



DATE: November 4, 2024
 TO: Angela Calvillo, Clerk of the Board
 FROM: Taraneh Moayed, Assistant Director of Office of Contract Administration (OCA)
 SUBJECT: Resolution to approve Peoplesoft Contract ID 1000034718 (TC 83592) for Citywide Integrated Pest Management Services

Enclosed please find the proposed Resolution from the Office of Contract Administration (OCA) requesting that the Board of Supervisors authorize Contract 1000034718 with Agurto Corporation, dba Pestec (“Pestec”) for citywide integrated pest management services. The proposed contract will have an initial not to exceed (“NTE”) amount of \$15,500,000 and a total contract duration of five (5) years. The anticipated contract start date is February 15, 2025.

Background

This contract is part of the Integrated Pest Management Program (“IPM Program”) for property owned or leased by City in accordance with Chapter 3 of the San Francisco Environment Code (“IPM Ordinance”). An IPM Program is an ecosystem-based strategy that focuses on long-term prevention of pests or their damage through a combination of techniques such as biological control, habitat manipulation, modification of cultural practices, and use of resistant varieties.

Between 2021 and 2023, City departments encumbered approximately \$9.3 million dollars for the procurement of Integrated Pest Management Services, or an average of \$3 million dollars per year. Total PO encumbrances by City departments during this period is provided in Table 1 below.

Table 1: Total PO Encumbrances by City Departments for IPM Services between 2021 to 2023

Departments	2021	2022	2023	Total	Annual Average
PUC	\$ 767,181	\$ 1,012,747	\$ 976,462	\$ 2,756,389	\$ 918,796
MTA	\$ 731,994	\$ 958,476	\$ 482,969	\$ 2,173,439	\$ 724,480
DPH	\$ 581,430	\$ 735,383	\$ 705,663	\$ 2,022,476	\$ 674,159
LIB	\$ 116,369	\$ 200,512	\$ 156,718	\$ 473,599	\$ 157,866
ADM	\$ 111,939	\$ 193,410	\$ 146,986	\$ 452,336	\$ 150,779
PRT	\$ 5,375	\$ 156,297	\$ 214,402	\$ 376,074	\$ 125,358
POL	\$ 76,006	\$ 38,900	\$ 83,847	\$ 198,753	\$ 66,251
FIR	\$ 103,877	\$ 40,961	\$ 43,245	\$ 188,083	\$ 62,694
SHF	\$ 16,620	\$ 56,162	\$ 77,321	\$ 150,103	\$ 50,034
All Others	\$ 116,818	\$ 184,732	\$ 187,444	\$ 488,994	\$ 162,998
Total	\$ 2,627,609	\$ 3,577,579	\$ 3,075,057	\$ 9,280,246	\$ 3,093,415

During this period, City departments procured Integrated Pest Management Services through a combination of OCA Term Contracts, department issued contracts and stand-alone purchase orders not associated with any contracts. As shown in Table 2 below, the bulk of these purchases (nearly 90%) is associated with Term Contracts established through OCA, making OCA’s contracts essential to maintaining City operations.



Table 2: Total PO Encumbrances by PS Contract ID between 2021-2024 for Integrated Pest Management Services

Departments	2021	2022	2023	Total
1000001665 (OCA TC)	\$ 650,847			\$ 650,847
1000022888 (OCA TC)	\$ 966,375	\$ 3,543,796	\$ 3,036,612	\$ 7,546,783
No Contract	\$ 1,010,387	\$ 33,783	\$ 38,446	\$ 1,082,616
Total	\$ 2,627,609	\$ 3,577,579	\$ 3,075,057	\$ 9,280,246

Purchasing Authority (Sourcing Event 000009817)

OCA’s existing contract for Integrated Pest Management (“IPM”) services, PS Contract ID 1000034718, is with Agurto Corporation DBA Pestec. This contract began on October 1, 2021, and is set to expire on December 31, 2024.¹ In anticipation of replacing PS Contract ID 1000034718, OCA issued a Request for Proposals (“RFP”) on August 8, 2024, under Sourcing Event 000009817. OCA received one proposal in response to the RFP. The proposal was evaluated by a panel of three members from the Recreation and Park Department, the Public Utilities Commission, and the Airport, based on the criteria outlined in Table 3. Based on their combined scores, Pestec was deemed the only and highest ranked proposer, receiving a total of 235 points out of 250 points:

Table 3: Sourcing Event 000009817 Evaluation Criteria

Evaluation Phase	Maximum Points
Minimum Qualifications Documentation	Pass/Fail
Price Proposal	100 Points
Written Proposal	120 Points
Oral Interviews	30 Points
TOTAL	250 Points

Scope of Servies

Under proposed Contract 1000034718, Pestec will provide IPM Services for property owned or leased by City. The City’s IPM Program includes Structural IPM Services and Public Health IPM Services. Structural IPM Services include the performance of any work for the purpose of preventing, controlling, or eliminating pests that may invade City buildings, properties, or other structures. Structural pests may include, but are not limited to, insects, rodents, and birds. In contrast, Public Health IPM Services include the performance of any work for the purpose of preventing or managing pests that pose a vector or other health hazard. Public Health pests may include, but are not limited to, structural pests, mosquitoes, feral cats or other individual vertebrates, and dead vertebrates. A detailed description of the services to be performed by Pestec can be found in Appendix A of the contract.

