

Executive Summary

Board of Governors Meeting, March 23, 2022

Janitorial Services

Topic

This Action Items seeks Board approval to contract for janitorial services which support the daily and any specialized cleaning services at Citizens Jacksonville and Tallahassee leased office spaces. This replacement of the expiring contract will allow for flexibility and innovation to decrease costs, in harmonization with the more recent distributive work force environment.

History

Citizens has an existing janitorial contract that was originally procured in July 2016 that expires, with no renewals available, on June 30, 2022. These janitorial services include evening services, day porter services and when required specialized cleaning and extended services resulting from the activation of CAT operations or other emergencies. Vendor will be responsible for providing all cleaning supplies, equipment, and trained personnel to carry out and meet contract specifications and requirements.

On November 15, 2021, ITN 212-0019 was posted seeking Vendor responses for the continuing janitorial needs for Citizens. In total, nine (9) Vendors submitted responses which were evaluated by an Evaluation team. On January 20, 2022, the Evaluation team met in a public meeting and determined that the top four (4) responses were in the competitive range reasonably susceptible for award. These included the incumbent ABM Industries Group, ACP Facility Services, United States Service Industries, Inc., and City-Wide Facilities Solutions. Multiple negotiation sessions were held with each of these Vendors to explore how each one could best meet the needs of Citizens both in Jacksonville and Tallahassee. Also, numerous strategy sessions and requests for more information and pricing reductions were sought. The two most competitive pricing models also included the two vendors which the Negotiation team focused upon as offering the best overall value to Citizens based upon their experience and design of the model. These two Vendors included the incumbent ABM Industries Group, as offering the best overall value, and secondly, ACP Facility Services. Although both were very competitive, at the public meeting on March 7, 2022, the Negotiation team determined that the best overall value for Citizens was offered by ABM Industries Group.

This solicitation included the same extensive scope of work as before; however, a new approach to maintain a healthy and clean work environment that incorporates the flexibility and creativity that can reduce expenses in accordance with the distributive workforce environment. One specific element is pricing, which moves Citizens to an hourly rate and cost-plus model for actual needs, versus a traditional monthly cost per square foot model. This will help to ensure we are paying only for the specific services and consumable items needed each day. This model better supports the current industry trend in managing janitorial services in a hybrid workplace. The total contract amount for approval includes the initial three (3) year term and three (3) one-year renewal options. The estimated spend is based on Citizens continuing to work as a distributive workforce while implementing a hybrid workspace model to maximize office space use. By using a labor and consumable cost-plus model, Citizens will have a more flexible contract that focuses on paying for the exact services needed, when needed.

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Recommendation

Citizens' Staff proposes that the Board of Governors:

- a) Authorize the Action Item and subsequent contract with ABM Industries Group, LLC for an initial term of three (3) years, and for three (3) one-year renewal options, for a total estimated \$1,500,000, as set forth in this Action Item; and
- b) Authorize staff to take any appropriate or necessary action consistent with this Action Item.

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ACTION ITEM

New Contract

Contract Amendment

Other _____

CONSENT ITEM

Contract Amendment

Existing Contract Extension

Existing Contract Additional Spend

Previous Board Approval _____

Other _____

Action Items: Items requiring detailed explanation to the Board. When a requested action item is a day-to-day operational item or unimously passed through committee it may be moved forward to the board on the Consent Index.

Move forward as Consent: This Action item is a day-to-day operational item, unimously passed through committee or qualifies to be moved forward on the Consent Index.

Consent Items: Items not requiring detailed explanation to the Board of Governors. Consent items are contract extensions, amendments or additional spending authorities for items previously approved by the Board.

Purpose/Scope

This procurement is to replace the existing janitorial services contract with ABM Industries Group, that expires June 30, 2022, for providing daily janitorial services for the Jacksonville and Tallahassee office space.

This solicitation for a replacement contract included the same extensive scope of work as the previous solicitation, however, a new approach was sought to maintain a healthy and clean work environment that incorporates the flexibility and creativity that can reduce expenses in accordance with the distributive workforce environment. One specific element is pricing, which moves Citizens to an hourly rate and cost-plus model for actual needs, versus a traditional monthly cost per square foot model. This will help to ensure we are paying only for the specific services and consumable items needed each day.

This model also better supports the current industry trend in managing janitorial services in a hybrid workplace. The total contract amount for approval includes the initial three (3) year term and three (3) one-year renewal options. The estimated spend is based on Citizens continuing to work as a distributive workforce while implementing a hybrid workspace model to maximize office space use. By using a labor and consumable cost-plus model, Citizens will have a more flexible contract that focuses on paying for the exact services needed, when needed.

The current contract represents a billing model based on total square footage of the space. The recommended model for this new contract, which is an hourly rate charge plus actual consumables, allows for more flexibility and is projected to reduce cost over time. This model aligns more with the current trend in how janitorial companies are adjusting and flexing with today's hybrid workplace where the in-office personnel numbers are constantly changing.

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Contract ID	Janitorial Services ABM Industries Group, LLC
Budgeted Item	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No This operational expense is a standard budgeted item.
Procurement Method	<p>On November 15, 2021, Citizens issued ITN 21-0019 Janitorial Services which resulted in nine (9) responsive bidders to the solicitation. On January 20, 2022, four (4) vendors were determined by the Evaluation Team as in the competitive range reasonably susceptible for award and moved to negotiations.</p> <p>After multiple negotiation sessions with each of the four (4) vendors, on March 7, 2022, the Negotiation team's recommendation was made announcing the Intent to Award the contract(s) to the following vendor(s) as offering the best overall value to Citizens:</p> <ul style="list-style-type: none"> - Jacksonville: ABM Industrial Group, LLC. - Tallahassee: ABM Industrial Group, LLC.
Contract Amount	<p>\$1,500,000 estimated for initial three (3) year term and three (3) one-year renewal terms. Prior to renewal at year four, labor rates will be revisited to ensure costs align with the market.</p> <p>Tallahassee - \$ 402,200 Jacksonville - \$1,097,800</p> <p>In anticipation of the hybrid work environment, and the new pricing model, this represents approximately 60% of the ceiling cost proposed by the vendor if the office space was fully occupied. The rationale behind the reduced spend authority requested is to align with a more reasonable and expected service to support our distributed workforce and hybrid work model under development. Should the work environment substantially change impacting this service or the projections, the business unit will reach out for additional board approvals. However, reduced expenses are projected using this methodology, as compared to the current contract.</p>
Contract Terms	The initial contract is a three (3) year base term, estimated to begin July 1, 2022, and ending June 30, 2025, with three (3) one-year renewal options, which may be exercised upon mutual agreement of the parties.

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<p>Item Qualifies for Consent Index</p>	<p>This Action Item is a day-to-day operational item and has not been the subject of review and passage through a committee. Therefore, it is initially placed as an Action Item.</p>
<p>Board Recommendation (DOES NOT go through Committee)</p>	<p>Citizens' Staff proposes that the Board of Governors:</p> <ul style="list-style-type: none"> a) Authorize the janitorial services contract with ABM Industrial Group, LLC, for an initial term of three (3) years, and three (3) one-year renewal options, for a total of six (6) years in the amount not to exceed \$1,500,000, as set forth in this Action Item; and b) Authorize staff to take any appropriate or necessary action consistent with this Action Item.
<p>CONTACTS</p>	<p>Violet Bloom, Chief Human Resources Officer Cherri Linn, Director of Facilities Management and Real Estate</p>