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City of San Jose


Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Julie Edmonds-Mares

SUBJECT: PARK MAINTENANCE
PRELIMINARY ALTERNATIVE
SERVICE DELIVERY EVALUATION

DATE: 04-26-12

Approved  Date 4/27/12

INFORMATION

This memorandum provides information on the Preliminary Alternative Service Delivery Evaluation for Park Maintenance, in accordance with Council Policy 0-41, and the memorandum titled *2012-2013 Preliminary Alternative Service Delivery Evaluations*, dated January 19, 2012. The Department of Parks, Recreation and Neighborhood Services (PRNS) underwent the business case analysis for park maintenance activities, and the results are included in this memorandum as Attachment A. The analysis focused on park maintenance activities provided at 33 neighborhood parks that were 2.1 to 5 acres in size and concludes that the cost to outsource these services exceeds the City's cost by approximately \$163,000.

PRNS also conducted an initial analysis of park maintenance services at Alum Rock Park. That analysis concluded that Alum Rock Park maintenance and visitor services did not meet the FTE thresholds listed in Council Policy 0-41, and therefore that business case analysis is not being brought forward for consideration.

This Park Maintenance Preliminary Business Case Analysis is being shared with City Council and will be posted on the City's website.

/s/

JULIE EDMONDS-MARES
Acting Director of Parks, Recreation and
Neighborhood Services

For questions please contact Mike Will, Parks Manager, at 408-535-3582.

Attachment: Park Maintenance, Business Case Analysis, 4/26/2012

**Park Maintenance
Business Case Analysis
4/26/12**

Purpose of Analysis:

The purpose of this business case analysis is to evaluate an alternative service delivery model for providing scheduled park maintenance at 33 parks comprising 119.1 acres of park land (referred to as "Proposed Parks" in this analysis), which are listed on Exhibit 1. These Proposed Parks range from 2.1 to 5 acres in size. City staff currently provide a variety of services at these parks including:

- Scheduled park maintenance,
- Corrective maintenance,
- Installation Services,
- Contract management, and
- Special event support.

Exhibit 2 provides a description of these services. This business case analysis focuses on providing scheduled maintenance services at the Proposed Parks listed in Exhibit 1. This business case analysis does not address the park maintenance services for the civic grounds and neighborhood parks that are two (2) acres or less, nor the larger neighborhood parks (5.1 acres and more) or any regional parks.

Current Service Model:

The Parks, Recreation and Neighborhood Services Department (PRNS) provides a wide variety of parks maintenance and visitor services throughout the City's 182 Neighborhood parks, 9 regional parks, and 64 civic ground sites. As a whole, PRNS maintains an estimated 3,116 acres citywide, providing services such as scheduled maintenance, corrective maintenance, contract management, and special event support. These ongoing services ensure that the City's parks and civic grounds are clean, green, and safe for the community.

Currently, the scheduled maintenance of 45 civic grounds and 52 neighborhood parks that are two (2) acres or less in size (collectively referred to as "Small Parks and Civic Grounds" in this study), as well as custodial services for 90 park restrooms are outsourced to contractors. As approved by the City Council, PRNS initiated the new service delivery model for Small Parks and Civic Grounds, and park restrooms on June 27, 2011. City staff continue to provide the corrective maintenance, contract management, and special event support at the Small Parks and Civic Grounds. The remaining parks that are not included in the Small Parks and Civic Grounds, and are larger than two acres, as well as parks that contain adjoining civic grounds, are maintained by City staff.

Staffing Structure – PRNS employs approximately 8 fulltime FTE to provide the scheduled park maintenance for the Proposed Parks discussed in this business case analysis and has accounted for these FTE in its 2012-13 Base Budget. The FTE count is based on an aggregate total of the staffing hours allocated to scheduled park maintenance. As such, the FTE represent workload demands, rather than a representation of specific individuals. In practice, the work is broadly accomplished by a larger number of individuals (not just 8 employees) who share these neighborhood park maintenance duties on a daily basis. At present, none of the assigned staff are dedicated solely to scheduled park maintenance of the Proposed Parks. The personal costs in this analysis are based on the current budgeted costs of 8 actual full-time positions, which would be eliminated if the City decides to use contracted services to maintain the Proposed Parks.

