



Honorable Mayor and Members of the Hermosa Beach City Council

ADOPT A RESOLUTION AND APPROVE THE SECOND AMENDMENT TO THE JANITORIAL SERVICES CONTRACT WITH XANADU SYSTEM SERVICES

CEQA: The action is exempt from the California Environmental Quality Act (CEQA) pursuant to Section 15378(b)(5), as it consists of administrative activities that will not result in a direct or indirect physical change in the environment. The amendment pertains to ongoing custodial services within existing facilities.

(Public Works Director Joe SanClemente)

Recommended Action:

Staff recommends City Council:

1. Determine that the Second Amendment to the Janitorial Services Contract with Xanadu System Services is exempt from the California Environmental Quality Act pursuant to CEQA Guidelines Section 15378 (b)(5) (administrative activities);
2. Adopt a resolution to approve the second amendment to the agreement with Xanadu Service Systems for janitorial services, adding additional services for the remainder of Fiscal Year (FY) 25-26, extending the contract term through June 30, 2027, and increasing the total not-to-exceed contract amount from \$651,696 to \$895,313; **(Attachment 1)**;
3. Authorize the Director of Public Works to increase the established project contingency per year from \$10,000 to \$15,000 per year starting in FY 26-27; and
4. Authorize the City Manager to execute the proposed amendment, approve minor non-substantive modifications if necessary, and execute all related documents, with the City Clerk attesting the agreement subject to approval by the City Attorney.

Executive Summary:

At its May 24, 2022 meeting, City Council awarded a maintenance services agreement to Xanadu Service Systems (formerly Valley Maintenance Services, Inc.) for janitorial services at all City facilities for a period of four years starting on June 1, 2022 and ending June 30, 2026, with an option to extend the contract term by one additional year **(Attachment 2)**. Staff is seeking Council approval to amend the agreement to incorporate routine cleaning of the Parking Structure C elevator into the scope of work; increase daily porter coverage by three (3) additional hours; and extend the agreement term for one (1) additional year at updated rates with an added contingency to cover as-needed janitorial needs.

Background:

Xanadu Service Systems (formerly Valley Maintenance Services, Inc., see **Attachment 3**) has provided janitorial services for all City facilities since June 1, 2022. Following a competitive solicitation process that was publicly advertised on April 21, 2022, Xanadu was awarded a contract by City Council at the May 24, 2022, meeting for a four-year period, starting on June 1, 2022 and ending June 30, 2026, with an option to extend the contract term by one additional year. The contract was amended in May 2022, to incorporate the cleaning of two classrooms at the South Park Building at 1645 Valley Drive into the scope of work (**Attachment 4**).

During the contract period, staff has identified additional service needs, requiring minor modification to the current contract scope, including adjustments to the Parking Structure C elevator cleaning and the City’s daily porter services. The proposed second amendment modifies the agreement to incorporate these expanded services during FY 25-26 and extends the contract term to June 30, 2027 with updated contract rates for FY 26-27.

Past Council Action

Meeting Date	Description
May 24, 2022	Award contract for Janitorial Services

Discussion:

The proposed contract amendment adds more structured and enhanced cleaning of the Parking Structure C elevator. The cleaning of the elevator is currently provided by Athen’s Services. The elevator generally experiences a high level of public use, and service requests, which has impacted the City’s maintenance and operations team responding to requests. The elevator is being completely refurbished as part of Capital Improvement Program (CIP) project 699 and staff is recommending transferring the responsibility of elevator cleaning to the City’s janitorial services contractor to better align cleaning expertise with the required cleaning needs for the new elevator once it is re-opened, which is anticipated in late March 2026. The new scope of work would include regular disinfection of high touch areas (e.g., buttons, rails), floors, doors, tracks, sills, walls, and general surfaces, quarterly deep cleaning, and sweeping of the adjacent walkway near the elevator entrance. Cleaning will be completed using non-abrasive cleaners, microfiber clothes and high-efficiency particulate air (HEPA) filtered vacuums with special care for electronics and finishes to prevent damage to the newly renovated elevator. Establishing a defined service schedule enhances sanitation, improves the overall public presentation of the facility, and supports long-term preservation within a highly visible and heavily utilized City asset. If approved by Council, services would begin as soon as the elevator is re-opened for services upon completion of CIP 699, anticipated in late March 2026. The cost for these services will be prorated for the month based on the start date.

The proposed contract amendment also increases daily porter service coverage by three (3) additional hours to better align custodial operations with current facility usage levels.

