County of Los Angeles
INTERNAL SERVICES DEPARTMENT
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"To enrich lives through effective and caring service"

February 07, 2012

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

Dear Supervisors:

TERMINATION OF CUSTODIAL SERVICES CONTRACT FOR DEFAULT

(ALL DISTRICTS – 3 VOTES)

SUBJECT

Termination of a custodial services contract with Reliable Building Maintenance, Inc. for default.

IT IS RECOMMENDED THAT YOUR BOARD:

Terminate custodial services contract number 75321 with Reliable Building Maintenance, Inc., in whole, for default.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Reliable Building Maintenance, Inc. (Reliable) currently provides custodial services to twenty-one (21) facilities countywide (Attachment I).

Due to the serious nature of contract violations substantiated during a recent investigation conducted by the Auditor-Controller's Office of County Investigations (OCI), ISD recommends that your Board terminate the contract with Reliable for default.

OCI Investigation

The OCI investigation identified that Reliable's actions have been inconsistent with ISD's expectations for contractor integrity and responsibility.

OCI reviewed Reliable's October 2011 staffing plan and selected four County facilities under the contract to conduct unannounced visits to verify that the contractor's employees were consistent with the staffing plan and payroll records.

During site visits, OCI investigators found that Reliable's employees as listed on the staffing plan were not present, and that departmental personnel at the locations did not know any of these employees when shown photographs of the individuals.

Further, OCI found one Reliable employee working at a County facility, even though he was not authorized to work there because he had not passed a criminal background check conducted by ISD. When interviewed by OCI, this employee stated that he was being paid $10 per hour by Reliable (which is below the Living Wage). After review of the employee's paystub, OCI noted that it did not reflect required payroll deductions such as State or federal taxes, Social Security, etc. OCI investigators confiscated the employee's keys to the County building and returned them to ISD.

During the subsequent interviews with three Reliable principals, OCI reported that each made inconsistent statements. Ultimately, the owner of Reliable admitted that Reliable knew that its employee was not authorized to work under the County contract, but was nonetheless assigned full time to work at County facilities. He also admitted that Reliable submitted timecards and payroll records from September 2010 through January 2011, for another individual that was not an employee of the company.

Implementation of Strategic Plan Goals

The recommended contract supports County Strategic Plan Goals Number 1 (Operational Effectiveness) maximize the effectiveness of the County's processes, structure, and operations to support timely delivery of customer oriented and efficient public service.

FISCAL IMPACT/FINANCING

No fiscal impact. The custodial services currently provided by Reliable will be redistributed among other current custodial contractors at the same cost.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

On June 21, 2005, your Board approved a contract for custodial services with Reliable for three years with two one-year extension options. The contract was subsequently extended under the County's Contract Reduction/Contract Extension Initiative in September 2009 after Reliable offered, and the County agreed to accept, a six percent reduction in the annual contract cost in consideration of a two-year contract term extension. The contract now expires on June 20, 2012, and includes an option to extend on a month-to-month basis for up to six months through December 20, 2012.

Due to the severity of contractual violations, ISD recommends that your Board terminate the contract with Reliable pursuant to Section 8.42, Termination for Default, with a finding that the Contractor has materially breached this Contract. The specific contractual provisions that were violated are identified in Attachment II.

In making these recommendations, ISD considered the contractor's lack of integrity in knowingly submitting invalid payroll and timecard documents, knowingly placing an unauthorized individual with an unacceptable background in County facilities to work, and inconsistent statements by one or more

of the principals during the County's investigations, which has resulted in multiple acts that negatively reflect on the contractor's quality, fitness, or capacity to perform a contract with the County.

With the approval of the recommended action by your Board, ISD intends to move forward with a debarment action against this contractor.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

Following approval of the recommended action, ISD will redistribute the facilities that are currently under contract with Reliable among other existing custodial contractors at the same cost. There will be no gap or disruption in services.

Respectfully submitted,

Tom Tindall

TOM TINDALL
Director

TT:YY

Enclosures

c: Chief Executive Officer
County Counsel
Auditor-Controller

RELIABLE BUILDING MAINTENANCE INC.
ATTACHMENT I
~~Contract #75321~~

NO.	FACILITY LOCATION	ADDRESS	CITY
1	Department of Children & Family Services - MacLaren Hall	4024 N. Durfee	El Monte
2	Children & Family Services, "Satellite Medical Hub Clinic"	4024 N. Durfee Ave.	El Monte
3	Com. & Sr, Citizens Services	1441 Santa Anita Ave.	So. El Monte
4	Courts	350 W. Mission Blvd.	Pomona
5	Courts	1427 West Covina Pkwy.	West Covina
6	Department of Public Social Services	2040 W. Holt St.	Pomona
7	Department of Public Social Services	416 Garey Ave.	Pomona
8	Fire Department	5110 No. Peck Rd.	El Monte
9	Office of Public Safety	1000 Durfee Ave.	So. El Monte
10	Public Safety	120 Via Verde Rd.	San Dimas
11	Department of Public Social Services	2255 North Garey Ave.	Pomona
12	Department of Public Social Service	3216 Rosemead	El Monte
13	Department of Mental Health	2620 California Street	Monrovia
14	Department of Public Social Services	337 East Ave. K-10	Lancaster
15	Sheriff Dept.-Lakewood	5130 N. Clark Ave.	Lakewood
16	Sheriff Dept.-San Dimas	270 Walnut Ave.	San Dimas
17	Sheriff Dept.-Palmdale	750 East Ave. Q	Palmdale
18	Treasurer & Tax	16610 Chestnut St.	City of Industry
19	Parks and Recreation and Internal Services Dept.	1703 Mountain Ave.	Monrovia
20	Department of Agriculture, VA, UCCE	335 East Aavenue K-10	Lancaster
21	Sheriff's - Athens Station	1310 W. Imperial Highway	Los Angeles

