

CAPISTRANO BAY DISTRICT
AGENDA REPORT
February 23, 2010

Security Reports

ITEM F.2

Possible Securitas Contract Increase

Securitas has submitted a notice explaining an unplanned increase in State Unemployment Insurance (SUI) tax rates that became effective on January 1.

Securitas says they cannot absorb the tax increase and must either pass it along to the District in the form of a contract increase OR reduce security officers' hourly pay to make up the difference.

The tax increase seems slight (\$46 per week) but if you are a large company like Securitas, the scale is enormous and one that absolutely cannot be absorbed by the company. It must be passed on somehow. The Board must consider whether it also wants to pass the buck or in this case, the 46 bucks. Passing this on would result in all Securitas officers receiving a wage cut of 15 cents per hour.

District management is concerned that such a pay cut could be damaging to the overall morale of the security staff. The District has worked hard since hiring Securitas to build an excellent level of service to the community. Despite dealing frequently with obnoxious and uncooperative guests, our security staff willingly accepts these occupational hazards. They are regularly forced to endure profanity, humility, sarcasm and condescension while maintaining a smile and professional demeanor.

Management feels the District's act of absorbing this SUI tax increase would serve to further reinforce the relationship, strengthen staff loyalty to the community and repress a potential insult to morale.

On the budget side the District is on track to be ahead in budget sub-account #1900.12 (Securitas Service Contract), at year's end, by about \$500 so absorbing the SUI tax increase of \$2392 would put this item over budget by approximately \$1900.