

File No. 100746

Committee Item No. 25

Board Item No. \_\_\_\_\_

## COMMITTEE/BOARD OF SUPERVISORS

### AGENDA PACKET CONTENTS LIST

Committee BUDGET AND FINANCE

Date 6/21/10

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                                  |
| <input type="checkbox"/>            | <input type="checkbox"/> | Public Correspondence                        |

#### OTHER

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Completed by: Gail Johnson

Date 6/18/10

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 for Department of  
2 Public Health]

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 security services at Department of Public Health hospitals and clinics.**

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 security services at Department of Public Health hospitals  
19 and clinics; and,

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

1 RESOLVED, That the Board of Supervisors hereby concurs with the Controller's  
2 certification, and the Mayor's determination of an emergency situation, and approves the  
3 Proposition J Resolution concerning the Purchaser's award of a contract to a private  
4 contractor for the services listed below for the period of July 1, 2010 through June 30, 2011.

Department/Function	City Cost (High)	Contract Cost (High)	SAVINGS	FTEs
Public Health (DPH)				
Hospital and Clinic Security	\$9,704,055	\$3,470,537	\$6,233,517	82.0



**CITY AND COUNTY OF SAN FRANCISCO**  
**OFFICE OF THE CONTROLLER**

**Ben Rosenfield**  
**Controller**  
**Monique Zmuda**  
**Deputy Controller**

May 14, 2010

Mitch Katz, M.D., Director  
Department of Public Health  
101 Grove Street  
San Francisco, CA 94102

Attention: Gregg Sass  
Chief Financial Officer

RE: Contracting for Security Services at SF General and Laguna Honda Hospitals - FY 2010-11

Dear Dr. Katz:

The cost information and supplemental data provided by your office on the proposed contract for security services at San Francisco and Laguna Honda Hospitals, and Public Health Clinics 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.

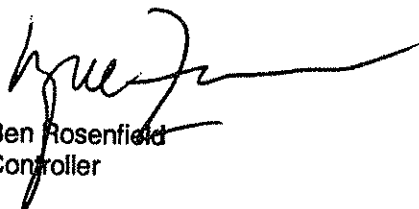
The requirements of Charter Section 10.104.15 relative to the Controller's findings that "work or services can be practically performed under private contract at a lesser cost than similar work performed by employees of the City and County of San Francisco" have been satisfied. Attached is a statement of projected cost and estimated savings for Fiscal Year 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.

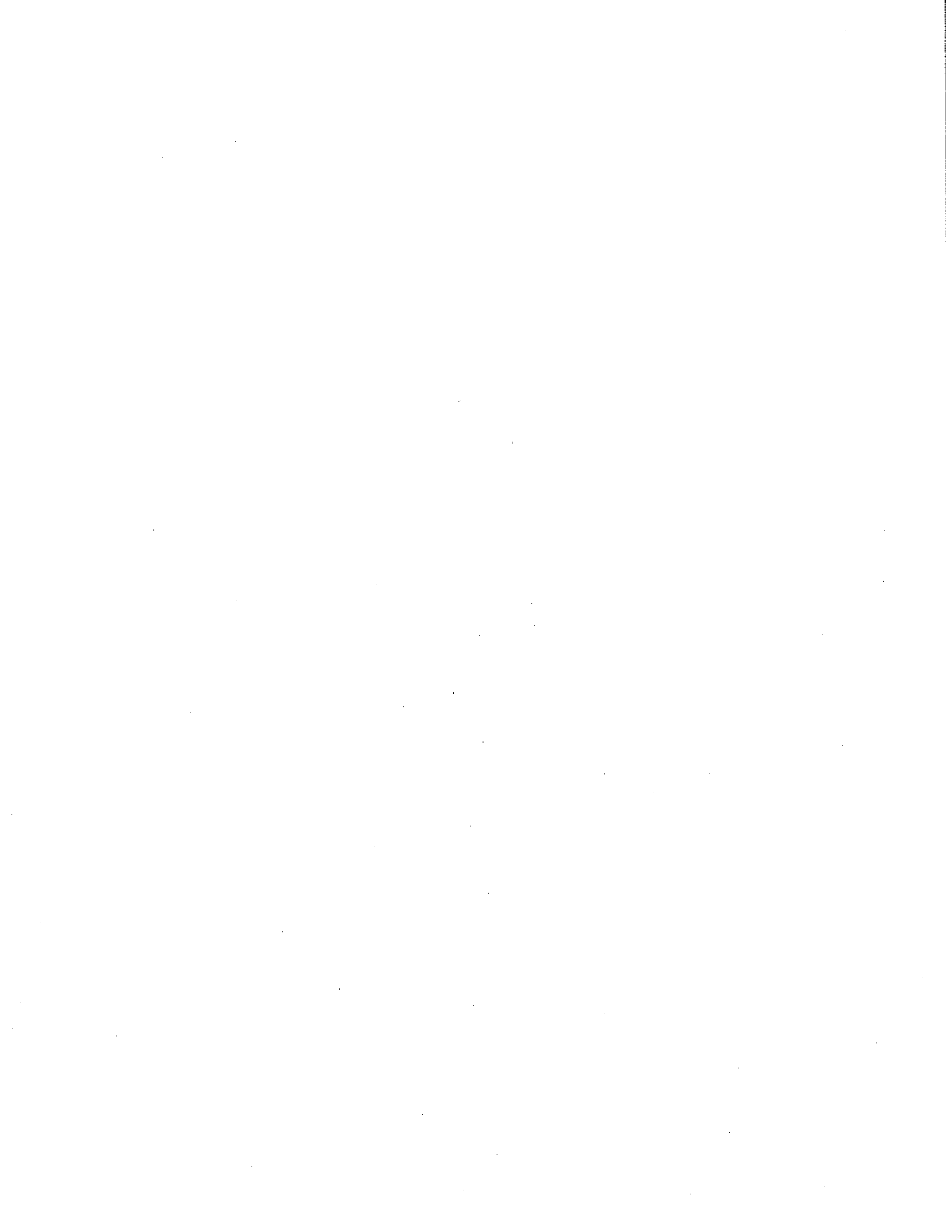
Sincerely,



Ben Rosenfield  
Controller

Enclosures

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



**Department of Public Health**  
**SEC. 2.15 SUPPLEMENTAL REPORTS REQUIRED**

**FY 2010-11**

Any officer, department or agency seeking Board approval of a contract for personal services under Charter Section 10.104(15) shall submit a supplemental report to the Board of Supervisors in connection with the contract and the Controller's certification.

The report shall summarize the essential terms of the proposed contract and address the following subjects:

1. The department's basis for proposing the Prop J certification;

**The Department of Public Health uses security personnel to ensure the safety of patients, staff, and visitors at San Francisco General Hospital, Laguna Honda Hospital, and the community-oriented primary care clinics. In light of the city's budget challenges, the department seeks to maintain the safety and security of our facilities with less expensive private security services.**

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;

**The new contract seeks to maintain security service levels currently provided by the San Francisco Sheriff's Department.**

3. The department's proposed or, for contract renewals, current oversight and reporting requirements for the services covered by the contract;

**The oversight and reporting requirements will be contained in our contract. DPH shall assign a security liaison from SFGH, Laguna Honda, and the DPH clinics who will provide oversight and day-to-day management and coordination of all security activities. These activities will be documented through written post orders at each of the sites where security services are provided.**

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;

**This information is unknown because we have not yet conducted the contracting process. The current estimated annual cost of the security contract of \$3.5 million is based on services bid and awarded for similar City and County hospital security contracts. The contract estimate assumes unarmed security guard wages of \$19.02**

**per hour and armed security guard wages of \$27.07 per hour and an OnSite Manager at \$54.95 per an hour.**

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);

**Ongoing compliance with the minimum compensation Ordinance, the Health Care Accountability Ordinance and Section 12B.1(b) of the Equal Benefits Ordinance shall be listed as a requirement for contracting for security services. The department will also conduct annual audits which shall include, among other things, verification from the awarded contractor of ongoing compliance with these requirements.**

