



# ***CITY COUNCIL AGENDA REPORT***

---

MEETING DATE: May 15, 2012

ITEM NUMBER:

SUBJECT: MANAGEMENT AND ADMINISTRATION OF JAIL SERVICES

DATE: MAY 1, 2012

FROM: OFFICE OF THE CHIEF EXECUTIVE OFFICER

PRESENTATION BY: THOMAS R. HATCH, CHIEF EXECUTIVE OFFICER  
TOM GAZSI, CHIEF OF POLICE  
KIMBERLY HALL BARLOW, SPECIAL COUNSEL

FOR FURTHER INFORMATION CONTACT: THOMAS R. HATCH, 714-754-5328

## **RECOMMENDATION:**

It is recommended that the City Council:

1. Approve the attached contract (Attachment 1) for the management and administration of Jail Services with G4S Secure Solutions, pending the resolution of the City's outsourcing constraints;
2. Authorize the CEO to execute the attached contract only after the resolution of the City's outsourcing constraints; and
3. Once contract is executed, authorize the CEO to administratively implement a transition plan for impacted employees.

## **BACKGROUND:**

In accordance with Council Policy 100-6, a Jail Services Contracting Committee was formed to evaluate the potential for contracting of on-going City services. On August 23, 2011, the Committee met to discuss the duties and responsibilities of the Jail Services program and to determine "available alternatives for service delivery." Based on detailed review of all alternatives, it was concluded that the most viable alternatives are to retain the existing service level but at a lower cost through reorganization or contracting with either a public entity or a private company for services. In order to evaluate the privatizing option, the Police Department prepared a draft Request for Proposals (RFP), which was reviewed and finalized by the Contracting Committee.

At the regular City Council meeting on September 20, 2011, the various alternatives for Jail Services were presented to the City Council with the staff recommendation for releasing the RFP to all interested parties. Attachment 1 of this report also includes the RFP and Attachment 2 includes all other related material organized into one comprehensive document. The City Council directed staff to release the RFP based on staff and community input.

The RFP was released with the following schedule:

- Release of RFP September 21, 2011
- Deadline for Written Questions October 6, 2011
- Responses to Questions Posted on Web October 13, 2011
- Proposals Due October 28, 2011

### ANALYSIS:

In response to the City's RFP, proposals were received from two vendors and one local government. The names of the entities that submitted a proposal are listed below:

- G4S Secure Solutions;
- The GEO Group; and
- The City of Newport Beach

The proposals were independently reviewed by an Evaluation Committee consisting of City staff as well as an outside agency staff member. The proposals were reviewed using the following weighted criteria:

- Qualifications of the entity and key personnel at 25%;
- Approach to providing the requested services at 10%;
- Price proposal at 50%; and
- Innovative and/or creative approaches at 15%.

The proposal submitted by the City of Newport Beach was not a formal proposal per the RFP specifications but a conceptual proposal that was seeking to offer a neighboring jurisdiction an alternative approach for service delivery. For purposes of this report, the Newport Beach proposal is not in consideration at this time but is a welcomed opportunity for exploration at a later date.

A four member Evaluation Committee met on December 20, 2011 to review the two responsive proposals. References were checked to verify the quality of services provided to agencies serviced by the respective vendors. Based on review of each Committee member ranking as well as references and financial information, the two vendors were selected for further consideration and interview process. (See proposal evaluation scoring in Attachment 2).

Interviews were held on January 9, 2012. The purpose of the interviews was for the vendors to provide clarification on their proposals and how they would serve the City of Costa Mesa. A list of questions that was addressed by the vendors during the interview is included in Attachment 2. Following the completion of the interview process, the Evaluation Committee reviewed the rankings of the two vendors and determined that G4S Secure Solutions (G4S) was the vendor that met all of the qualifications and would provide the highest quality jail services to the City of Costa Mesa.

### Background on G4S:

G4S is a large international company founded in 1901 with \$2.5 billion in revenue in North America and 45,000 employees. They have 57 years of expertise in providing security for local government and custody services since 1992. They provide service to many public agencies and specifically provide local jail services to the cities of Irvine, La Habra, Azusa, Beverly Hills and Whittier. They also provide prisoner transportation services to the Department of Homeland Security – U.S. Border Patrol. The comments from proposal and interview raters demonstrate a high quality of knowledge, training, and professionalism from G4S. G4S clearly understood the expectations and requirements in the RFP and outlined significant details as to how they would meet and, in many cases, exceed the requirements. G4S operates a local regional office out of the City of Anaheim.