The scheduled park maintenance provided by the 8 FTE are supplemented by approximately 7,300 hours of Alternate Work Program staff (Court assigned workers that provide labor at no cost to City other than the cost of

supervision). Unfortunately, contractors, including ones hired to provide services at City parks, may not use the Alternate Work Program as a source of labor. The Santa Clara County Sheriff's Office stated that Alternate Work Program participants may only be utilized by public agencies and non-profit organizations, and may not be used by for profit contractors.

Current Costs –The 2012-13 base budget costs for park maintenance services at the Proposed Parks is \$577,500, which is made up of personal services, salary, fringe (including health, dental, unemployment, etc.), and retirement costs. The overhead associated with the staffing costs is not estimated.

New Service Model Concept:

This business case analysis focuses on the PRNS level of service delivery for providing scheduled park maintenance services to the Proposed Parks, which are community serving neighborhood parks that are between 2.1 and 5 acres. There are 33 Proposed Parks totaling 119.1 acres.

PRNS evaluated the new service delivery model with the current City provided service model for providing scheduled park maintenance at the Proposed Parks. The evaluation compared cost and quality between City provided services and contractor provided services. To evaluate the cost, PRNS assessed the service costs of an existing contract for parks below 2.1 acres and Civic Grounds. The evaluation assumes that the cost per acre to maintain the larger community serving parks would be higher than the selected contractor's rate of \$4,976 per acre. This is due to additional site visits to provide basic service (picking up of litter and emptying of trash cans only). The cost per acre rate established for this analysis utilized a frequency factor of 25%. The Small Park and Civic Grounds per acre rate of \$4,976 is based on a site visit frequency of two site visits per week to provide the full scope of work (i.e. mow, edge, trim, litter pick up, emptying of trash cans, irrigate, inspections, weeding, and fertilization). This service delivery evaluation for the Proposed Parks anticipates that the frequency of site visits will be three to five per week. This is consistent with the current practice by PRNS staff at the Proposed Parks. The focus of the additional site visits is to provide a basic service of picking up of litter and emptying of trash cans. The estimated rate, which includes a conservative frequency factor of 25%, is \$6,220 per acre.

PRNS' experience with the Small Park and Civic Ground park maintenance contractor in 2011 was positive. The quality of the services provided at the Small Parks and Civic Grounds met the service levels of like services (scope of work) provided by City staff. PRNS recognizes that contractors have the ability to provide the scheduled maintenance at the Proposed Parks. But, PRNS anticipates that contractors will not be able to continue to provide the same scope of work at a competitive cost for the Proposed Parks. As an example, PRNS utilizes large scale mowing equipment to economically support servicing larger parks. PRNS expects that contractors would need to acquire these larger pieces of mow equipment, thus extending the cost onto the City as part of any future agreement for these services. In 2010, PRNS conducted a preliminary evaluation of the cost for City staff to provide turf mowing services, and concluded that City staff were equal to or less than comparable contractor rates. Lastly, the cost of maintenance provided by City staff was found to be 20% lower than the contractor's estimate for same repairs.

The estimated contractor's cost to provide the scheduled maintenance at the Proposed Parks is estimated to be \$740,801 annually (Table A). PRNS' remaining park maintenance resources would continue to provide for corrective maintenance, contract management, and special event coordination. Due to the unscheduled nature of these additional services, PRNS expects that the contractor costs would exceed the City costs for like services as has been the experience with the contractor servicing parks of 2.1 acres or less and civic grounds. The following section compares the Proposed Parks' scheduled maintenance cost for contractors and City staff.

**Table A: Park Maintenance Services for Neighborhood Parks 2.1 to 5 acres
Projected On-going Annual Savings**

Neighborhood Park Scheduled Landscape Maintenance (2.1-5 acres)	FTE	2012-13 Base Costs	Estimated Annual Contract Costs	Estimated Annual City Savings by Providing the Service with City Staff
Maintenance Supervisor	0.5	\$62,930	Vendor Cost: \$740,801 (Estimated cost per acre \$6,220 per acre per year x 119.1 acres)	
Gardener	1.0	\$97,659		
Groundswoker	1.0	\$80,352		
Maintenance Assistant	4.5	\$336,559		
TOTAL	8.0	\$577,500	\$740,801	\$(163,301)

Recommendation

This Park Maintenance Services Delivery Analysis for parks 2.1 to 5 acres concludes that the cost to outsource these services exceeds the City's cost for same services by approximately \$163,000. Based on the analysis, the Department recommends continuing to provide these scheduled park maintenance services with City staff.

