



## Legislation Text

File #: 2024-0572, Version: 1

### Report to Mayor and City Council

Tuesday, July 02, 2024

Consent

#### SUBJECT:

**CONSIDER APPROVAL OF SEVENTH AMENDMENT TO NATIONWIDE ENVIRONMENTAL SERVICES AUTHORIZING A 3.48% CONSUMER PRICE INDEX COST OF LIVING RATE ADJUSTMENT AND CONTRACT TERMS AND APPROVAL OF RESOLUTION NO. 24-059, "A RESOLUTION OF THE CITY OF CARSON CITY COUNCIL AMENDING THE FISCAL YEAR 2024-25 BUDGET IN THE SPECIAL REVENUE FUND"**

#### I. SUMMARY

On April 3, 2024, Nationwide Environmental Services ("NES") submitted a request for a Consumer Price Index ("CPI") cost-of-living rate adjustment, in the amount of \$3,300.13 per month, which equals 3.48% of the contract sum (Exhibit 1). If approved, this increase will be effective retroactive to July 1, 2024.

The proposed Seventh Amendment to the Agreement would grant the increase request. The requested CPI increase to the annual contract sum will be allocated from the Gas Tax Account. The increase of \$39,601.62 will be included within the FY 2024-25 budget, bringing the contract total to \$1,177,579.32 per annum. (Exhibit 2)

Staff is also proposing that the NES Agreement include a contract end date of June 30, 2025, with an option for the City to elect to extend the term by two (2) additional one-year terms.

#### II. RECOMMENDATION

TAKE the following actions:

1. APPROVE the proposed Seventh Amendment to Contract Services Agreement between Nationwide Environmental Services, Inc., a division of Joe's Sweeping, Inc., and City of Carson, to approve an annual Consumer Price Index rate adjustment of 3.48% for FY 2024-25 in a monthly amount not-to-exceed \$39,601.62, thereby increasing the total annual contract sum under the Agreement to \$1,177,579.32, and establish a contract term end date of June 30, 2025 with two one-year City options to

extend; and

2. AUTHORIZE the Mayor to execute the Seventh Amendment subject to approval as to form by the City Attorney.
3. ADOPT Resolution No. 24-059, "A RESOLUTION OF THE CITY OF CARSON CITY COUNCIL AMENDING THE FISCAL YEAR 2024-25 BUDGET IN THE SPECIAL REVENUE FUND" (Exhibit No. 3).

### **III. ALTERNATIVES**

TAKE any other action that the City Council deems appropriate, consistent with the requirements of the law.

### **IV. BACKGROUND**

The City entered into the Agreement with NES in 2008. The Agreement provided for a term of three years, commencing July 1, 2008. On February 1, 2011, the parties entered into a First Amendment to the Agreement, which, among other things, authorized additional sidewalk sweeping services, extended the term of the Agreement through June 30, 2018, and amended Section 2.3 to the Agreement, allowing annual CPI increases to the compensation payable under the Agreement subject to Council approval. On April 1, 2014, the parties entered into a Second Amendment to the Agreement, which, among other things, further extended the term. Effective July 1, 2019, the parties entered into a Third Amendment to the Agreement, which amended the Agreement as necessary to memorialize and ratify the approval of four previous CPI adjustments, and to approve a further CPI adjustment.

On April 1, 2020, NES submitted a CPI rate adjustment request of 2.96% for FY 2020-21 pursuant to Section 2.3 of the Agreement. Effective July 1, 2020, the parties entered a Fourth Amendment to the Agreement, which amended the Agreement as necessary to memorialize and ratify the approval of the CPI adjustment.

On February 16, 2021, NES submitted a request for a monthly Disposal Rate Adjustment, "DRA" increase of \$4,836.25 with an effective date of April 1, 2021 and an annual cost of living increase per the CPI, in the amount of 1.5%. The request for the DRA was submitted pursuant to Section 2.4 of NES' Agreement, as amended, which authorizes extraordinary adjustments other than those listed in Section 2.3 of the Agreement and granted by the City Council upon request and submission of documentations to substantiate the request by NES. Additionally, NES agreed with the City's request to review both the DRA and CPI increase requests together, including that both rate increases will not take effect until July 1, 2021. Therefore, it would be saving the City money. Effective July 1, 2021, the parties entered a Fifth Amendment to the Agreement, which amended the Agreement as necessary to memorialize and ratify the approval of the CPI adjustment for 1.5%.