To summarize, G4S provides the following:

- Extensive experience in this field;
- Solid history of quality recruitment with a large company and future employment opportunities for good employees;
- Large pool of trained personnel that can support neighboring jail services if needed with nearby leadership and supervision in Anaheim;
- Comprehensive training program that exceeds state standards;
- A long-standing relationship with the Immigration Custom Enforcement (ICE) program by directly providing ICE with contracted custody and transportation officers;
- A detailed transition plan and significant experience in handling contingencies that may arise that will ensure the best possible transition (please see pages 6 to 12 of their proposal to review significant detail);
- City input on hiring of candidates to be assigned to Costa Mesa Jail and City input on determining the fit of existing G4S personnel in our Jail;
- Ability to expand staff if City has an influx of detainees to our Jail;
- Quality staffing and retention approach (detailed in pages 14 to 16 of proposal); and,
- Salary rates that align with local labor market conditions with good employee benefit and incentive programs (detailed in pages 26 to 30 of proposal).

### Review of Proposed Services:

The City's Type 1 Jail Facility is staffed by eleven (11) full-time Custody Officers and one full-time Sergeant. These twelve positions provide services 24 hours a day, 365 days a year. Included in these services is the necessary work of a court liaison officer. When fully staffed, the City's service was at a high level, and there were no significant issues with the quality of service. Currently, seven (7) of the 11 Custody Officer positions and the Sergeant position are filled.

In the RFP, the vendors were provided with all the requirements for operations of the jail including staffing requirements. G4S meets or exceeds all of these requirements.

The City's FY 2011-2012 budget for jail staffing is \$1,346,789 and the proposed staffing costs for G4S is \$743,329. The difference is a potential savings of \$603,460 per year for the City. A more detailed financial review is included below.

This risk can be reduced by ensuring thorough communication and effective contract management. The contract would provide for liability coverage in the amount of \$10,000,000. The significant savings of \$603,460 annually comes from G4S paying lower hourly wages and reduced benefits compared to City personnel. G4S entry level pay rate for Custody Officers is \$16.50 per hour, Lead Custody Officers is \$18.50 per hour and the on-site Jail Post Commander is \$25.00 per hour. For the City, entry pay rates for Custody Officers are \$26.42 and \$41.63 for Police Sergeant. G4S provides a commitment of 440 hours of service per week and fills vacancies in their staffing with their flex force staff to ensure all shifts are covered.

The potential challenge will be a greater amount of employee turn-over for this service area. G4S would be responsible for ensuring a professional and smooth operation of the City's Jail. G4S employees will be given opportunities to develop their law enforcement skills and be able to compete for future openings in the Police Department.

The City will realize additional savings by G4S providing a layer of liability protection in a potentially high liability service area. G4S will also reduce the City's costs related to worker's compensation insurance and liability because staff will no longer be City employees. Finally, the long-term pension costs are reduced by implementing a contract with G4S. Included in Attachment 2 are positive reference letters relative to the services provided by G4S. The Police Chief has also contacted several jurisdictions that utilize G4S and has received positive remarks about the quality of their services.

#### **Jail Facility Equipment, Innovation Using Technology:**

As G4S is an international leader in custody and security services, their company offers several approaches that can provide better service delivery. On page 13 of their proposal, several technology related solutions are outlined and the potential benefit to the City.

The City will also benefit from G4S's significant understanding of the latest in custody techniques and training due to their need to train thousands of employees annually. Many of the technology systems outlined on page 13 will need further review and discussion about how they can enhance the administration and operations of our Jail. It is planned that the City will immediately implement three new systems:

1. Risk 360 Incident Management System. This provides documentation and accountability of jail operations and events. This is web or smart phone based. This will require an annual fee of \$5,976. Staff will immediately review the benefits to make a final determination before authorizing this additional cost.
2. Automated HR systems and billing, a client based attendance and billing system. As well, an on-line time and attendance system for staff.
3. Automated tracking system that records cell check date and time using a smart device.

**Staff Transition Plan:**

As requested by the City Council for all RFP's, G4S provided a section in their proposal dedicated to the hiring and retention of current City employees into their private service model (see page 10). For now, the plan will be to do whatever is reasonable and possible to help employees transition either by holding positions with G4S, through utilizing an attrition model or retraining City personnel to work in other areas of the City organization.

Currently, the City has five (5) vacancies of the eleven (11) authorized Custody Officer positions. The interest of the City is to transition to G4S contract services with a phased-in approach. Because the City cannot immediately transition to G4S due to legal constraints, staff will use this time to continue to develop a plan that phases a change from City personnel to G4S personnel.

