



CITY OF SANTA BARBARA

COUNCIL AGENDA REPORT

AGENDA DATE: March 25, 2014

TO: Mayor and Councilmembers

FROM: Business Division, Waterfront Department

SUBJECT: Purchase Order Increase For UCP/Work, Incorporated

RECOMMENDATION:

That Council authorize the General Services Manager to increase the purchase order to UCP/Work, Incorporated, for janitorial services at the Waterfront Department for Fiscal Year 2015 by \$31,590 for a new not-to-exceed total of \$274,590.

BACKGROUND:

On April 9, 2013, the City Council waived the formal bid procedure as authorized by Municipal Code Section 4.52.070 (l) which authorizes City Council to waive the formal bid procedure and approve the purchase of goods or services without following formal bid procedures, "where in the opinion of the Council, compliance with procedure is not in the best interest of the City." As a result of that waiver, Council authorized the General Services Manager to issue a purchase order to UCP / Work, Incorporated for janitorial services at the Waterfront Department for Fiscal Year 2014 in an amount not to exceed \$238,500 and for Fiscal Year 2015 in an amount not to exceed \$243,000.

UCP/Work, Incorporated (Work, Inc.) has provided janitorial services to the Waterfront since 1992. Work, Inc. is a non-profit organization providing vocational rehabilitation services to individuals with mental, developmental, and physical disabilities. These individuals are referred through the Department of Rehabilitation, Tri-Counties Regional Center, and Mental Health Services.

Work, Inc. provides a clean and safe environment for public enjoyment of the Harbor. The company is responsible for cleaning 20 restrooms, the commercial area of the Harbor, and collecting trash in the marinas. Work, Inc. supervisors oversee their employees seven days a week, including holidays. Work, Inc. employees are dependable, courteous and take their work seriously.

DISCUSSION:

On September 25, 2013, Governor Brown signed Assembly Bill 10 which will raise the minimum wage. The wage hike will go into effect in two phases: The current minimum of

\$8 an hour will be increased to \$9 on July 1, 2014, and then to \$10 on January 1, 2016. This minimum wage increase will directly impact Work, Inc and was the subject of a letter dated January 21, 2014 from Work, Inc. Executive Director Kathy Webb (See Attachment). Unlike retail businesses who adjust their pricing to meet the wage increase, state-funded not-for-profit organizations like Work, Inc. must meet the mandated increase while receiving the same State reimbursement rates that have been frozen for the past nine years.

The increase in minimum wage will directly impact the Fiscal Year 2015 purchase order the Waterfront Department currently has with Work, Inc. The purchase order amount of \$243,000 will need to be increased by a maximum of \$31,590 to accommodate the State-mandated increase. However, this not-to-exceed amount may be reduced due to possible rate relief to State-funded organizations proposed by Governor Brown in next year's budget. If State relief is realized, the Waterfront Department would only be required to pay the difference between the minimum wage increase and the subsidy provided to Work Inc by the State of California.

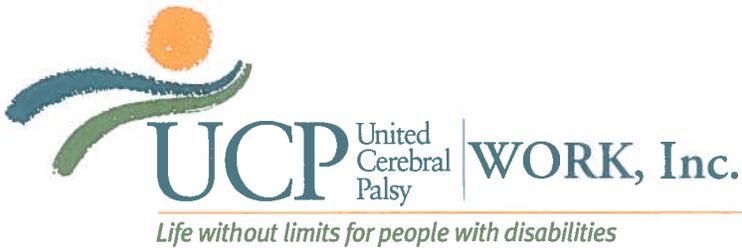
The minimum wage increase scheduled for January 1, 2016 and its impact on Work Inc wages will be analyzed as part of the budget process for Fiscal Years 2016 and 2017.

ATTACHMENT: Letter dated January 21, 2014 from Kathy Webb, Executive Director of UCP/Work, Incorporated

PREPARED BY: Brian J. Bosse, Waterfront Business Manager

SUBMITTED BY: Scott Riedman, Waterfront Director

APPROVED BY: City Administrator's Office



January 21, 2014

Mr. Brian J. Bosse
Waterfront Business Manager
City of Santa Barbara, Waterfront Department
P. O. Box 1990
Santa Barbara, CA 93102

Re: Waterfront Department Janitorial Services Contract

Dear Brian,

This has been an important year for the UCP WORK, Inc. Harbor Crew and the City of Santa Barbara Waterfront Department, as we celebrated 21 years of partnership in maintaining our beautiful harbor. It was humbling to honor the entire Harbor Maintenance Department, who has been wholly invested in the success of this unique collaboration; remaining committed to supporting employment for all.

As you know, Governor Brown passed legislation this year, to increase minimum wage to \$9.00 per hour, and then to \$10.00 in 2016. Although philosophically, this is a change in the right direction, the impact on UCP WORK, Inc. will be devastating. Unlike retail businesses, who adjust their pricing to meet increased costs, State-funded non-profits are required to meet the mandate, while continuing to work with reimbursement rates that have been frozen for 9 years. The increased minimum wage will represent a 13% increase in labor costs (specific to the Harbor Crew) for 2014, with an additional 12% increase in 2016 (25% altogether).

Although this news is bleak, there may be a silver lining. In the Governor's budget proposal, he outlined some rate relief to State-funded organizations, however we remain unclear what this truly means and how it will impact our programs. Given the uncertainty of our funding and the new mandate, it is vitally important that we keep you in the loop; and we feel it would be beneficial to begin a conversation about our contract, and discuss whether there may be flexibility on the part of the City in consideration of a rate increase to ensure the sustainability of this important program/service. We would very much appreciate a meeting with all of you to brainstorm solutions and delve into this dilemma a bit further.

Again, we can't thank you enough for supporting UCP WORK, Inc. We are extremely grateful to be working with all of you, and we would sincerely appreciate your advice and feedback on this matter. It is our hope that together, we may arrive at a solution that will provide us the stability to continue to provide this important service for (at least) another 21 years.

Sincerely,


Kathy Webb
Executive Director

Cc: Karl Treiberg, Waterfront Facilities Manager
Scott Riedman, Harbor Master
Judd Conley, Waterfront Maintenance Superintendent