Effective July 1, 2022, the parties entered a Sixth Amendment to the Agreement, which amended the Agreement as necessary to memorialize and ratify the approval of the CPI adjustment for 6.6%. The Sixth Amendment authorizes the City Manager to approve the CPI increases (if any) two out of every three years, with City Council approval being required only every third year. This was done to conserve City resources associated with presenting such regular CPI increases to the City Council for its consideration each year. (Exhibit 4)

On April 3, 2023, NES submitted a request for an annual cost of living increase per the CPI, in the amount of 7.45%, and on September 21, 2023, the City Manager approved such request, bringing the annual not to exceed amount to \$1,137,977.70.

### **Seventh Amendment**

On April 3, 2024, NES submitted a request for an annual cost of living increase per the CPI, in the amount of 3.48%, which equals \$39,601.62 of the annual contract sum.

The Section 2.3 Future Adjustments of the Agreement, allows the rates to be adjusted annually based upon changes in the Consumer Price Index (CPI), All Urban Consumers, for Los Angeles-Anaheim Riverside Area, as published by the United States Department of Labor, Bureau of Labor Statistics. Therefore, this section provides that the contract sum may be adjusted annually provided NES submits a request and documentation in support of an annual adjustment; including changes in the CPI that occurred during the preceding calendar year. It also provides that the City Manager or designee shall review the information submitted by NES and will refer the proposed adjustment to the City Council for approval, in its reasonable judgment. (Exhibit 5) NES' request made on April 3, 2024 is timely.

Staff recommends approval of the Seventh Amendment that would provide for the 3.48% CPI increase consistent with the information from the United States Bureau of Labor Statistics (Exhibit 6), **as well as establish a contract end date of June 30, 2025**. While the amendment does include an option for the City to elect to extend services by two (2) additional one-year terms; staff is recommending that future years' services following adopted purchasing policies by advertising the scope of work through a public bidding process rather than additional amendments.

Therefore, the total adjusted street sweeping sum would be an overall annual total of \$1,177,579.32 for FY 2024-25.

## **V. FISCAL IMPACT**

The requested CPI increase to the annual contract sum, would be allocated from the Gas Tax Account (212-80-840-281-6004). The total contract amount for FY 2023/24 was \$1,137,977.70. If the proposed CPI increase of 3.48% is approved, the associated dollar amount total increase is \$39,601.62 and the annual allocation for FY 2024/25 would increase to \$1,177,579.32. This increase will be included in the FY 2024/25 budget for the Agreement. As a result, a budget amendment is necessary to increase the FY 2024/25 Special Revenue Fund budget allocation for the contract by \$39,601.62. Adoption of the

proposed Resolution 24-059 would authorize the necessary budget amendment.

## **VI. EXHIBITS**

1. Nationwide Environmental Services' CPI Rate Adjustment Request, dated April 3, 2024 (pg. 5)
2. Proposed Seventh Amendment to Contract Services Agreement to Provide Street Sweeping Services for the City of Carson, California. (pg.13)
3. Resolution No. 24-059, "A RESOLUTION OF THE CITY OF CARSON CITY COUNCIL AMENDING THE FISCAL YEAR 2024/25 BUDGET IN THE SPECIAL REVENUE FUND." (pgs.14-15)
4. Sixth Amendment to Contract Services Agreement to Provide Street Sweeping Services for the City of Carson, California. (pgs.16-39)
5. Contract Services Agreement to Provide Street Sweeping Services for the City of Carson, California, Section 2.3 (First Amendment). (pg. 40)
6. Consumer Price Index-2024, All Urban Consumers, for the Los Angeles-Long Beach-Anaheim, CA as published by the United States Department of Labor, Bureau of Labor Statistics. (pg. 41)

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