



Board Agenda Item 27

DATE: April 3, 2018

TO: Board of Supervisors

SUBMITTED BY: Margaret Mims, Sheriff-Coroner
Philip F. Kader, Interim Chief Probation Officer

SUBJECT: Amendment I to Agreement with Trinity
Services Group, Inc.

RECOMMENDED ACTION(S):

Approve and authorize Chairman to execute Amendment I to Agreement 15-628 with Trinity Services Group, Inc. for meal services for the Sheriff-Coroner's Office and Probation Department detention facilities, effective upon execution with no change in term to December 31, 2020 and increasing the maximum by \$1,185,640 to a total of \$38,931,819.

There is no additional Net County Cost associated with the recommended action. The recommended amendment would allow for Trinity Services Group, Inc. to offset costs associated with California's minimum wage increase which began in 2017 and continue each year until 2022. The adjustments to offset the minimum wage increases will not exceed three percent (3%) in calendar year 2018, six percent (6%) in calendar year 2019, and six percent (6%) in calendar year 2020 of the then current year's meal price. Approval of the recommended action will grant authority to the Sheriff-Coroner, Probation Chief, or her/his designee to approve a maximum of three percent (3%) in calendar year 2018, six percent (6%) in calendar year 2019, and six percent (6%) in calendar year 2020 for meal service price adjustments. This item is countywide.

ALTERNATIVE ACTION(S):

Your Board may choose not to approve the recommended amendment to the agreement. However, the vendor would be unable to offset minimum wage increases for meal services.

FISCAL IMPACT:

There is no increase in Net County Cost associated with the recommended action. The Sheriff-Coroner's Office and Probation Department have sufficient appropriations included in their respective budgets (Sheriff-Coroner Org 3111 and Probation Org 3440) for costs associated with the minimum wage increase in the current year.

The requested minimum wage increase adjustment is not to exceed three percent (3%) in calendar year 2018, six percent (6%) in calendar year 2019, and six percent (6%) in calendar year 2020 of the then current year's meal service pricing. The attached table, Exhibit A, shows the estimated percentage increase (based on the recommended 3% and 6% adjustments) to address the fifty cent (\$.50) and one dollar (\$1.00) increases in California's minimum wage. Sufficient appropriations will be included in future recommended budgets for both departments.

The following illustrates the change in estimated costs for the term of the agreement:

<u>TRINITY</u>		
Year 1 (2016)	\$ 6,968,968	=\$ 6,968,968
Year 2 (2017)	\$ 7,247,727	=\$ 7,247,727
Year 3 (2018)	\$ 7,537,635 + \$ 226,130 (3%)	=\$ 7,763,765
Year 4 (2019)	\$ 7,839,142 + \$ 470,348 (6%)	=\$ 8,309,490
Year 5 (2020)	\$ 8,152,707 + \$ 489,162 (6%)	=\$ 8,641,869
Total	\$37,746,179 + \$1,185,640	=\$38,931,819

The minimum wage adjustments are in addition to the current Consumer Price Index (CPI) adjustments allowed within the current agreement. The CPI adjustments under the current agreement allows for an adjustment maximum of four percent (4%).

DISCUSSION:

On December 15, 2015, the Board approved the existing agreement with Trinity Services Group, Inc. to provide meal services for the Sheriff-Coroner's Office and Probation Department detention facilities. The current agreement does not allow funding for minimum wage increases. On December 4, 2017, Trinity Services Group, Inc. requested an approximate four cent (\$.044) adjustment to the 2018 calendar year meal pricing and an amendment to the agreement to add language to allow for an agreed upon increase in meal pricing in 2019 and 2020 due to California's minimum wage increases.

California's minimum wage increases are scheduled as follows:

- January 1, 2017 an increase of \$0.50 to \$10.50
- January 1, 2018 an increase of \$0.50 to \$11.00
- January 1, 2019 an increase of \$1.00 to \$12.00
- January 1, 2020 an increase of \$1.00 to \$13.00
- January 1, 2021 an increase of \$1.00 to \$14.00
- January 1, 2022 an increase of \$1.00 to \$15.00

California's scheduled minimum wage increases for years 2021 and 2022 will not have an impact on the current agreement with Trinity Services Group, Inc., which expires on December 31, 2020, but could impact the next Request for Proposal.

Approval of the recommended amendment would allow Trinity Services Group, Inc. to request a meal service pricing adjustment to offset the fifty cent (\$.50) minimum wage increase in calendar year 2018, and the one dollar (\$1.00) minimum wage increases in each subsequent calendar year through the end of the agreement term (December 31, 2020). The following is a listing by calendar year of the recommended meal pricing adjustments in relation to the minimum wage increase per calendar year:

- Calendar years 2017 and 2018 each had a fifty cent increase in the minimum wage. No pricing adjustment is requested for calendar year 2017. A recommended meal pricing adjustment of approximately four cents (\$.044) allows the vendor to recover expenditures for the 2018 increase. The four cent (\$.044) adjustment is approximately a three percent (3%) increase over the current meal pricing.
- Calendar years 2019 and 2020 each have a one dollar (\$1.00) increase in the minimum wage. A recommended meal pricing adjustment of approximately eight cents allows the vendor to recover expenditures for this increase. The eight cent (\$.088) adjustment is approximately a six percent increase over the calendar year 2018 meal pricing.

The recommended increases will not exceed six percent (6%) per year of the then current year's meal pricing. The current and proposed meal pricing sheets are attached.

REFERENCE MATERIAL:

BAI #19, December 15, 2015, Agreement #15-628

ATTACHMENTS INCLUDED AND/OR ON FILE:

On file with Clerk - Agreement with Trinity Services Group, Inc.
Trinity Services Group, Inc. Current Meal Pricing Tables
Exhibit A - Percentage Rate Table

CAO ANALYST:

Jeannie Z. Figueroa