File No. 120673

Committee Item No. 5
Board Item No. 10

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Budget and Finance Committee **Date** June 18 & 22, 2012

Board of Supervisors Meeting **Date** 7/10/12

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Completed by: Victor Young **Date** June 14, 2012
Completed by: Victor Young **Date** 7-3-12

An asterisked item represents the cover sheet to a document that exceeds 25 pages.
The complete document can be found in the file.

FILE NO. 120673 RESOLUTION NO.

[Proposition J Contract/Certification of Specified Contracted-Out Services Previously Approved]

Resolution concurring with the Controller's certification that services previously approved can be performed by private contractor for a lower cost than similar work performed by City and County employees, for the following service: custodial services (General Services Agency–City Administrator).

WHEREAS, The Electorate of the City and County of San Francisco passed Proposition J in November 1976, allowing City and County Departments to contract with private companies for specific services which can be performed for a lower cost than similar work by City and County employees (Charter Section 10.104.15); and

WHEREAS, The City has previously approved outside contracts for the services listed below; and

WHEREAS, The Controller has determined that a Purchaser's award of a contract for the services listed below to a private contractor will continue to achieve substantial cost savings for the City; and

WHEREAS, The City and County of San Francisco must reconcile a projected $170 million budget deficit for FY2012-2013 and a projected $312 million budget deficit for FY2013-2014 with a Charter obligation to enact a balanced budget each fiscal year; and

WHEREAS, The Mayor has determined that the state of the City's budget for FY2012-2013 and FY2013-2014 as indicated herein has created an emergency situation justifying a Purchaser's award of a contract for custodial services (General Services Agency–City Administrator)

WHEREAS, The Controller's certification, which confirms that said services can be performed at lower costs to the City and County by private contractor than by employees of the

City and County, is on file with the Clerk of the Board of Supervisors in File No. 120673, which is hereby declared to be part of this resolution as if set forth fully herein; now, therefore be it;

RESOLVED, That the Board of Supervisors hereby concurs with the Controller's certification, and the Mayor's determination of an emergency situation, and approves the Proposition J Resolution concerning the Purchaser's award of a contract to a private contractor for the services listed below for the period of July 1, 2012 through June 30, 2013.

Department/Function	City Cost (High)	Contract Cost (High)	SAVINGS	FTEs
General Services Agency–City Administrator (ADM)				
Custodial Services	3,905,618	1,872,880	2,032,738	34.0

RESOLVED, That the Board of Supervisors hereby concurs with the Mayor's determination that the state of the City's budget for FY2013-2014 as indicated herein has created an emergency situation and concurs with the Controller's certification and approves the Proposition J Resolution concerning the Purchaser's award of a contract to a private contractor for the services listed below for the period of July 1, 2013 through June 30, 2014.

Department/Function	City Cost (High)	Contract Cost (High)	Savings	FTEs
General Services Agency–City Administrator (ADM)				
Custodial Services	4,120,412	1,913,614	2,206,798	34.0

The Budget and Legislative Analyst Reports for the Mayor's Fiscal Year 2012-2013 to Fiscal Year 2013-2014 Budget for the following files are located in Board of Supervisors **File No. 120591:**

120592
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CITY AND COUNTY OF SAN FRANCISCO
OFFICE OF THE CONTROLLER

Ben Rosenfield
Controller

Monique Zmuda
Deputy Controller

June 7, 2012

Naomi Kelly, Director
General Services Agency – City Administrator
City Hall, Room 362
San Francisco, CA 94102-4683

Attention: Kenneth Bukowski
Linda Yeung
Deputy Director

RE: Contracting for Janitorial Services at Various Locations - FY 2012-13 & FY 2013-14

Dear Ms. Kelly:

The cost information and supplemental data provided by your office on the proposed contract for janitorial services at various locations has been reviewed by my staff.

If these services are provided at the proposed contract price, it appears they can be performed at a lower cost than if the work were performed by City employees.

The requirements of Charter Section 10.104.15 relative to the Controller's findings that "work or services can be practically performed under private contract at a lesser cost than similar work performed by employees of the City and County of San Francisco" have been satisfied. Attached is a statement of projected cost and estimated savings for Fiscal Year (FY) 2012-13 and FY 2013-14 and the informational items provided by the department pursuant to San Francisco Administrative Code Section 2.15.

Your department does not need to take further action for Board of Supervisors' approval because this determination will become part of the FY 2012-13 budgetary approval process. Following that legislative approval, we will notify your department and the Purchaser that this Charter requirement has been met.

Please contact Risa Sandler at (415) 554-6626 if you have any questions regarding this determination.

