

File No. 110378

Committee Item No. 11

Board Item No. _____

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Budget and Finance Committee

Date: June 29, 2011

Board of Supervisors Meeting

Date _____

Cmte Board

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| <input type="checkbox"/> | <input type="checkbox"/> | Legislative Digest |
| <input type="checkbox"/> | <input type="checkbox"/> | Budget & Legislative Analyst Report |
| <input type="checkbox"/> | <input type="checkbox"/> | Ethics Form 126 |
| <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: Victor Young

Date: June 24, 2011

Completed by: Victor Young

Date: _____

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

FILE NO. 110378

RESOLUTION NO.

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 \$306
14 million budget deficit for Fiscal Year 2011-2012 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 2011-2012 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,

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. 110378, 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 approves the Proposition J Resolution concerning the Purchaser's award of
3 a contract to a private contractor for the services listed below for the period of July 1, 2011
4 through June 30, 2012.

5		City Cost	Contract Cost		
6		(High)	(High)	SAVINGS	FTEs
7	Department/Function				
8	Public Health (DPH)				
9	Hospital and Clinic Security	\$8,967,457	\$4,172,753	\$4,794,704	71.0
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CITY AND COUNTY OF SAN FRANCISCO
OFFICE OF THE CONTROLLER

Ben Rosenfield
Controller

Monique Zmuda
Deputy Controller

May 20, 2011

Barbara Garcia, 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 2011-12

Dear Ms. Garcia:

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

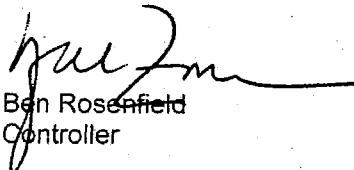
The requirements of Charter Section 10.104.15 relative to the Controller's findings that "work or services can be practically performed under private contract at a lesser cost than similar work performed by employees of the City and County of San Francisco" have been satisfied. Attached is a statement of projected cost and estimated savings for Fiscal Year 2011-12 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 2011-12 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 Cindy Czerwin 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 2011-12

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 and Laguna Honda Hospital. 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 the same level of safety 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, reporting and day-to-day management will be contained in our contract. DPH shall assign a security liaison within the Department who will provide oversight 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 \$3.0 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 \$23.00 per hour and an OnSite Manager at \$53.34 per 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 to reduce the need for and use of overtime. Non-sworn officers will be reassigned to the Department of Public Health (DPH) to provide security services at DPH community clinics.

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 \$4.0 million as a result of the using contract security services. RFP will be issued in July and we expect a contract awarded and effective in December, 2011.

The Department of Public Health and the Sheriff's Department would need funding to restore the workorder costs and overtime costs at the Sheriff's department to maintain the current model of security provided by Sheriff deputies.

If we sought to use city employees in alternate classes, DPH would require at least the currently projected savings in addition to the requisite time and resources to recruit, hire for all posts with appropriate backfill, and train employees. We expect this will take approximately 12-18 months through the civil service process, including time for background checks. The department would also incur one-time costs to uniform and equip these new employees.

PROP J ANALYSIS SUMMARY

DPH - SFGH and LHH

Hospital Security

COMPARATIVE COSTS OF CONTRACTING VS. IN-HOUSE SERVICES (1) (2)

FISCAL YEAR 2011-12

ESTIMATED CITY COSTS:

PROJECTED PERSONNEL COSTS

Job Class Title	Class	# of Full Time Equivalent Positions	Bi-Weekly Rate		Low	High
Institutional Security Guard	8202	7.0	1,461	1,771	266,975	323,477
Institutional Police Sergeant	8205	2.0	3,197	4,081	166,883	213,028
Communications Dispatcher II	1705	4.0	1,858	2,257	193,975	235,631
Deputy Sheriff	8304	33.0	2,621	3,343	2,257,467	2,879,326
Sheriff's Cadet	8300	10.0	1,386	1,386	361,700	361,700
Senior Deputy Sheriff	8306	6.0	2,902	3,705	454,488	580,177
Sheriff's Sergeant	8308	6.0	3,199	4,084	501,034	639,574
Sheriff's Lieutenant	8310	1.0	3,670	4,682	95,782	122,189
Sheriff's Captain	8312	1.0	4,208	5,368	109,835	140,108
Sheriff's Chief	8314	1.0	4,636	5,914	121,000	154,355
					0	0
Holiday Pay (if applicable)					123,791	154,765
Night / Shift Differential (if applicable)					110,426	138,056
Overtime Pay (if applicable)					384,410	480,512
Other Pay (if applicable)					0	0
Total Salary Costs		71.0			5,147,766	6,422,898
FRINGE BENEFITS						
Variable Fringes (3)					900,254	900,254
Fixed Fringes (4)					1,160,506	1,446,338
Total Fringe Benefits					2,060,760	2,346,592
ADDITIONAL CITY COSTS (if applicable)						
Additional City Costs (Workers comp costs, parking for vehicles, SEIU parking per MOU, additional gas and M&S)					197,967	197,967
Total Capital & Operating					197,967	197,967
ESTIMATED TOTAL CITY COST					7,406,493	8,967,457
LESS: ESTIMATED TOTAL CONTRACT COST					(3,213,325)	(4,172,753)
ESTIMATED SAVINGS					\$ 4,193,168	\$ 4,794,704
% of Savings to City Cost					57%	53%

Comments/Assumptions:

1. FY 12-13 would be/was the first year these services are/were fully contracted out. FY11-12 will be partial year
2. Salary levels reflect proposed salary rates effective July 1, 2011. 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.

