



Legislation Text

File #: 23-0026, **Version:** 1

DISCUSSION AND POSSIBLE ACTION TO APPROVE THE THIRD AMENDMENT TO THE CONTRACTUAL SERVICES AGREEMENT FOR SCHOOL CROSSING GUARD SERVICES WITH KEMP GROUP INTERNATIONAL CORPORATION., INCREASING THE ANNUAL COST BY \$106,734.60, WHICH IS AN INCREASE OF APPROXIMATELY 14.59%, FOR A TOTAL ANNUAL AMOUNT NOT TO EXCEED \$838,156.20.

SUMMARY EXPLANATION AND BACKGROUND:

1. On October 7, 2020, the City Commission authorized the advertisement of award IFB # PD-20-03 "School Crossing Guards", which was advertised on October 13, 2020.
2. The purpose of this solicitation was to establish a multi-year contract for the provision of School Crossing Guard Services on an as needed basis.
3. On November 10, 2020, the City opened three (3) proposals from the following vendors:

Vendor Name	Crossing Guard Cost/Hr.	Crossing Guard Supervisor Cost/Hr.
Kemp Group International Corporation	\$ 13.86	\$ 13.86
Everything Parking Inc. DBA Park Inc.	\$ 21.96	\$ 21.96
Safeway Services Group Inc.	\$ 22.50	\$ 25.00
4. The Police Department reviewed the bids and deemed Kemp Group International Corporation to be the most responsive/responsible bidder.
5. In addition, Kemp Group International Corporation also completed the Equal Benefits Certification Form and has stated that the Contractor currently complies with the requirements of this section.
6. As a result, on February 17, 2021, the City Commission approved the award of IFB # PD-20-03 "School Crossing Guards" to the most responsive/responsible bidder, "Kemp Group International Corporation" in the amount not to exceed \$573,388.30, for an initial three (3) year period, commencing March 1, 2021 and expiring June 30, 2024.
7. Section 1.3.15 of the Original Agreement stipulates that if there is any changes in the State of Florida or Federal minimum wage rates, increments can be asked for.
8. On November 3, 2020, Florida voters approved Florida Amendment 2, which amended Florida's constitution to gradually increase the state's minimum wage from \$8.56 an hour to \$15 an hour by the year 2026, according to the following schedule:

Effective Date	Minimum Wage	Increase \$	Increase %
Jan. 01, 2021	\$ 8.65	\$0.09	1.05%

Sep. 30, 2021	\$10.00	\$1.35	15.61%
Sep. 30, 2022	\$11.00	\$1.00	10.00%
Sep. 30, 2023	\$12.00	\$1.00	9.09%
Sep. 30, 2024	\$13.00	\$1.00	8.33%
Sep. 30, 2025	\$14.00	\$1.00	7.69%
Sep. 30, 2026	\$15.00	\$1.00	7.14%

9. As a result of Florida Amendment 2, which went into effect on September 30, 2021, there was a minimum wage increase of 15.6%, from \$8.65 per hour to \$10 per hour.

10. Consequently, Kemp Group International Corporation requested the City to increase the contract billable hour rate from \$13.86 to \$15.21, for a total increase of 9.74%.

11. On August 4, 2021, the City Commission approved the First Amendment to the Agreement with Kemp Group International Corporation, for the requested increase, in an annual amount not to exceed \$629,237.70.

12. The City received a letter, dated August 9, 2022, from Kemp Group International Corporation requesting an increase to the contract billable rate from \$15.21 to \$17.68 per hour, for an increase of 16.24%.

13. The minimum wage increase for September 30, 2022 is a 10% increase from \$10 to \$11. However, Kemp Group International Corporation has stated that effective August 2022, they are paying all of their Crossing Guards \$15 per hour.

14. On August 17, 2022, the City Commission approved the Second Amendment to the Contractual Services Agreement between the City of Pembroke Pines and Kemp Group International Corporation, for an annual amount not to exceed \$731,421.60.

15. Subsequently, the City received a letter dated December 22, 2022, from Kemp Group International Corporation, requesting an additional increase to the contract billable rate from \$17.68 to \$20.26 per hour, for an increase of 14.59%. The letter stated that "if the City can't approve this, please consider this letter as our withdrawal notice effective January 9, 2023. Please know that our crossing guards will no longer be at their post, effective this date."

16. Accordingly, Administration discussed the letter with Joseph Faluade from Kemp Group International Corporation and explained the timing of the letter, the City Manager's approval authority and the City Commission's meeting date, and the vendor agreed that they would continue to perform services until the item could be brought forward to the City Commission for approval of the increase. In addition, Kemp Group International Corporation explained that while they are paying their employees \$15 per hour, various other inflationary factors are causing them to request the increase, including; taxes, workers compensation insurance, general liability, auto insurance and all the equipment costs that have increased. Kemp Group International Corporation also stated that if the City approved this increase, when the minimum wage increases again in September 2023, they will not come back for an additional increase.

17. After the City sent the draft third amendment to Kemp Group International Corporation, Joseph Faluade from Kemp Group International Corporation clarified that they are requesting for the new

contract billable rate of \$20.26 per hour to be effective retroactively to August 1, 2022.

18. The proposed hourly billable rate will still be lower than the bids placed by the other two vendors from IFB # PD-20-03 "School Crossing Guards," back in 2020.

19. Request City Commission to discuss approving and provide possible action regarding the Third Amendment to the Contractual Services Agreement between the City of Pembroke Pines and Kemp Group International Corporation, for an annual amount not to exceed \$838,156.20.

FINANCIAL IMPACT DETAIL:

a) Initial Cost: The increase for the annual amount is \$106,734.60, bringing the annual amount up to an amount not to exceed \$838,156.20.

b) Amount budgeted for this item in Account No: Funds were not budgeted for this increase.

c) Source of funding for difference, if not fully budgeted: Upon Commission's approval, a budget adjustment will be made to move \$106,735 to account # 001-521-3001-534990-0000-000-0000 (Other Svc); \$99,150 from account # 001-521-3001-512436-0000-000-0000 (Police Officer - Tier 3), and \$7,585 from account # 001-521-3001-521000-0000-000-0000 (Social Security - Matching).

d) 5 year projection of the operational cost of the project: The contract ends on June 30, 2024, and the annual contract amount is \$838,156.20.

e) Detail of additional staff requirements: Not Applicable.

FEASIBILITY REVIEW:

A feasibility review is required for the award, renewal and/or expiration of all function sourcing contracts. This analysis is to determine the financial effectiveness of function sourcing services.

a) Was a Feasibility Review/Cost Analysis of Out-Sourcing vs. In-House Labor Conducted for this service? Yes, please see attached feasibility analysis.

b) If Yes, what is the total cost or total savings of utilizing Out-Sourcing vs. In-House Labor for this service? Based on the attached analysis, we anticipate a savings of approximately \$268,519 for the initial year by out-sourcing these services in-lieu of utilizing in-house labor.