



## Legislation Text

File #: 2022-391, Version: 1

### Report to Mayor and City Council

Tuesday, June 07, 2022

Consent

#### SUBJECT:

**CONSIDER APPROVAL OF SIXTH AMENDMENT TO CONTRACT SERVICES AGREEMENT FOR STREET SWEEPING SERVICES WITH NATIONWIDE ENVIRONMENTAL SERVICES (C-08-001) TO APPROVE 6.6% ANNUAL CONSUMER PRICE INDEX COST OF LIVING RATE ADJUSTMENT AND AMEND SECTION 2.3 TO ALLOW CITY MANAGER TO APPROVE CPI ADJUSTMENTS TWO OUT OF EVERY THREE YEARS (CITY COUNCIL).**

#### I. SUMMARY

On April 6, 2022, Nationwide Environmental Services ("NES") submitted a request for an annual cost of living increase per the Consumer Price Index ("CPI"), in the amount of \$5,464.28 per month, which equals 6.6% of the contract sum. If approved, this increase will be effective July 1, 2022 as the City and NES agree that the rate increase will not take effect until then. (Exhibit No. 1)

The request for the CPI increase was submitted pursuant to Section 2.3 of NES' Agreement. As amended, the Agreement authorizes annual CPI adjustments to be granted by the City Council upon request along with the submission of supporting documents by NES.

The proposed Sixth 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 annual increase of \$65,571.34 will be included within the FY 2022-23 budget, bringing the annual contract total to \$1,059,076.51 from \$993,505.17. (Exhibit No. 2)

Additionally, through the Sixth Amendment, City and Contractor intend to amend Section 2.3 of the Agreement to provide that the City Manager shall have authority to approve the CPI increases granted pursuant to Section 2.3 of the Agreement two out of every three years, with City Council approval being required only every third year.

## **II. RECOMMENDATION**

1. APPROVE the proposed Sixth Amendment to the Contract Services Agreement with Nationwide Environmental Services, Inc., a division of Joe's Sweeping, Inc., to Provide Street Sweeping Services for the City of Carson, California, to approve an annual Consumer Price Index rate adjustment of \$5,464.28 per month for FY 2022-23 in an amount not-to-exceed \$65,571.34 for the year, thereby increasing the total annual contract sum under the Agreement to \$1,059,076.51; and
2. AUTHORIZE the Mayor to execute the Sixth Amendment following approval as to form by the City Attorney.

## **III. ALTERNATIVES**

1. 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 July 1, 2021, the parties entered into a Fifth Amendment to the Agreement increasing the annual Contract Sum to \$993,505.16. This increase was the result of NES' submittal of a request for a monthly Disposal Rate Adjustment ("DRA") increase of \$4,836.25 to be effective April 1, 2021 and an annual cost of living increase per the CPI, in the amount of \$1,152.06 per month, equaling 1.5% of the contract sum, which when combined increased the total amount of the contract sum by \$5,988.31 per month. The DRA and CPI increases

were made pursuant to Sections 2.4 and 2.3, respectively, of the Agreement.

*Requested CPI Rate Adjustment Increase*

On April 6, 2022, NES submitted a request for an annual cost of living increase per the CPI, in the amount of 6.6%, which equals \$5,464.28 of the contract sum per month and \$65,571.34 annually. If approved, this increase will bring the adjusted annual not to exceed amount from \$993,505.17 to \$1,059,076.50.

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 No. 3) NES' request made on April 6, 2022 is timely.

Staff recommends the approval of the CPI increase in light of the information from the United States Bureau of Labor Statistics, which prescribes the CPI Increase of 6.6%. (Exhibit No. 4)

*Amendment to CPI Rate Adjustment Increase*

Additionally, through the Sixth Amendment, City and Contractor intend to amend Section 2.3 of the Agreement to provide that the City Manager shall have authority to approve the CPI increases granted pursuant to Section 2.3 of the Agreement two out of every three years, with City Council approval being required only every third year (starting with the City Council approval granted pursuant to the Sixth Amendment effective July 1, 2022), rather than requiring City Council approval for the CPI increase granted each year as is currently the case, in order to conserve City resources associated with presenting these regular CPI increases to the City Council for its consideration each year.

## **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 2021-22 was \$993,505.17. If the proposed CPI increase of 6.6% is approved, the associated dollar amount total increase is \$65,571.34 and the annual allocation for FY 2022-23 would increase to \$1,059,076.51. This increase will be included in the FY 2022-23 Special Revenue Fund 212 budget for the Agreement.

## **VI. EXHIBITS**

1. Nationwide Environmental Services' CPI Rate Adjustment Request, dated April 6, 2022 (pg. 5)
2. Proposed Sixth Amendment to Contract Services Agreement to Provide Street Sweeping Services for the City of Carson, California. (pgs. 6-12)
3. Section 2.3 of Contract Services Agreement to Provide Street Sweeping Services for the City of Carson, California. (pg. 13)
4. Consumer Price Index-2022, 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. 14)

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