annual contract amount is $3,395.660. The 5% deduction would result in an estimated annual contract savings of $169,783.

Recommended Amendment/Fiscal Impact

DMS has proposed a 5% reduction in exchange for a two-year contract term extension. ISD is recommending a two-year contract term extension beyond June 20, 2010, through June 20, 2012. A 5% reduction, effective February 1, 2010, would result in an estimated cost savings as follows:

FY2009-2010	$ 70,743
FY2010-2011	$169,783
FY2011-2012	$169,783