Sincerely,

Ben Rosenfield,
Controller

Enclosures

cc: Board of Supervisors' Budget Analyst
Human Resources, Employee Relations

Prop J Supplemental Questionnaire

1. ***The department's basis for proposing the Prop J certification***
   Significantly lower costs of service by providing custodial services to 25 & 30 Van Ness, 1650 & 1660 Mission, 555 7th Street and One South Van Ness by contract.

2. ***The impact, if any, the contract will have on the provision of services covered by the contract, including a comparison of specific levels of service, in measurable units where applicable, between the current level of service and those proposed under the contract. For contract renewals, a comparison shall be provided between the level of service in the most recent year the service was provided by City employees and the most recent year the service was provided by the contractor:***
   City employees have never provided this custodial service at these locations. Since City acquisition of each of these locations, custodial services have always been provided via competitively bid contracts. Service levels are equivalent to those provided by city forces in other city owned or leased facilities.

3. ***The department's proposed or, for contract renewals, current oversight and reporting requirements for the services covered by the contract:***
   A total of 6 hours per week of oversight is all that is required to manage these contracts.

4. ***The contractor's proposed or, for contract renewals, current wages and benefits for employees covered under the contract, and the contractor's current labor agreements for employees providing the services covered by the contract***
   Contractors are required to meet the City's minimum compensation ordinance, and provide evidence of doing so during the contract performance period. Real Estate affirms our contractors are in current compliance.

5. ***The department's proposed or, for contract renewals, current procedures for ensuring the contractor's ongoing compliance with all applicable contracting requirements, including Administrative Code Chapter 12P (the Minimum Compensation Ordinance), Chapter 12Q (the Health Care Accountability Ordinance); and Section 12B.1(b) (the Equal Benefits Ordinance)***
   As with the MCO, compliance is reviewed monthly by Real Estate custodial managers and our on-staff Purchasing Supervisor in association with invoice review from each contractor for 12Q and 12B.1 compliance.

6. ***The department's plan for City employees displaced by the contract***
   There is no displacement.

7. ***A discussion, including timelines and cost estimates, of under what conditions the service could be provided in the future using City employees.***
   Given the size of the fiscal gap between contract services and city-provided services, it is highly unlikely future conditions could warrant migration to city-provided services at these locations.

PROP J SUBMISSION
GENERAL SERVICES AGENCY -- CITY ADMINISTRATOR, REAL ESTATE
CITYWIDE CUSTODIAL SERVICES, excluding City Hall
COMPARATIVE COSTS OF CONTRACTING VS. IN-HOUSE SERVICES (1)
FISCAL YEAR 2012-13

PROJECTED PERSONNEL COSTS	Class	Positions	BW Rate		Low	High
Custodian	2708	32.00	1,588	1,927	1,326,298	1,609,430
Custodian Assistant Supervisor	2716	2.00	1,744	2,120	91,037	110,664
Holiday Pay					32,257	39,147
Premium Pay					117,993	143,198
Total Salary Costs		34.00			1,567,584	1,902,439
FRINGE BENEFITS						
Variable Fringes (2)					389,873	473,154
Fixed Fringes (3)					427,720	427,720
Total Fringe Benefits					817,593	900,874
ADDITIONAL CITY COSTS						
Temp Salaries and est. MFB (4)					432,031	432,031
Worker's Comp & SFGH Medical					377,236	377,236
Total Additional Costs					809,267	809,267
ESTIMATED CAPITAL & OPERATING COSTS						
Materials and Supplies--Cleaning and Paper Products					293,037	293,037
Total Capital & Operating					293,037	293,037
ESTIMATED TOTAL CITY COST					3,487,481	3,905,618
LESS: ESTIMATED TOTAL CONTRACT COST (5)					(1,869,834)	(1,872,880)
ESTIMATED ANNUAL SAVINGS					$ 1,617,647	$ 2,032,738
% of Savings to City Cost					46%	52%

union	fixed	variable	variable low	variable hi	fixed
790	12,580	0.2667	353,724	429,235	402,560
790	12,580	0.2667	24,280	29,514	25,160
		0.0790	2,548	3,093	0
		0.0790	9,321	11,313	0
	25,160		389,873	473,154	427,720

Comments/Assumptions:

1. Salary levels reflect proposed salary rates effective July 1, 2012. Costs are represented as annual 12 month costs
2. Variable fringe benefits consist of Social Security, Medicare, employer retirement, employee retirement pick-up and long-term disability, where applicable.
3. Fixed fringe benefits consist of health and dental rates plus an estimate of dependent coverage.
4. Temp will be needed primarily for coverage during full time staffs on leaves. At some locations, where minimal service is needed (say a 4 hour shift only), temp staff supplants use of permanent staff, to minimize transportation requirement between sites if we used full time staff.
5. The Estimated Contract Cost for annual service is based upon contract for services at 1 South Van Ness. Contract management and monitoring would be performed by existing staff.

Please Fill Out Highlighted Areas Only.

