



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

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

May 28, 2013

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 Convention Facilities Management – FYs 2013-14 and 2014-15

The cost information and supplemental data provided by your office on the proposed contract for convention facilities management 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 Years 2013-14 and 2014-15 and the informational items provided by the department pursuant to San Francisco Administrative Code Section 2.15.

Following the approval of the Board of Supervisors, 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,

A handwritten signature in black ink, appearing to read "Ben Rosenfield".

Ben Rosenfield,  
Controller

Enclosures

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

Administrative Services  
 SMG - Convention Facilities Management  
**COMPARATIVE COSTS OF CONTRACTING VS. IN-HOUSE SERVICES (1) (2)**  
 FISCAL YEAR 2013 - 14

**ESTIMATED CITY COSTS:**

**PROJECTED PERSONNEL COSTS**

Personnel Costs Projected	Positions	Low	High
Salaries	266.5	17,555,927	21,206,179
<b>FRINGE BENEFITS</b>			
Variable Fringes (3)		4,979,289	6,013,671
Fixed Fringes (4)		2,611,850	2,611,850
Total Fringe Benefits		7,591,139	8,625,521
<b>ADDITIONAL CITY COSTS (if applicable)</b>			
Contractual Services		5,091,440	5,091,440
Workers' Compensation		1,029,900	1,029,900
Management Fee		529,000	529,000
		0	0
Total Capital & Operating		6,650,340	6,650,340
<b>ESTIMATED TOTAL CITY COST</b>		31,797,406	36,482,040
<b>LESS: ESTIMATED TOTAL CONTRACT COST</b>		(30,032,763)	(30,032,763)
<b>ESTIMATED SAVINGS</b>		\$ 1,764,643	\$ 6,449,277
<b>% of Savings to City Cost</b>		6%	18%

Comments/Assumptions:

1. FY 1977 would be/was the first year these services are/were contracted out.
2. Salary levels reflect proposed salary rates effective July 1, 2012 inflated by 1.5%. Annual costs per DHR compensation manual.
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.

Administrative Services

SMG - Convention Facilities Management

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

FISCAL YEAR 2014 – 15

**ESTIMATED CITY COSTS:**

**PROJECTED PERSONNEL COSTS**

Personnel Costs Projected	Positions	Low	High
Salaries (2)	266.5	17,819,266	21,524,272

**FRINGE BENEFITS**

Variable Fringes (3)	6,671,977	8,055,287
Fixed Fringes (4)	3,903,906	3,903,906
<b>Total Fringe Benefits</b>	<b>10,575,883</b>	<b>11,959,193</b>

**ADDITIONAL CITY COSTS (if applicable)**

Contractual Services	5,218,726	5,218,726
Workers' Compensation	1,045,349	1,045,349
Management Fee	542,225	542,225
	0	0
<b>Total Capital &amp; Operating</b>	<b>6,806,300</b>	<b>6,806,300</b>

**ESTIMATED TOTAL CITY COST** 35,201,448 40,289,764

**LESS: ESTIMATED TOTAL CONTRACT COS** (30,483,254) (30,483,254)

**ESTIMATED SAVINGS** \$ 4,718,193 \$ 9,806,510  
**% of Savings to City Cost** 13% 24%

Comments/Assumptions:

1. FY 1977 would be/was the first year these services are/were contracted out.
2. Salary levels reflect proposed salary rates effective July 1, 2014 inflated by 1.5%. Annual costs per DHR compensation manual.
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.