



Dear Mayor and Council Members:

On behalf of City Manager Ed Shikada, please find below the staff responses to questions from Councilmember Tanaka regarding the [Monday, August 7 Council Meeting](#) consent agenda items.

Item 10: Approval and Authorization of the City Manager to Execute a Contract with Allied Universal Technology Services (AUTS) (C24187696) in an Amount Not-to-Exceed \$778,275 over 5 years and one month period ending June 30, 2028 to provide Intrusion Detection System (IDS) monitoring and notification services. CEQA status - not a project.

1. The new contract includes annual cost increases to account for inflation expectations, which were not part of the previous contract. How are these increases calculated, and what specific costs or factors do they account for? Can you provide a detailed breakdown of the cost differences between the two contracts?

Staff response: The staff recommendation has been revised in a supplemental memorandum released as part of the revised August 7, 2023 agenda, reflecting a one year contract term and no longer includes this provision.

Item 12: Approval of FY 2024 Budget Amendment in the Residential Housing In-Lieu Fund for the Reappropriation of \$3.0 million from FY 2023 to FY 2024 for 231 Grant Avenue Loan Agreement; CEQA – Not a Project

1. How were Mercy Housing and Abode Communities selected as the developers, and what criteria were used in the selection process? Was there an open bid for the development contract, and if not, why not?

Staff response: In February 2019, Santa Clara County issued a Request for Proposals (RFP) to “create a high-quality educator workforce housing development at a central location in Palo Alto”. Both Mercy Housing and Abode Communities responded to the RFP and were later selected by the County. City staff do not have the details of the RFP criteria. For more information, please visit the [Mercy Housing California and Abode Communities Frequently Asked Questions webpage](#).

Item 14: Approval of a General Services Contract with All City Management Services in an Amount not to Exceed \$3,920,865 Over a Five Year Term, for Crossing Guard Services; and Approval of a FY 2024 Budget Amendment in the General Fund (2/3 vote required); CEQA status - not a project.

1. The document also notes that the previous bid process received three bids, whereas the current one received only one. Although information about providers’ needs to provide 8-hour shifts is mentioned as an obstacle to responding, the RFP was sent to 741 vendors and no other possible explanations for the lack of responses are mentioned. Why did this bid process only result in one bid, and what efforts were made to encourage vendors to make bids?

Staff response: Police Department staff can only presume to know the reason why only one company responded to the bid. Police staff are aware there are very few companies that provide crossing guard services in the region. Staff was able to identify three companies as possibly being capable of performing these services in compliance with the City of Palo Alto and State of CA traffic laws and regulations. Those three vendors were solicited. Police staff are not able to explain why the purchasing portal contains 741 potential vendors. Several cities perform crossing guard services through a city-led, internal program, if they are not contracting those services. However, the Police staff recognized, many years ago, the most cost-effective method to perform crossing guard services in Palo Alto was through an independent contractor. Staff still maintains that position due to the added workload of recruiting, hiring, staffing, and managing over 30 workers and their alternates (up to 60 part-time workers) to assign to 30 locations at short shifts, 180 days each school year.

2. The 27% cost increase is attributed to labor cost increases, but were there any other factors? If so, what were they?

Regarding labor costs, it is important to note that for the previous 5-year contract, the wage rate only rose from \$23.02 in 2018 to \$25.25 in 2023. The last several years post-pandemic, there have been some staffing and supervision issues, due to the nature of the job and the relatively few hours per day, that staff anticipates the increase in hourly wage should alleviate. The additional labor cost can also be attributed to increases in spending for hiring/recruitment, additional in-field supervision, training, equipment, and insurance costs (according to All Cities Management Service). The current bid being reviewed has an increase of \$1.63/hour each year for the 5-year period, from \$30.47 in 2023 to \$37.08 in 2028.