



CITY COUNCIL AGENDA REPORT

MEETING DATE: June 4, 2013

ITEM NUMBER: NB 6

SUBJECT: OPERATION OF THE CITY OF COSTA MESA'S JAIL

DATE: MAY 29, 2013

FROM: OFFICE OF THE CHIEF EXECUTIVE OFFICER

PRESENTATION BY: THOMAS R. HATCH, CHIEF EXECUTIVE OFFICER
TOM GAZSI, CHIEF OF POLICE

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) with G4S Secure Solutions for the Operation of the City of Costa Mesa's Jail;
2. Authorize the CEO to execute the attached contract; and
3. Once the contract is executed, authorize the CEO to administratively implement a transition plan.

BACKGROUND:

In the Fall of 2011, the City Council authorized the CEO to conduct an evaluation of the operation of the City of Costa Mesa's jail pursuant to Council Policy 100-6. A summary of that process is set forth in City Council Agenda Report of May 1, 2012. (See Attachment 2.) At the conclusion of that evaluation, it was determined that contracting out the operation of Costa Mesa's jail was worthy of exploring because, based upon the feedback obtained during the evaluation conducted pursuant to Council Policy 100-6, it was determined that contracting out could result in better jail operations at lower costs.

Pursuant to Council direction, the CEO issued Request For Proposal (RFP) No. 9.21: "For Operation of the Costa Mesa Police Department's Type I Jail Facility." Based upon an evaluation of the responses to the RFP, it was determined that the lowest and most qualified bidder was G4S Secure Solutions (G4S). (See Attachment 2.) At the City Council meeting on May 15, 2012, Council approved a contract between Costa Mesa and G4S "pending the resolution of the City's outsourcing constraints."

On January 29, 2013, the preliminary injunction that was in place in Orange County Superior Court Case No. 30-2011-00475281 was dissolved. Thereafter, pursuant to Council direction (see Attachment 3), the CEO entered into further discussions with the Costa Mesa City Employees Association (CMCEA), pursuant to Article 14 of the Memorandum of Understanding (MOU) in place between Costa Mesa and the CMCEA,

concerning the costs of providing jail services and the development of effective work practices for jail services going forward.

To that end, between February 5, 2013 and May 9, 2013, high level representatives of Costa Mesa and the CMCEA participated in seven (7) face-to-face discussions concerning: (i) the evaluation of the costs of jail services; and (ii) the development of effective work practices regarding the on-going provision jail services. These discussions were in addition to those that CMCEA already had participated in with Costa Mesa during the evaluation of jail operations conducted pursuant to Council Policy 100-6. Costa Mesa did this to assure that the CMCEA was made part of those discussions to the greatest degree possible. During those meetings, representatives of Costa Mesa and the CMCEA discussed, among other things: (i) the possibility of contracting out jail services (and the costs and benefits / pros and cons associated therewith); (ii) the costs and benefits / pros and cons of maintaining the status quo; and (iii) whether current CMCEA members performing jail services would be willing to transfer into other Y-Rated positions within Costa Mesa (and the costs and benefits / pros and cons of such a transition).

While Costa Mesa, for some time, has believed that contracting out jail services was likely to be the best option—particularly inasmuch as it could result in over \$3 million in savings to Costa Mesa and its residents—Costa Mesa, with the input of the CMCEA, has given due consideration to all of its options regarding the on-going operation of its jail. After considering CMCEA’s input and weighing it options, the CEO has concluded that it is in the best interests of the residents of Costa Mesa to contract out the operation of Costa Mesa’s jail including, of significance, the real fiscal benefit this approach will return to Costa Mesa in these difficult economic times.

At this time, the CEO does not recommend that Council layoff any employee currently working in Costa Mesa’s jail. Costa Mesa remains open to the possibility of allowing any employee currently working in Costa Mesa’s jail to transfer into other Y-Rated positions (if they so desire), and Costa Mesa will continue to work with the employee-representatives of such employees to achieve those transfers (if requested).

ANALYSIS:

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. A summary of G4S’s qualifications and experience is set forth in Attachment 2.

Review of Proposed Services:

The City’s Type 1 Jail Facility is currently staffed by seven (7) full-time Custody Officers and one full-time Sergeant. There are seven (7) Custody Officer positions, one(1) of which is anticipated to be vacant in the near future due to a promotion. These eight (8) positions provide services 24 hours a day, 365 days a year, in addition, there are currently three (3) part-time Custody Officers. Included in these services is the necessary work of a court liaison officer.

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

The City's FY 2012-2013 Budget for Jail staffing is \$1,346,789 and the proposed staffing costs for G4S is \$743,329. The difference is a potential saving of **\$603,460** per year for the City. A more detailed financial review is included below.

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 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 would 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 saving 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 City's long-term pension costs are reduced by implementing a contract with G4S. The Police Chief has 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.

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. 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 final determination before authorizing this additional cost.
2. Automated HR systems and billing, a client based attendance and billing system, and an on-line time and attendance system for staff.
3. Automated tracking system that records cell check date and time using a smart device.

Transition Plan:

As requested by Council, G4S provided a section in their proposal dedicated to hiring and retention of current City employees into their private service model. 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 seven (7) authorized Custody Officer positions. It is anticipated a full-time vacancy will occur in the near future. The interest of the City is to transition to the G4S services in a phased-in approach.

While a fully dedicated Police Sergeant position is currently supervising the Jail operations, the scope of services in the RFP included the full supervision 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, likely 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 Council's approval to continue to develop a transition plan and will administratively implement this plan. 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 requirements per our labor agreements and state law.

Review of Contract:

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 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.
- 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 13-14, preliminary budget for staffing of the City's Jail Facility is \$1,380,129. As proposed, a staffing contract with G4S would cost the City \$743,329, a potential savings of \$636,800. This equals a savings of approximately 46%. Over a five year period the savings is estimated to be \$3.2 million. This 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 \$436,616 during this transition period.

Not included in this analysis is the maintenance and operating portion of the FY 13-14 preliminary budget for the Jail Program in the amount of \$60,080. 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 on 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:

City Council could decide to maintain Jail services provided by City staff.

LEGAL REVIEW:

California law authorizes general law cities to contract out the operation of their jail facilities. (See Penal Code, § 6031.6; see also *Costa Mesa City Employees Association v. City of Costa Mesa* (2012) 209 Cal. App. 4th 298, 310-311 (holding that Section 6031.6 of the Penal Code “expressly authorizes” general law cities to contract out jail services); see also *id.* at p. 313 (“statutory outsourcing authority exists” for a general law city to contract out jail services).) Moreover, Article 14 of the MOU and Council Policy 100-6—with both of which Costa Mesa has complied—further authorize Costa Mesa to contract out the operation of its jail. Having express legal authority to do so, and having fulfilled all MOU and Council policies requirements, Costa Mesa is authorized to contract out the operation of its jail with G4S.

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 implement this transition.

THOMAS R. HATCH
Chief Executive Officer

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- ATTACHMENTS:
1. [Proposed Contract with G4S Secure Solutions](#)
 2. [City Council Agenda Report, May 15, 2012](#)
 3. [City Council Agenda Report, December 4, 2012](#)

**Additional Documentation Pertaining to
New Business 6: OPERATION OF THE
CITY OF COSTA MESA'S JAIL is
available for review at the City Clerk's
Office:**

- **Jail Operations Management
RFP Determination**