While a fully dedicated Police Sergeant position is currently supervising the Jail operations, the scope of services in the RFP included the full administration and management of the Jail operations. Part of this transition would be to retain the Police Sergeant position as a supervisor over the Jail for a period of time and possibly a full year. After a period of time, the need for the Sergeant position will be reevaluated and likely transferred (in whole or a large percentage of time) to another area of the Department.

The CEO is seeking the City Council's approval to continue to develop a transition plan and will administratively implement this plan if and when the City has the authority to execute the attached contract. At the time the City executes a contract, a transition period will commence and G4S will likely need two months to gear up for the first day to ensure a smooth transition. In addition, City management will need time to implement any employee transition plans that have been developed with input from employee associations. Staff will also meet with impacted employees and ensure compliance with any and all meet and confer requirements per our labor agreements.

**Review of Contract:**

With the help of Special Counsel Kimberly Hall Barlow, the City negotiated key contract provisions with G4S. In short, the contract provides for the provision of services related to the administration and management of the City Jail by G4S personnel, procedures and technology systems. The negotiated contract with G4S includes the following key provisions:

- Three year contract with two one-year extensions;
- Services will be provided at a cost of \$743,329.60 per year, fixed for 18 months and then subject to CPI increases only for the remainder of the term plus allowed extensions;
- Insurance coverage includes \$10,000,000 Public Liability and Property Damage coverage (including Civil Rights coverage), \$1,000,000 employer liability and workers compensation coverage, \$10,000,000 Professional Liability Coverage, and \$1,000,000 Fidelity coverage;
- G4S has agreed that the proposal will continue to be valid for the next six months;

- G4S will use a state of the art video monitoring system to supplement live Jail monitoring;
- G4S will do background checks on employees comparable to that done by the City for existing jail employees; and
- The contract cost will include laundering and jail cleaning as well as overseeing existing and future City contracts for food service, cell repair, telephone services, and the like.

#### FISCAL REVIEW:

As stated above, the FY 12-13 preliminary budget for staffing of the City's Jail Facility is \$1,346,789. As proposed, a staffing contract with G4S would cost the City \$743,329, a potential savings of \$603,460. This equals a savings of approximately 45%. Over a five year period the savings is estimated to be \$3,017,300. The \$3,017,300 figure is a simple calculation that excludes potential cost of living increases for the contract and excludes potential increases in costs related to PERS or other City employee cost increases.

Should the City decide to maintain a Police Sergeant position to supervise the G4S contract for the first year, the potential savings would be reduced to \$410,579 during this transition period.

Not included in this analysis is the maintenance and operating portion of the FY 12-13 preliminary budget for the Jail Program in the amount of \$58,244. It is currently anticipated that most of these costs would continue to be incurred by the City. These costs include food and telephone services, and repairs and maintenance of the City's transport vehicle. Since the proposed contract by G4S would include laundering services, approximately \$2,250 of these costs may be reduced after implementation of the contract. Staff's continued evaluation of all costs would be included as part of managing the contract.

#### ALTERNATIVES CONSIDERED:

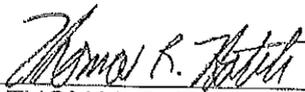
The City Council may select another firm to provide the required services. This will require the staff to return to City Council following review of cost proposal and services provided. Another alternative for City Council is to maintain Jail services provided by City staff. If this alternative is selected, City staff will continue to provide services.

#### LEGAL REVIEW:

The City currently is under a preliminary injunction which prevents the City from contracting out services currently being performed by members of the Costa Mesa City Employees' Association. Because a contract with G4S may fall within the scope of this injunction, the City, in an abundance of caution, should withhold formal authorization to execute such contract at the present time. The Council may approve the contract and authorize the City CEO to execute the contract in the future, however, when and if the injunction against the City is lifted or determined not to apply.

CONCLUSION:

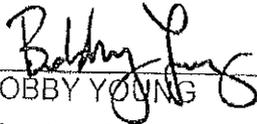
A contract with G4S provides for the efficient and effective operation of the City Jail with significant on-going savings to the City. Finally, City management will take steps to work with impacted employees with compassion and creativity to reduce the impact of this transition on employees and the organization.



THOMAS R. HATCH  
Chief Executive Officer



TOM GAZSI  
Chief of Police



BOBBY YOUNG  
Director of Finance and IT



Kimberly Hall Barlow  
Special Counsel

- ATTACHMENTS: 1 G4S Secure Solutions Contract  
2 RFP Determination Book