



Executive Summary Finance Committee Meeting

DATE: March 24, 2022

TOPIC: District Custodial Services Contract

PREPARED BY: Courtney Whited

Recommended for:

- ☐ Action
- ☒ Discussion
- ☒ Information

Purpose/Background:

The three-year custodial contract with GSF, USA Inc. ends on July 31, 2022. SD74 reached out to Legal Counsel relative to next steps. Per the bid document, SD74 specified a three-year term starting August 2019 that covers 2019-20, 2020-21, and 2021-22 on the initial term. SD74 also specified there would be options to renew for two additional one-year periods by mutual agreement of the parties. Thus, SD74 does not need to bid out this service for 2022-23 if the District and GSF are in agreement on extending it for next year. However, the bid document also specified that annual contract price increases are based upon the CPI for Chicago-Gary-Kenosha, not to exceed 5%.

This type of contract structure allows both parties the flexibility to extend, if desired or terminate after three years, if not. I have had clients get hit with complaints that “we’re losing money on this deal” in the later years of longer service contracts. This allows the vendor to decide whether or not the chance for extra compensation is worth the risk of losing the District as a client entirely.

Fiscal Impact:

The table indicates the financial impact of two scenarios; a maximum 5.0% increase allowed by the existing contract and a 3.35% increase to reach the Illinois Minimum Wage target for January 1, 2023. Both scenarios create a situation in which a 5.0% increase in 2023-24 will be insufficient for the Night Shift Custodial position's hourly pay rate.

Illinois Minimum Wage Law						
1/1/20	6/1/2020	1/1/2021	1/1/2022	1/1/2023	1/1/2024	1/1/2025
\$9.25	\$10.00	\$11.00	\$12.00	\$13.00	\$14.00	\$15.00

Lincolnwood SD74- Maximum 5.00% increase will not meet IL Min. Wage by 2023-24						
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Positions	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025
Night Shift Custodians (8)	\$12.00	\$12.28	\$12.59	\$13.22	\$14.00	\$15.00
Day Shift Custodians (3)	\$13.00	\$13.30	\$13.63	\$14.31	\$15.15	\$16.23
Percentage Increase	N/A	2.30%	2.50%	5.00%	5.90%	7.15%
Annual Projected Contract	\$415,459.45	\$425,015.02	\$435,640.40	\$457,422.42	\$484,410.34	\$519,045.68

Lincolnwood SD74- 3.25% increase to meet IL Min. Wage for 2022-23						
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Positions	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025
Night Shift Custodians (8)	\$12.00	\$12.28	\$12.59	\$13.00	\$14.00	\$15.00
Day Shift Custodians (3)	\$13.00	\$13.30	\$13.63	\$14.07	\$15.15	\$16.23
Percentage Increase	N/A	2.30%	2.50%	3.25%	7.70%	7.15%
Annual Projected Contract	\$415,459.45	\$425,015.02	\$435,640.40	\$449,798.71	\$484,433.21	\$519,070.18

Recommendation:

This summary is for informational purposes. The Administration requests direction from the Finance Committee on next steps.