

File No. 100732

Committee Item No. 6

Board Item No. _____

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Sub - Committee: Budget and Finance

Date: June 16, 2010

Board of Supervisors Meeting

Date: _____

Cmte Board

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| <input type="checkbox"/> | <input type="checkbox"/> | Motion |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Resolution |
| <input type="checkbox"/> | <input type="checkbox"/> | Ordinance |
| <input type="checkbox"/> | <input type="checkbox"/> | Legislative Digest |
| <input type="checkbox"/> | <input type="checkbox"/> | Budget Analyst Report |
| <input type="checkbox"/> | <input type="checkbox"/> | Legislative Analyst Report |
| <input type="checkbox"/> | <input type="checkbox"/> | Introduction Form (for hearings) |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Department/Agency Cover Letter and/or Report |
| <input type="checkbox"/> | <input type="checkbox"/> | MOU |
| <input type="checkbox"/> | <input type="checkbox"/> | Grant Information Form |
| <input type="checkbox"/> | <input type="checkbox"/> | Grant Budget |
| <input type="checkbox"/> | <input type="checkbox"/> | Subcontract Budget |
| <input type="checkbox"/> | <input type="checkbox"/> | Contract/Agreement |
| <input type="checkbox"/> | <input type="checkbox"/> | Award Letter |
| <input type="checkbox"/> | <input type="checkbox"/> | Application |
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OTHER

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Completed by: Andrea S. Ausberry

Date Friday, June 11, 2010

Completed by: _____

Date _____

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

1 [Proposition J Contract/Certification of Specified Contracted-Out Services Under City
2 Administrator]

3 **Resolution concurring with the Controller's certification that services can be performed**
4 **by private contractor for a lower cost than similar work performed by City and County**
5 **employees for citywide janitorial services under the City Administrator.**

6
7 WHEREAS, The Electorate of the City and County of San Francisco passed
8 Proposition J in November 1976, allowing City and County Departments to contract with
9 private companies for specific services which can be performed for a lower cost than similar
10 work by City and County employees (Charter Section 10.104.15); and,

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

13 WHEREAS, The City and County of San Francisco must reconcile a projected \$483
14 million budget deficit for Fiscal Year 2010-2011 with a Charter obligation to enact a balanced
15 budget each fiscal year; and,

16 WHEREAS, The Mayor has determined that the state of the City's budget for Fiscal
17 Year 2010-2011 as indicated herein has created an emergency situation justifying a
18 Purchaser's award of a contract for citywide janitorial services; and,

19 WHEREAS, The Controller's certification, which confirms that said services can be
20 performed at lower costs to the City and County by private contractor than by employees of
21 the City and County, is on file with the Clerk of the Board of Supervisors in File No. 100732 ,
22 which is hereby declared to be part of this resolution as if set forth fully herein; now, therefore,
23 be it

24 RESOLVED, That the Board of Supervisors hereby concurs with the Controller's
25 certification, and the Mayor's determination of an emergency situation, and approves the

1 Proposition J Resolution concerning the Purchaser's award of a contract to a private
2 contractor for the services listed below for the period of July 1, 2010 through June 30, 2011.

Department/Function	City Cost	Contract Cost	SAVINGS	FTEs
	(High)	(High)		
General Services Agency – City				
Administrator (ADM)				
Citywide Janitorial Services	\$7,910,681	\$3,366,260	\$4,544,421	85.6



CITY AND COUNTY OF SAN FRANCISCO
OFFICE OF THE CONTROLLER

Ben Rosenfield
Controller

Monique Zmuda
Deputy Controller

May 14, 2010

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

Attention: Ara Minasian
Deputy Director

RE: Contracting for Citywide Janitorial Services - FY 2010-11

Dear Mr. Lee:

The cost information and supplemental data provided by your office on the proposed contract for citywide janitorial services have 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.

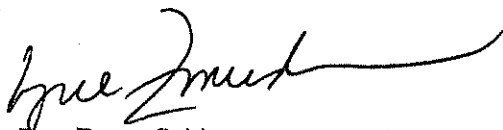
The requirements of Charter Section 10.104.15 relative to the Controller's findings that "work or services can be practically performed under private contract at a lesser cost than similar work performed by employees of the City and County of San Francisco" have been satisfied. Attached is a statement of projected cost and estimated savings for Fiscal Year 2010-11 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 2010-11 budgetary approval process. Following that legislative approval, we will notify your department and the Purchaser that this Charter requirement has been met.

If it is the department's intention to enter into a multiple year contract, you should note that this Charter section requires annual determination by the Controller and resolution by the Board of Supervisors.

Please contact Nadia Feeser at 415-554-5247 if you have any questions regarding this determination.

