

A G E N D A



RCA	Austin City Council	Item ID	17297
Meeting Date:	8/23/2012	Department:	Building Services
Subject			
Approve an ordinance amending the Fiscal Year 2011-2012 Support Services Fund Operating Budget (Ordinance No. 20110912-005) to increase the number of authorized positions by 28 within the Building Services Department to provide custodial services at several Austin Energy facilities.			
Amount and Source of Funding			
There is no unanticipated fiscal impact for FY 2011-12. Full-year funding for this action is included in the FY 2012-2013 Proposed Budget of Austin Energy.			
Fiscal Note			
A fiscal note is attached.			
Purchasing Language:			
Prior Council Action:			
For More Information:	David Acuna, Financial & Administrative Manager (512) 974-3969		
Boards and Commission Action:			
MBE / WBE:			
Related Items:			
Additional Backup Information			

With this action, Council will authorize Building Services to add 28 new FTEs for the purpose of providing custodial services to various Austin Energy (AE) facilities. The total annual cost, which will be paid by AE to the Building Services Department (BSD) to cover the cost of personnel and supplies, will be \$1,565,107. This is \$682,007 more than the projected cost if the services were provided by an outside source. Through FY 2016-17, the additional cost resulting from the transition will be \$3.3 million.

On March 1, 2012, a Recommendation for Council Action was submitted to the City Council to authorize the award, negotiation and execution of a 24-month requirements service contract with American Facility Services (AFS) to provide janitorial services at various Austin Energy locations in an estimated amount not to exceed \$1,057,024, with three 12-month extension options not to exceed \$2,959,667. At that meeting, Council requested that Austin Energy, in partnership with BSD, explore available options with respect to how janitorial services are provided to its facilities.

On March 22, 2012, after BSD conducted an audit of Austin Energy facilities, an in-house option was presented to Council. At that time, the estimate to provide comparable janitorial services at the various AE facilities was expected to be \$796,662 annually, and require 13.5 FTEs for a total five-year cost of \$4,252,284. Staff was directed to transition the janitorial services away from the existing contract provider to BSD.

Since March, several factors have contributed to changes in the overall cost. Modifying the retirement rate to reflect the total City contribution of 18%, and adjusting the custodial labor rates based on the market rate study implemented in April, have added \$51,884. Also, the original cost estimate of \$80,000 for additional AE power plants has been revised down to \$32,891 and adds 1.0 FTE. The result is the cost to AE for BSD to provide janitorial services for Town Lake Center, Kramer Lane C, D, and E, St. Elmo Service Center, Energy Control Center, the Back-up Control Center, Customer Care Walk-In Branch and the Combined Transportation and Emergency Communication Center will be \$818,555 for the first year and require 14.5 FTEs.

Below is the revised cost comparison between the existing service provider and BSD.

	Contract (AFS)	City of Austin (BSD)
Cost Items-Original Austin Energy Facilities		
Full-time Equivalents	17	14.5
Labor	\$376,512	\$658,396
Materials and supplies	\$72,000	\$82,851
Vehicle (one-time cost)	\$0	\$25,000
Vehicle operations/maintenance	\$0	\$2,300
Additional facilities (AE Power Plant)	\$80,000	\$47,108
Uniforms	\$0	\$2,900
First Year Total Cost (includes one-time capital)	<u>\$528,512</u>	<u>\$818,555</u>
Cost Differential		\$290,043

Based on Council's direction to transition away from outsourcing, other Austin Energy facilities not included in the original discussion require custodial services, the most notable being the new 192,000 sq ft System Control Center (SCC) (formerly the Tokyo Electronic Building) facility. The cost to provide janitorial services at these locations will be \$746,552 and require 13.5 FTEs. Since the SCC facility is new and there is not an existing contract, the estimated contract cost is based on the City's prior experience with contracting janitorial services, and assumes the same terms as the AFS contract considered in March 2012. This estimate along with the internal cost and FTE information is provided for comparison in the following table.

	Contract (est.)	City of Austin (BSD)
Cost Items-Additional Austin Energy Facilities		
Full-time Equivalents	13.5	13.5
Labor	\$297,665	\$652,907
Materials and supplies	\$56,992	\$63,646
Vehicle (one-time cost)	0	\$25,000
Vehicle operations/maintenance	0	\$2,300
Uniforms		\$2,700
First Year Total Cost (includes one-time capital)	<u>\$354,588</u>	<u>\$746,552</u>
Cost Differential		\$391,964

Combined, the total annual cost to the City will be \$1,565,107 and require 28 additional FTEs. Using an annual cost escalator of 4%, the five-year cost to provide custodial services through BSD is projected at \$8.2 million. The five-year cost projection for outsourcing based on the same escalation terms from the AFS contract comes to \$4.9 million. Transitioning these services in-house will cost the City an estimated \$3.3 million over the next five years.

Full-year funding for this action is included in the FY 2012-2013 Proposed Budget of Austin Energy.

