

**Council Meeting: March 5, 2013**

**SUBJECT: Reject Proposals Received in Response to Request for Proposals No. F13-07 for Janitorial Services and Authorize City Manager to Extend Contract with Existing Service Provider**

**BACKGROUND**

Approval is requested to reject eight proposals received in response to Request for Proposals No. F13-07 for citywide janitorial services. Approval is also requested for delegated authority to the City Manager to extend the contract with the existing service provider, Sunnyvale Building Maintenance, for an additional three years with an option to extend up to two additional years if pricing and service remain acceptable.

**DISCUSSION**

The City has contracted with Sunnyvale Building Maintenance for janitorial services since 2007, with the contract awarded as the result of a Request for Proposals (RFP) process. Consistent with best procurement practice, these types of contracts are competitively bid every 5-7 years to ensure that the City is obtaining the best value for services rendered. As such, an RFP was issued in November 2012. The contract with Sunnyvale Building Maintenance was scheduled to expire in January 2013, and was subsequently extended by Council through March 2013 to allow sufficient time to complete the RFP process (RTC No. 13-007).

A total of eight proposals were received in response to the RFP, with annual cost ranging from \$310,543 to \$472,071, and five-year pricing ranging from approximately \$1.6 million to \$2.4 million (the City typically requests multi-year pricing for RFPs). This pricing is based on task and frequency requirements for City facilities and does not include day porter services, which are utilized on an as-needed basis throughout the year. By comparison, the City's current contract with Sunnyvale Building Maintenance is \$329,356, which consists of \$317,289 in fixed costs and \$12,067 in day porter services; five-year expenses total approximately \$1.5 million.

Following the review of the written proposals, four firms were invited to interview with the evaluation team, *not* including the incumbent provider. The fact that Sunnyvale Building Maintenance was not invited to interview is not a reflection on their service provision, which is and has been acceptable. Rather, their RFP response was lacking in a level of detail as compared to other firms

that received higher ratings. This made it difficult for the evaluation team to objectively rate the merits of their proposal in accordance with the established criteria of proposal responsiveness; qualifications and experience; quality assurance, employee relations and safety programs; and pricing.

Of the four firms interviewed, none were highly recommended by the evaluation team, and all four proposed costs that were significantly higher than the incumbent provider's proposal (between \$306,000 and \$675,000 higher on a five-year basis). Consistent with City practice, the highest ranking proposer was engaged in price discussions, which failed to produce pricing reductions and therefore would require a Budget Modification to fund on an ongoing basis, or result in a degradation of existing service level, i.e., cleaning frequency. Further, it is not likely that awarding a contract to any of the higher ranking proposers, and paying significantly more for the service than what is currently paid to the incumbent provider, would produce greater overall value to the City.

City Council approval is required to reject bids received in response to formal competitive bid or proposal solicitations, per Sunnyvale Municipal Code Section 2.08.140(b). Should the eight proposals be rejected and authority delegated to the City Manager as recommended, the existing contract with Sunnyvale Building Maintenance will be extended for a three-year period, subsequent to finalizing contract terms. If pricing and service remain acceptable, the contract may be extended up to two additional years, at the City Manager's discretion.

**FISCAL IMPACT**

No fiscal impact results from the recommended actions. It is anticipated that a resultant contract will not exceed budgeted amounts.

**PUBLIC CONTACT**

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall, at the Sunnyvale Senior Center, Community Center and Department of Public Safety; and by making the agenda and report available at the Sunnyvale Public Library, the Office of the City Clerk and on the City's Web site.

**RECOMMENDATION**

It is recommended that Council:

1. Reject the eight proposals received in response to RFP No. F13-07 for citywide janitorial services; and
2. Delegate authority to the City Manager to extend the existing contract with Sunnyvale Building Maintenance for an additional three-year period, with option to extend for up to two additional years if pricing and service remain acceptable.

Reviewed by:

Grace K. Leung, Director of Finance  
Prepared by: Pete Gonda, Purchasing Officer

Reviewed by:

Kent Steffens, Director, Public Works

Approved by:

Gary M. Luebbers  
City Manager