Sincerely,



Ben Rosenfield,
Controller

Enclosures

cc: Board of Supervisors' Budget Analyst
Human Resources, Employee Relations
Greg Wagner, Mayor's Budget Director

CHARTER 10.104.15 PROPOSITION J QUESTIONNAIRE

DEPARTMENT: General Services Agency – Real Estate Division

CONTRACT SERVICES: Custodial Services at 34 citywide locations (see detailed list)

ANNUAL ANALYSIS: July 1, 2010 to June 30, 2011

1. What is department's basis for proposing Prop J certification?

The basis for proposal is the goal of cost savings and efficient service delivery of janitorial services. Currently, the Real Estate Division maintains 1.1 million square feet of city-owned office space with contracted custodial service, while some other city-owned sites are maintained by Department of Public Works staff, other sites are served by departmental staff, and we also have one leased site maintained by the Department of Public Works. By reorganizing the sites under a new Facilities Management team administered by the Real Estate Division, we project greater efficiency in service delivery, standardized service for city tenants, and significant cost savings.

2. Impact on the provision of services?

Custodial services currently delivered by staff meet specified protocols, e.g. vacuum hallways daily, and these protocols will be incorporated into the contract scope. As such, there will be no change in the provision of services.

3. Department's proposed oversight and reporting requirements?

The Real Estate Division currently has one Senior Purchaser, employed with the City's Office of Contract Administration (OCA), who will lead the development of the RFP and the selection of up to seven different contracts to serve the sites now reorganized into Facilities Management. Oversight of day-to-day contracted service delivery will be performed by custodial staff (we are proposing to retain 1-2720, 3-2716s, and 1-0922 who currently serves as the custodial supervisor.) Our existing accounting and contract management staff will develop the Departmental Blanket Purchase Order, process all invoices approved by the staff custodial supervisor, and monitor contract compliance.

4. Contractor's proposed wage and benefit rates and labor agreements?

The Real Estate Division currently manages six different custodial contracts for service in our city-owned office space in Civic Center. The estimated contract cost used in this Prop J analysis assumes comparable costs, which are predicated on Prevailing Wage rates for custodians per Bureau of Labor Statistics calculations and collective bargaining agreements, as well as compliance with the City's benefit requirements. As part of the annual Prop J review conducted for existing Real Estate custodial contracts, each contractor is requested to provide documentation to verify compliance with wage and benefit requirements for employees covered by the contract, if this information is not routinely included with invoice submittals. If the contractor fails to comply with requests for documentations to verify compliance with wage and benefit requirements of the contract, the matter is referred to the City's Office of Labor Standards and Enforcement.

**GENERAL SERVICES AGENCY -- CITY ADMINISTRATOR, REAL ESTATE
CITYWIDE CUSTODIAL SERVICES
COMPARATIVE COSTS OF CONTRACTING VS. IN-HOUSE SERVICES (1) (2)
FISCAL YEAR 2010-11**

ESTIMATED CITY COSTS:

<u>PROJECTED PERSONNEL COSTS</u>	<u>Class</u>	<u>Positions</u>	<u>BW Rate</u>		<u>Low</u>	<u>High</u>
Custodian	2708	77.6	1,511	1,834	3,059,953	3,714,829
Custodian Assistant Supervisor	2716	6.0	1,660	2,017	259,895	315,907
Custodial Supervisor	2718	2.0	1,829	2,224	95,494	116,106
Holiday Pay					77,728	94,376
Premium Pay					276,377	335,559
Total Salary Costs		85.6			3,769,448	4,576,778
<u>FRINGE BENEFITS</u>						
Variable Fringes (3)					1,037,208	1,259,357
Fixed Fringes (4)					1,008,466	1,008,466
Total Fringe Benefits					2,045,674	2,267,823
<u>ADDITIONAL CITY COSTS</u>						
Worker's Comp & SFGH Medical					324,735	324,735
GSA Human Resources					222,868	222,868
DT Infrastructure & e-Merge					47,200	47,200
Total Additional Costs					594,803	594,803
<u>ESTIMATED CAPITAL & OPERATING COSTS</u>						
Materials and Supplies--Cleaning and Paper Products					471,276	471,276
Total Capital & Operating					471,276	471,276
ESTIMATED TOTAL CITY COST					6,881,202	7,910,681
LESS: ESTIMATED TOTAL CONTRACT COST (5)					(3,366,260)	(3,366,260)
ESTIMATED ANNUAL SAVINGS					\$ 3,514,942	\$ 4,544,421
% of Savings to City Cost					51%	57%

Comments/Assumptions:

1. FY 2010-11 would be the first year these services are contracted out.
2. Salary levels reflect proposed salary rates effective July 1, 2010. Costs are represented as annual 12 month costs.
3. Variable fringe benefits consist of Social Security, Medicare, employer retirement, employee retirement pick-up and long-term disability, where applicable.
4. Fixed fringe benefits consist of health and dental rates plus an estimate of dependent coverage.
5. The Estimated Contract Cost for annual service is based upon bids for services at 1 South Van Ness. Cost per square foot is assumed to be \$2.00.
Contract management and monitoring would be performed by existing staff.