FY 2012-13

Contract Cost Details

	Low	High
Estimated Contract Cost:	1,869,834	1,872,880

Contract Cost Calculation:

The portfolio consists of:

Location	sf	price/sf/year	subtotal
25 Van Ness	140,000	$1.4107	$197,498
30 Van Ness	182,836	$1.4107	$257,927
One S. Van Ness	506,492	$1.4107	$714,508
1650 Mission	174,395	$1.4107	$246,019
1660 Mission	71,585	$1.4107	$100,985
555 7th Street	32,000	$1.4107	$45,142
Materials & Supplies			$293,037
Total:	**1,107,308**		**$1,855,116**

	minimun	maxmum
Per Custodian Squre Foot Coverage Range (depend on building)	15,000	35,000
FTE Coversion	74	32
Approximate Annual Salary + Benefit Range per Contracted Custodian	$21,160.50	$49,374.50

Contract Monitoring Costs:

Does/would contract require monitoring? If yes, fill out the details below. If not, explain why.	YES

Salary:

Job Class	Job Class Title	# of FTEs	Biweekly Rate		Low	High
2716	Custodial Assistant	0.05	$ 1,744	$ 2,120	$ 2,276	$ 2,767
2720	Janitorial Services	0.05	$ 2,120	$ 2,577	$ 2,767	$ 3,363
0923	Manager II	0.05	$ 3,520	$ 4,492	$ 4,594	$ 5,862
					$ 9,636	**$ 11,992**

Benefits:

Union	Fixed ($)	Variable Rate (%)	Variable Low ($)	Variable High ($)	Fixed * FTE ($)	Total Fringe Low ($)	Total Fringe High ($)
790	13,352	29.86%	680	826	668	1,347	1,494
790	13,352	29.86%	826	1,004	668	1,494	1,672
351	18,354	28.80%	1,323	1,688	918	2,241	2,606
						5,082	**5,771**

Contract Cost Info:

In order to calculate the contract cost for custodial services at those buildings affected (25 Van Ness, 30 Van Ness, One South Van Ness, 1650 and 1660 Mission, and 555 7th Street), we used the actual contract cost for delivery of services at One South Van Ness, calculated that cost on a per square foot basis, and then applied that cost per square foot to the entire campus of buildings included in the analysis. Inclusive in our contracts are the following:

Labor, always including a day porter

Special Provisions for unique tenants (for instance, we clean the Bank of America branch at One South Van Ness, which has a number of special conditions)

Materials & Supplies are not included in our base contracts, so that is added to the total for the portfolio (same as in matrix you have - $293,037)

We used One South Van Ness as the baseline agreement from which to work as it is a building with 24/7/365 uses (for the SFMTA and 311, among others), therefore pricing for full service custodial delivery there would be higher than at any of our other locations that might not have uses on weekends or evenings (put another way, actual expenses for the portfolio are lower than projected in the analysis).

Custodian Square Foot Coverage Info:

Depending upon the building, we're running anywhere from 15,000 s.f. per custodian to 35,000 sf per custodian. This is in the range, but at one end of that range. At 35,000 sf per custodian, the need would be 32 FTE's.

The matrix suggest three 2716 first line supervisors (or 23 custodians per supervisor, which is really the max for any one supervisor to manage). That's appropriate. If the 2708 level were reduced to 32 from 69.5, then I'd reduce the 2716 need to 2 (no matter the level of 2708 reductions, due to shift coverage, at least two 2716 FTE's would be required for this portfolio).

PROP J SUBMISSION
GENERAL SERVICES AGENCY -- CITY ADMINISTRATOR, REAL ESTATE
CITYWIDE CUSTODIAL SERVICES, excluding City Hall
COMPARATIVE COSTS OF CONTRACTING VS. IN-HOUSE SERVICES (1)
FISCAL YEAR 2013-14

PROJECTED PERSONNEL COSTS	Class	Positions	BW Rate		Low	High	union	fixed	variable	variable low	variable hi	fixed
Custodian	2708	32.00	1,675	2,033	1,399,244	1,697,949	790	13,352	0.2986	417,814	507,008	427,264
Custodian Assistant Supervisor	2716	2.00	1,840	2,237	96,044	116,751	790	13,352	0.2986	28,679	34,862	26,704
Holiday Pay					34,031	41,300			0.0790	2,688	3,263	0
Premium Pay					124,483	151,074			0.0790	9,834	11,935	0
Total Salary Costs		34.00			1,653,801	2,007,073		26,704		459,015	557,067	453,968
FRINGE BENEFITS												
Variable Fringes (2)					459,015	557,067						
Fixed Fringes (3)					453,968	453,968						
Total Fringe Benefits					912,983	1,011,035						
ADDITIONAL CITY COSTS												
Temp Salaries and est. MFB (4)					432,031	432,031						
Worker's Comp & SFGH Medical					377,236	377,236						
Total Additional Costs					809,267	809,267						
ESTIMATED CAPITAL & OPERATING COSTS												
Materials and Supplies--Cleaning and Paper Products					293,037	293,037						
Total Capital & Operating					293,037	293,037						
ESTIMATED TOTAL CITY COST					**3,669,089**	**4,120,412**						
LESS: ESTIMATED TOTAL CONTRACT COST (5)					**(1,910,458)**	**(1,913,614)**						
ESTIMATED ANNUAL SAVINGS					**$ 1,758,631**	**$ 2,206,798**						
% of Savings to City Cost					**48%**	**54%**						