Pricing Structure

Pricing under this contract is based on hourly rates for the following four Service Categories:

- 1. Service Category 1: Short-Term IPM Services.** This category of services addresses minor pest

¹ As per the solicitation conducted for OCA Contract ID 1000022888, this contract can be extended through September 30, 2028. However, OCA has elected not to extend this contract because its NTE would be increased to \$25,300,000, an amount that is approximately four times what OCA had advertised when it issued the solicitation that resulted in its award. To ensure fair competition, OCA determined it would be in the best interest of City to rebid this contract with a solicitation that advertised a more accurate NTE.



problems that can generally be solved in one or two service calls. It is best suited to small facilities or offices with no history of chronic pest problems. Short-Term IPM Services are provided on an as-needed basis and do not warrant preparation of a complete written IPM plan or intensive monitoring.

2. **Service Category 2: Ongoing IPM Services.** This category of services addresses more complex or chronic pest problems, and is suited for larger facilities, or any situation where pest management is required on a regular basis (i.e., where the pest problem cannot be solved in one or two service calls). The “Ongoing IPM Service” rate is applicable only to facilities that have a signed, current IPM plan.
3. **Service Category 3: Emergency IPM Services.** This category of services addresses urgent pest problems that must be addressed as soon as is practical. They are not return visits resulting from other routine services provided under the Contract.
4. **Service Category 4: IPM Meetings, Consulting, and Training Services:** This category of services requires the contractor to provide, free of charge, four (4) hours per month of IPM meetings, consulting, and training services (including any combination thereof). Unused hours cannot be carried over by City into future months. Once City exceeds the four (4) hours per month to which City is entitled without charge, the contractor may charge City based on applicable hourly rates.

In addition to charging City an hourly rate for various services, Pestec may also charge City 20% above Pestec’s cost for purchasing the materials and supplies associated with rendering services for Service Categories 1, 2 and 3.

Finally, Pestec may request price adjustments beginning 12 months from the Proposal Due Date of September 9, 2024, and, thereafter, every twelve 12 months. Requests for price adjustments must be supported by the U.S. Department of Labor’s Consumer Price Index (CPI) for Urban Wage Earners and Clerical Workers (CPI-W) available at the time of Contractor’s Price Adjustment request.

A detailed breakdown of Pestec’s hourly rates by Service Category can be found in Appendix B of the contract.

Performance Metrics

Pestec must comply with all Contract terms and requirements. However, its failure to comply with certain requirements (“Performance Metrics”) may entitle City to a monetary credit which can be deduct from any payment due to Pestec under the contract. The Performance Metrics for which monetary credit may be due to City include:

- 1) Failure to perform services in accordance with the Response Times set forth in the Scope of Work.
- 2) Failure to complete all Service Category 1 deliverables for each Short-Term IPM service request.
- 3) Failure to complete all Service Category 2 deliverables for each On-Going IPM service request.
- 4) Failure to adhere to professional and organizational codes of conduct.
- 5) Failure to bill City accurately and in accordance with the contract.
- 6) Failure to produce records of pesticide applications performed under the contract no later than 15 business days from the date of City’s request.
- 7) Failure to post notices prior to and after use of pesticides in accordance with the IPM Ordinance.
- 8) Failure to use only chemical controls included on the City’s Reduced-Risk Pesticide List (RRPL).
- 9) Failure to submit an exemption request and receiving City approval before use of pesticide products not



on the RRPL

Details pertaining to each Performance Metric can be found in Appendix C of the contract.

Contract NTE Calculations

Sourcing Event 0000009817 stated that a contract awarded pursuant to that solicitation would have an NTE amount of \$15,000,000, based on City’s estimated spend of approximately \$250,000 per month over the advertised contract term. The solicitation also stated that should City’s actual spend exceed its estimated spend, City may in its sole discretion increase the contract NTE accordingly.

Here, Pestec’s total Bid Price was \$2,681,691 per year, or \$15,419,725 over five years without accounting for future price adjustments as permitted by the Contract. Based on this, OCA estimates an initial contract NTE of \$15,500,000 for the 5-year term of the contract, the details of which are provided in Table 4.

Table 4: Contract NTE Calculations for Contract ID 1000022888 with Pestec

Total Bid Price	\$ 2,681,691
Contract Duration (Years)	5
Initial Contract NTE	\$ 13,408,456
+ Contingency (15%)	\$ 2,011,268
Total Estimated Initial Contract NTE	\$ 15,419,725
Total Estimated Initial Contract NTE (Rounded to nearest 100,000)	\$ 15,500,000

Recommendation

The City manages a vast network of public buildings, including hospitals and government offices, where IPM services are essential for controlling pests, preventing infestations, and ensuring safe and sanitary conditions for employees and the public. IPM Services are also critical to maintaining city infrastructure, disaster preparedness, and water management.

The PUC, in particular, relies heavily on IPM services to maintain the efficiency of water treatment facilities, sewage systems, and water distribution networks. These services are vital to public health by preventing infestations that could compromise these critical systems. Additionally, IPM services are crucial in protecting water lines and sewage systems from damage during and after seismic events.

For emergency response departments, such as the Fire and Police stations, a robust IPM program ensures these essential services continue to function effectively during natural disasters. Furthermore, the City's focus on proactive pest management supports overall public health and safety, as well as the City's long-term environmental sustainability efforts.

For these reasons, a timely approval of this resolution will provide City departments access to acquire services through a comprehensive citywide integrated pest management contract.

If you have any questions or require additional information, please contact Adrian Briones on my team at (628) 652-1653.

City and County of San Francisco
London N. Breed, Mayor



Office of the City Administrator
Carmen Chu, City Administrator
Sailaja Kurella, Director
Office of Contract Administration/Purchasing

Enclosures:

1. Contract 1000034718 Proposed Agreement
2. Contract 1000034718 Ethics Form 126f(2)
3. Contract 1000034718 Ethics Form 126f(4)
4. Contract 1000034718 Resolution