



MEMORANDUM

TO: Mayor and Council

FROM: James Scarboro, Purchasing Officer *James*

DATE: February 24, 2017

SUBJECT: Citywide Security Guard Services - Rationale for Contracting for Security Guard Services versus Hiring Security Guards

Background

On February 16, 2017, staff brought forward an item to Council to authorize multiple contracts to provide security guard services to various City departments. Mayor Pro Tem Kathie Tovo requested that department staff provide rationale for hiring security guards rather than continuing to contract for these services. The Purchasing Office facilitated the collection of this information on the behalf of City department staff.

Rationale

The information collected validated the detailed analysis conducted in 2012, and verified employing security guards is considerably more expensive than contracting for these services. Moreover, the balance of City security guard staff and contracted security guard services is the most practical approach to meeting the routine needs for security as well as the short-term and as needed services in order to achieve both departmental efficiency and operational agility.

Contractors for security guard services recruit and maintain a large pool of guards that can be utilized to augment City security guard staff on an as needed basis. Overhead costs associated with the recruiting, hiring, training, licensing, and retaining of security staff are included in the Contractor's regular billing rate (and are not incurred separately by the City), and City staff vacancies are filled in a timely manner as the need occurs. Costs for administrative staff and oversight of security staff by management are included in the Contractor's regular billing rate (and are not incurred separately by the City). Operational costs associated with uniforms, equipment, and vehicles (including gas and routine maintenance) are also included in the Contractor's regular billing rate and not incurred separately by the City.

For example, the Convention Center hosts a variety of events that do not remain static and that will vary in service needs depending on the event; employing full-time security staff for these services that are so dependent on fluctuating customer needs and demands cannot be justified. Additionally, Building Services' security guard workload requires the ability to schedule additional contract guards

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based on special events, demonstrations, threat levels, and routine scheduling issues to cover personnel shortages. Once the event and additional demand for these services subside the additional staff is no longer needed. Another example is Austin Water's need for routine security guard services to protect critical water and wastewater infrastructure. The combination of best practices that align with industry standards, pricing, flexibility, and speed in response to changing needs are essential to Austin Water's ability to perform at optimal operational levels.

Security Guard Headcount

Department	Security Guard Headcount for City Security Staff	Security Guard Headcount for Contracted Staff
Convention Center	17	Upwards of 100 additional contracted staff for special event services may be utilized on an as needed basis.
Building Services	9	Upwards of 14 contracted staff are utilized on an as needed basis.
Austin Water	0 AW does not currently employ any security guard staff.	17
All Other Departments	20	As needed
Totals	46	

Departmental Analysis

Expenditures for the last 12 months:

Department	Annual Expenditures for City Security Staff (salary, FICA, benefits)	Annual Expenditures for Contracted Staff (bill rate)
Convention Center	\$1,101,498	\$270,000
Building Services	\$615,734	\$504,603
Austin Water	\$0 AW does not currently employ any security guard staff. \$621,793 was spent on AW Security Management Division employees that provide oversight of Contracted Security Staff.	\$1,328,640
All Other Departments	\$1,479,313	\$2,070,789
Totals	\$3,196,545	\$4,174,032

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Estimated Expenditures for the next 12 months:

Department	Annual Estimated Expenditures for City Security Staff (salary, FICA, benefits)	Annual Estimated Expenditures for Contracted Staff (bill rate)
Convention Center	\$1,217,155	\$200,000
Building Services	\$688,092	\$549,973
Austin Water	\$0 AW does not currently employ any security guard staff. \$739,574 is estimated to be spent on AW Security Management Division employees that provide oversight of Contracted Security Staff.	\$2,015,864
All Other Departments	\$2,090,434	\$2,451,703
Totals*	\$3,995,681	\$5,217,540

* The totals for this table are based on a 25% expected increase from the previous 12 months.

cc: Elaine Hart, Interim City Manager
Chief of Staff and Assistant City Managers
Greg Canally, Interim Chief Financial Officer
Ed Van Eenoo, Deputy Chief Financial Officer