As part of the 2012-2013 Proposed Operating Budget, the Administration recommends a reorganization of the Parks Maintenance Division to a Team-Based Model resulting in additional efficiencies and cost saving measures. This proposal will reorganize, consolidate, and create efficiencies in the park maintenance program including the lease of new vehicles through an innovative fleet pilot program as reported to the Transportation and Environment Committee. An outcome based performance measurement tracking system will be deployed to ensure that every task is optimized from a time management standpoint. The data will be utilized to measure specific service and performance results maximizing service delivery.

Service Delivery Evaluation Decision-Making Criteria:

1. **What is the potential impact on public employees currently providing the service and on the workforce in general with respect to issues such as workload, productivity, diversity, and availability of measures to mitigate negative impacts? Impacts will specifically be evaluated relative to the City's core values (Integrity * Innovation * Excellence * Collaboration * Respect * Celebration).**

All 8.0 positions affected by this Business Case Analysis (BCA) are currently filled. These city employees would be subject to re-assignment, demotion, or layoff if the City were to contract-out the services listed in this BCA. The impact to employees may be mitigated by encouraging proposing vendors to hire displaced employees.

2. Is it practical for City staff to provide the proposed service (versus being precluded by proprietary, supply chain, or other factors)?

City staff currently provides the services. It is practical for City staff to continue providing this service since the cost to outsource these services exceeds the City's cost for same services by approximately \$163,000.

3. Is there limited market competition for the service or other reasons that the City directly providing the service would protect public interests from default or service interruption?

No. The majority of the park maintenance work needed is readily available in the marketplace through many outside vendors. It is important to note that the City already contracts-out for custodial, landscape contractors, tree trimming, and many other types of services.

4. Is there currently a City staff unit capable of and interested in developing a managed competition proposal?

It is possible that a City staff unit exists that is interested in creating and proposing an alternative or comparable service delivery model; however, at this point, the department has not identified such a group.

5. Is the workload sufficiently steady to support a permanent workforce (versus episodic)?

Yes. The work involved is not episodic in nature, but rather consistent and repetitive on a day to day basis.

6. Is a City interest served by being a long- term direct service provider, such as avoiding future costs?

Yes. There is a City interest in being a long term direct service provider. By continuing to provide the service with City staff, the City is saving approximately \$163,000.

7. Is the service model likely to improve the quality, customer satisfaction, and/or responsiveness for the same or lower cost, with particular focus on the General Fund?

It is likely that an outsourced program would have similar quality and customer satisfaction.

8. Do local, state and federal laws, regulations, and funding guidelines restrict the method of service delivery, and if so can these restrictions be changed?

No. There are no restrictions on the method of service delivery.

9. What risks to the City and public do the service delivery models present, and how would these risks be managed?

The risks of implementing a service delivery model change to outsourcing the service are relatively low. The following is a preliminary list, with comments regarding potential mitigation efforts.

- A. Continuity of Services and Service Disruption – This is a minor risk as there are many service providers in the region that can step-in at a moment's notice should the City opt to terminate the agreement for non-performance;
- B. Vendor Damage to Public and Private Property – Require the vendor to furnish proof of liability insurance required by the City's Risk Management Dept;
- C. Public Safety Around Vendor Employees – Require the vendor to conduct California Department of Justice fingerprint checks for staff and adhere to the City's fingerprint clearance standards at City facilities;
- D. Environmental Protections – Require the vendor to conform to the same environmental protection requirements that the City currently adheres to related to cleaning agents, pesticides, and other chemical usage;

- E. Ongoing Awareness of Capital Maintenance/Repair Needs – Require vendor to provide notification to the City regarding broken restroom appliances, doors, etc;
- F. Consistent Quality of Services – Require the vendor to deliver on performance standards requested in the RFP and codified in the service agreements;
- G. Prevailing and Living Wage Compliance – Require the vendor to conform to City of San Jose's prevailing wage and living wage policies

10. Is the City able to cost-effectively maintain the specialized skills, technology, and equipment needed for the service?

Yes.

11. