

File No. 106730

Committee Item No. 19

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"/> | Ordinance |
| <input type="checkbox"/> | <input type="checkbox"/> | Legislative Digest |
| <input type="checkbox"/> | <input type="checkbox"/> | Budget Analyst Report |
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| <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 |
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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 City Museums]

2
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 for the Asian Art Museum and the Fine Arts Museum.**

6
7 WHEREAS, The Electorate of the City and County of San Francisco passed Proposition
8 J in November 1976, allowing City and County Departments to contract with private companies
9 for specific services which can be performed for a lower cost than similar work by City and
10 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 Year
17 2010-2011 as indicated herein has created an emergency situation justifying a Purchaser's
18 award of a contract for security services for the Asian Art Museum and the Fine Arts Museum;
19 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 the
22 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 fully
24 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 contractor
 4 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
Asian Art Museum/Fine Arts				
Museums (AAM/FAM)				
Museum Security Services	\$9,451,107	\$4,550,138	\$4,900,969	112.4

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CITY AND COUNTY OF SAN FRANCISCO
OFFICE OF THE CONTROLLER

Ben Rosenfield
Controller

Monique Zmuda
Deputy Controller

May 27, 2010

Jonathan Buchanan, Director
Fine Arts Museums
50 Hagiwara Tea Garden Drive
San Francisco, CA 94118

Jaye Xu, Director
Asian Art Museum
200 Larkin Street
San Francisco, CA 94102

RE: Contracting for Museum Security - FY 2010-11

Dear Mr. Buchanan and Mr. Xu:

The cost information and supplemental data provided by your offices on the proposed contract for museum security 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 departments do 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 departments and the Purchaser that this Charter requirement has been met.

If it is the departments' 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

Contracting for Museum Security Services

June 1, 2010

Page 2

**cc: Board of Supervisors' Budget Analyst
Greg Wagner, Mayor's Budget Director
Martin Gran, Human Resources, Employee Relations
Nicholas Elsishans, Finance Director, Fine Arts Museums
Mark McLoughlin, Finance Director, Asian Art Museum**

Charter 10.104.15 (Proposition J Questionnaire)

Department: Fine Arts Museums

Contract Services: Museum Security Services

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

To meet the Mayor's targeted budget reduction of General Fund support to the Fine Arts Museums.

2. A. 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.

We believe that the contract will have minimal impact on the provision of services. We expect the contracted services to provide security coverage and an equal level and depth at significantly lower cost. We expect many of the security guards currently working for the City at the Fine Arts Museums to be hired by the contractor.

- B. 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.

Not applicable at this time.

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

The Director of Security as well as the Director of Operations will be responsible for overseeing the vendor as well as the contract and reporting.

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;

The Museums will only approach vendors that are union shops.

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);

The contractual agreement with the vendor will include at a minimum mandatory compliance with these provisions.

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

It is the Museum's intention to hire many current employees through the vendor.

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

The service could be provided in the future using City employees if adequate City funds were to be restored.

Charter 10.104.15 (Proposition J Questionnaire)

Department: Asian Art Museum
Contract Services: Museum Security

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

To meet the Mayor's targeted budget reduction of General Fund support to the Asian Art museum.

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.

We believe that the contract will have minimum impact on the provision of services. We expect the contracted services to provide security coverage and an equal level and depth at significantly lower cost. We expect many of the security guards currently working for the City at the Asian Art museum to be hired by the contractor.

3. 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;

Not applicable.

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

The security function will continue to be under the oversight of the Museum's Chief Operating Officer.

5. 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;

No contractor agreement exists as of yet. The exact terms of the contract remain to be explored and negotiated with an appropriate vendor. The Prop J savings are estimates based on Asian Art Museum staffing and service levels costed out at fully loaded salary and benefit rates for similar services provided by a union contractor at an independent SF museum.

6. 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);

The contractual agreement with the vendor will include at a minimum mandatory compliance with these provisions.

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

It is the museum's intention to hire many current employees through the vendor.

8. A discussion, including timelines and cost estimates, of under what conditions the service could be provided in the future using City employees. (Added by Ord. 105-04, File No. 040594, App. 6/10/2004)

The service could be provided in the future using City employees if adequate City funds were to be restored.

**ASIAN ART MUSEUM/FINE ARTS MUSEUMS
MUSEUM SECURITY SERVICES
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
Security Guard	8202	16.4	1,390	1,683	\$ 594,958	\$ 720,728
Museum Guard	8226	85.0	1,683	2,046	3,734,609	4,538,660
Museum Security Supervisor	8228	10.0	1,874	2,278	489,171	594,473
Manager I	0922	1.0	3,130	3,995	81,703	104,257
Overtime Pay			969	1,200	25,299	31,325
Premium Pay			380	380	162,687	162,687
Holiday Pay					154,899	188,331
Total Salary Costs		112.40			\$ 5,243,325	\$ 6,340,461
FRINGE BENEFITS						
Variable Fringes (3)					1,468,558	1,782,395
Fixed Fringes (4)					1,328,252	1,328,252
Total Fringe Benefits					\$ 2,796,810	\$ 3,110,646
ESTIMATED TOTAL CITY COST (5)					\$ 8,040,135	\$ 9,451,107
LESS: ESTIMATED TOTAL CONTRACT COST (6)					(4,543,317)	(4,550,138)
ESTIMATED SAVINGS					\$ 3,496,818	\$ 4,900,969
% of Estimated Savings to Estimated City Cost					43%	52%

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 costs, 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 City costs exclude materials, supplies, and uniforms; if included these costs would increase the estimated savings to CCSF.
6. Estimated contract cost calculated by multiplying current staffing hours by private hourly wage rate. Privatized hourly rates (\$18-\$22/hr + 20% benefits) are based on estimates from three private security companies. Estimated contract cost also includes 0.5 FTE for contract monitoring.



TO: Angela Calvillo, Clerk of the Board of Supervisors
FROM: *PN* Mayor Gavin Newsom *GN*
RE: Proposition J Contract/Certification of Specified Contracted-Out
Services for City Museums
DATE: June 1, 2010

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 for the Asian Art Museum and the Fine Arts Museum.

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 *KT*

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