ATTACHMENT II

CONTRACTUAL VIOLATIONS

5.0 Contract Sum

5.2 The Contractor shall not be entitled to payment or reimbursement for any tasks or services performed, nor for any incidental or administrative expenses whatsoever incurred in or incidental to performance hereunder, except as specified herein. Assumption or takeover of any of the Contractor's duties, responsibilities, or obligations, or performance of same by any entity other than the Contractor, whether through assignment, subcontract, delegation, merger, buyout, or any other mechanism, with or without consideration for any reason whatsoever, shall occur only with the County's express prior written approval.

7.6 Background and Security Investigations

7.6.1 All Contractor staff performing work under this Contract shall undergo and pass, to the satisfaction of County, a background investigation as a condition of beginning and continuing to work under this Contract. County shall use its discretion in determining the method of background clearance to be used, which may include but not be limited to fingerprinting. The fees associated with obtaining the background information shall be at the expense of the Contractor, regardless if the Contractor's staff passes or fails the background clearance investigation. Contractor bears all cost for background checking.

7.3 Custodial Personnel

7.3.3 Contractor is to notify County's Project Manager or District Manager when a Day Porter or day/night shift Supervisor, Principal Custodian, or Custodian, is out on a scheduled or unscheduled absence or has terminated employment. Contractor is to provide the name of the substitute (fill-in) employee. Substitute employee is to have proper County ID badge, unless otherwise approved by County Project Manager. The substitute employee shall be adequately trained, speak, write and understand English, and be equipped with a pager. Contractor may be issued temporary badges to be used in the event Contractor must use workers to perform incidental services. Contractor must comply will all the rules and regulations established by the County's Contact Compliance Section.

7.3.4 Contractor shall furnish and require every employee to wear a company uniform to include shirt with logo (polo shirt with pocket acceptable) and matching pants and a County issued Identification (ID) Badge. The uniforms must be distinguishable from County's custodial personnel apparel. County to approve uniforms upon award of contract. Contractor shall ensure that personnel be trained to render a high degree of courteous and efficient service. Contractor shall control the conduct, demeanor and appearance of all it's officers, agents and employees and representatives. Contractor will insure that all personnel assigned to County facilities.

8.39 SUBCONTRACTING

8.39.1 The requirements of this Contract may not be subcontracted by the Contractor without the advance written approval of the County. Any attempt by the Contractor to subcontract without the prior consent of the County may be deemed a material breach of this Contract. Contact County for process.

8.39.2 If the Contractor desires to subcontract, the Contractor shall provide the following information promptly at the County's request:

- A description of the work to be performed by the subcontractor;
- A draft copy of the proposed subcontract; and
- Other pertinent information and/or certifications requested by the County.

8.39.8 The Contractor shall obtain certificates of insurance, which establish that the subcontractor maintains all the programs of insurance required by the County from each approved subcontractor. The Contractor shall ensure delivery of all such documents to County's Project Manager listed in Exhibit E before any subcontractor employee may perform any work hereunder.

8.39.9 All Subcontractors performing services under this Contract are subject to the provisions of the County's ordinance entitled Living Wage Program as codified in Sections 2.201.010 through 2.201.100 of the Los Angeles County Code, a copy of which is attached as Exhibit J and incorporated by reference into and made a part of this Contract.

8.50 COMPLIANCE WITH COUNTY'S LIVING WAGE PROGRAM

8.50.3 Contractor's Submittal of Certified Monitoring Reports. The Contractor shall submit to the County certified monitoring reports at a frequency instructed by the County. The certified monitoring reports shall list all of the Contractor's Employees who performed under the County contract during the reporting period. The certified monitoring reports shall also verify the number of hours worked on County hours and non-County hours, payroll deductions, overtime, time off, the hourly wage rate paid, and the amount paid by the Contractor for health benefits, if any, for each of its Employees. The certified monitoring reports shall also state the name and identification number of the Contractor's current health care benefits plan, and the Contractor's portion of the premiums paid as well as the portion paid by each Employee. All certified monitoring reports shall be submitted on forms provided by the County (*Exhibit K and Exhibit L*), or other form approved by the County which contains the above information. The County reserves the right to request any additional information it may deem necessary. If the County requests additional information, the Contractor shall promptly provide such information. The Contractor, through one of its officers, shall certify under penalty of perjury that the information contained in each certified monitoring report is true and accurate.

8.6 COMPLIANCE WITH APPLICABLE LAW

8.6.1 The Contractor shall comply with all applicable Federal, State, and local laws, rules, regulations, ordinances, and directives, and all provisions required thereby to be included in this Contract are hereby incorporated herein by reference.

8.6.2 The Contractor shall indemnify and hold harmless the County from and against any and all liability, damages, costs, and expenses, including, but not limited to, defense costs and attorneys' fees, arising from or related to any violation on the part of the Contractor or its employees, agents, or subcontractors of any such laws, rules, regulations, ordinances, or directives.