6. The department's plan for City employees displaced by the contract; and,

**The San Francisco Sheriff's Department currently provides security services to the department via an interdepartmental workorder. As such, they are the employing department for the city employees who would be displaced by this contract. Since the Sheriff's Department is facing similar financial constraints of the city's budget challenges, they are planning to re-assign sworn officers to the jails and other facilities to reduce the need for and use of overtime. For the non-sworn officers, the Sheriff's Department has indicated that they will be laid off and/or reassigned. The Sheriff's Department has estimated that between 29-40 employees are subject to lay-off. Cadets would be reassigned contingent on vacancies within the Sheriff' Department. A total of 29 Institutional Police Officers, security guard and dispatchers would be reassigned based on civil service procedures.**

7. A discussion, including timelines and cost estimates, of under what conditions the service could be provided in the future using City employees.

**The Department anticipates an annual savings of approximately \$5 million as a result of using contract security services. The Department of Public Health will issue an RFP May and we expect a contract awarded and effective January 1, 2011.**

**If we sought to return to the status quo, DPH would require at least the currently projected savings months).**



**PUBLIC HEALTH  
 SECURITY GUARD SERVICES FOR SF GENERAL/LAGUNA HONDA HOSPITALS/CLINICS  
 COMPARATIVE COSTS OF CONTRACTING VS. IN-HOUSE SERVICES (1) (2)  
 FISCAL YEAR 2010-11**

**ESTIMATED CITY COSTS:**

PROJECTED PERSONNEL COSTS	Class	Positions	BW Rate		Low	High
Communications Dispatcher	1705	3.00	1,767	2,148	\$ 138,387	\$ 168,185
Security Guard	8202	8.00	1,390	1,683	290,167	351,506
Sheriff's Lieutenant	8310	1.00	3,653	4,660	95,345	121,632
Sheriff's Sergeant	8308	5.00	3,185	4,065	415,623	530,547
Senior Deputy Sheriff	8306	5.00	2,889	3,688	377,012	481,275
Deputy Sheriff	8304	50.00	2,609	3,327	3,404,807	4,342,137
Sheriff's Cadet	8300	10.00	1,320	1,320	344,535	344,535
Swing Shift Differential (10-8300@8.0%, 50-8304@8.5%)					163,998	203,835
Night Differential (10%) (10-8300, 50-8304)					194,358	241,224
Holiday Pay					133,256	167,245
Premium Pay					131,259	164,739
<b>Total Salary Costs</b>		<b>82.00</b>			<b>5,688,748</b>	<b>7,116,860</b>
<b>FRINGE BENEFITS</b>						
Variable Fringes (3)					1,273,826	1,587,405
Fixed Fringes (4)					999,790	999,790
<b>Total Fringe Benefits</b>					<b>2,273,617</b>	<b>2,587,195</b>
<b>ESTIMATED TOTAL CITY COST</b>					<b>7,962,365</b>	<b>9,704,055</b>
<b>LESS: ESTIMATED TOTAL CONTRACT COST (5) (6) (7)</b>					<b>(3,468,555)</b>	<b>(3,470,537)</b>
<b>ESTIMATED SAVINGS</b>					<b>\$ 4,493,809</b>	<b>\$ 6,233,517</b>
<b>% of Estimated Savings to Estimated City Cost</b>					<b>56%</b>	<b>64%</b>

Comments/Assumptions:

1. These services have not been previously 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, and dependent coverage.
5. Contract cost estimated based on services bid and awarded in FY 2008-09 for similar City security contracts.
6. For the purposes of this analysis it is assumed that operating and supply costs will be the same for the City or the contractor, and would not effect the estimated City savings.
7. Estimated contract cost includes 0.1 FTE for contract monitoring.



TO: Angela Calvillo, Clerk of the Board of Supervisors  
FROM: *For* Mayor Gavin Newsom *ST*  
RE: Proposition J Contract/Certification of Specified Contracted-Out  
Services for Department of Public Health  
DATE: June 1, 2010

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Dear Madame Clerk:

Attached for introduction to the Board of Supervisors is the resolution concurring with the Controller's certification that services can be performed by private contractor for a lower cost than similar work performed by City and County employees for security services at Department of Public Health hospitals and clinics.

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

Should you have any questions, please contact Starr Terrell (415) 554-5262.

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BOARD OF SUPERVISORS  
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BY                      *RC*

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