The existing contract with Xanadu has a provision to provide a “day person” from 8 AM – 2 PM, Monday through Sunday, for “porter services” that are intended for as-needed services during normal operating hours as well as ensuring high-traffic areas are well maintained. Staff has experienced a gap in service from 2 PM until the evening service begins, typically at 7 PM, particularly at the Community Center, which is experiencing a high volume of visitors and programmed events. These additional services are being offered at a rate of \$35 per hour, which will increase the monthly cost by \$3,150. Expanded porter coverage will improve responsiveness during peak activity periods, particularly at the Community Center, and allow for more frequent restroom monitoring and restocking, and ensure timely attention to spills or sanitation concerns; these improvements will also reduce requests to the City’s Public Works Operations and Maintenance team that are currently responding to issues. Maintaining adequate custodial presence throughout operating hours is critical to preserving public health standards and ensuring that City facilities remain clean, safe, and welcoming for residents and visitors. These expanded services will be implemented immediately upon City Council approval and execution of the amendment to reduce service gaps and provide an enhanced level of service to meet current demand. The cost for these services will be prorated for the month based on the start date.

The current agreement is set to expire on June 30, 2026. The amendment extends the Agreement for one (1) additional year with updated rates to reflect current market conditions for labor costs to provide services. Staff solicited updated rates from Xanadu Service Systems for the new fiscal year and negotiated a price increase capped at 3.5%, for the current scope of work, which is consistent with the consumer price index (CPI). The rates for the extended porter service and Parking Structure C will remain unchanged from March 2026 through the end of the agreement on June 30, 2027. Xanadu Service Systems has demonstrated satisfactory performance under the existing agreement and staff recommends Council approve extending the term one additional year. Extending the term provides service continuity, avoids potential disruption associated with rebidding, and allows the City to maintain established custodial standards while continuing to evaluate long-term service delivery strategies. The amendment also includes a contingency increase to \$15,000 to provide the City flexibility to address unforeseen or supplemental custodial service needs that may arise during the extended term without requiring additional Council action. Staff intends to issue a Request for Proposals (RFP) for janitorial services in the new fiscal year covering services starting in FY 27-28.

Environmental Analysis:

The proposed action is not a project under the California Environmental Quality Act (CEQA) pursuant to Section 15378(b)(5), as it consists of administrative activities that will not result in a direct or indirect physical change in the environment. The amendment pertains to ongoing custodial services within existing facilities.

Fiscal Impact:

For the current FY 2025-26, the second amendment increases the annual contract amount by \$15,520 to account for the addition of parking structure elevator cleaning services and the three-hour increase in daily porter coverage which is anticipated to begin this March 2026 month. The amended monthly service cost with the additional service would be \$18,497 per month. Staff will transfer \$15,520 from available budgeted prospective expenditures to the Building Maintenance budget for the additional services.

The second amendment also extends the service contract one more year for Fiscal Year 2026-27. Starting in July 2026, the cost of services will increase from \$18,497 per month to \$19,009 per month for a total contract cost of \$228,103. In addition, staff is seeking Council approval of a \$15,000 contingency to cover as needed emergency cleaning services for a total of \$243,103.

Staff will budget the upcoming Fiscal Year 2026-27 extension year service cost as part of the upcoming Fiscal Year 2026-27 budget.

Agreement Modification Request: Amendment 2				
Fiscal Year (FY)	Current Authorized Amount	Modified Request Amount	Budget Dept. Account #	Total Revised Contract Amount
FY 2025-26 Year	\$175,404	\$15,520	001-4204-4201	\$190,924
FY 2025-26 Contingency	\$10,000		001-4204-4201	\$10,000
FY 2025-26 Total:	\$185,404			\$200,924
FY 2026-27 Year		\$228,103	001-4204-4201	\$228,103
FY 2026-27 Contingency		\$15,000	001-4204-4201	\$15,000
FY 2026-27 Total:		\$243,103		\$243,103

Attachments:

1. Amendment No. 2 with Xanadu Service Systems
2. Agreement with Valley Maintenance Corp.
3. Assignment Agreement with Xanadu Service Systems
4. Amendment No. 1 Valley Maintenance Corp.

Respectfully Submitted by: Michael Dell’Amico, Management Analyst

Concur: Joe SanClemente, Public Works Director

Noted for Fiscal Impact: Henry Chao, Finance Manager

Concur: Brandon Walker, Administrative Services Director

Legal Review: Jason Baltimore, Interim City Attorney

Approved: Steve Napolitano, City Manager