Comments/Assumptions:

1. Salary levels reflect proposed salary rates effective July 1, 2012. Costs are represented as annual 12 month costs
2. Variable fringe benefits consist of Social Security, Medicare, employer retirement, employee retirement pick-up and long-term disability, where applicable.
3. Fixed fringe benefits consist of health and dental rates plus an estimate of dependent coverage.
4. Temp will be needed primarily for coverage during full time staffs on leaves. At some locations, where minimal service is needed (say a 4 hour shift only), temp staff supplants use of permanent staff, to minimize transportation requirement between sites if we used full time staff.
5. The Estimated Contract Cost for annual service is based upon contract for services at 1 South Van Ness. Contract management and monitoring would be performed by existing staff.

Please Fill Out Highlighted Areas Only.

FY 2013-14

Contract Cost Details

	Low	High
Estimated Contract Cost:	1,910,458	1,913,614

Contract Cost Calculation:

The portfolio consists of:

Location	sf	price/sf/year	subtotal
25 Van Ness	140,000	$1.4470	$202,574
30 Van Ness	182,836	$1.4470	$264,555
One S. Van Ness	506,492	$1.4470	$732,871
1650 Mission	174,395	$1.4470	$252,342
1660 Mission	71,585	$1.4470	$103,580
555 7th Street	32,000	$1.4470	$46,303
Materials & Supplies			$293,037
Total:	**1,107,308**		**$1,895,262**

	minimun	maxmum
Per Custodian Squre Foot Coverage Range (depend on building)	15,000	35,000
FTE Coversion	74	32
Approximate Annual Salary + Benefit Range per Contracted Custodian	$21,704.32	$50,643.42

Contract Monitoring Costs:

Does/would contract require monitoring? If yes, fill out the details below. If not, explain why.	YES

Salary:

Job Class	Job Class Title	# of FTEs	Biweekly Rate		Low	High
2716	Custodial Assistant Supervisor	0.05	$ 1,840	$ 2,237	$ 2,401	$ 2,919
2720	Janitorial Services Supervisor	0.05	$ 2,237	$ 2,719	$ 2,919	$ 3,548
0923	Manager II	0.05	$ 3,590	$ 4,582	$ 4,685	$ 5,979
					$ 10,005	**$ 12,446**

Benefits:

Union	Fixed ($)	Variable Rate (%)	Variable Low ($)	Variable High ($)	Fixed * FTE ($)	Total Fringe Low ($)	Total Fringe High ($)
790	13,352	29.86%	717	872	668	1,385	1,539
790	13,352	29.86%	872	1,059	668	1,539	1,727
351	18,354	28.80%	1,349	1,722	918	2,267	2,640
						5,191	**5,906**

Contract Cost Info:

In order to calculate the contract cost for custodial services at those buildings affected (25 Van Ness, 30 Van Ness, One South Van Ness, 1650 and 1660 Mission, and 555 7th Street), we used the actual contract cost for delivery of services at One South Van Ness, calculated that cost on a per square foot basis, and then applied that cost per square foot to the entire campus of buildings included in the analysis. Inclusive in our contracts are the following:

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OFFICE OF THE MAYOR
SAN FRANCISCO

EDWIN M. LEE
MAYOR

TO: Angela Calvillo, Clerk of the Board of Supervisors

FROM: Mayor Edwin M. Lee for Kate Hall

RE: Additional Continuing Proposition J to be Submitted with the Mayor's FY 2012-2013 and FY 2013-14 Budget Submission

DATE: June 12, 2012

Attached for introduction to the Board of Supervisors is the resolution concurring with the Controller's certification of an additional continuing Proposition J (Custodial Services for the City Administrator's Office), which was inadvertently left out of the Mayor's Proposed Budget submission on May 31st. In addition, attached please find a letter from the Controller certifying the continuing Proposition J.

I request that this item be calendared in Budget and Finance Committee.

Should you have any questions, please contact Jason Elliott (415) 554-5105.

1 DR. CARLTON B. GOODLETT PLACE, ROOM 200
SAN FRANCISCO, CALIFORNIA 94102-4681
TELEPHONE: (415) 554-6141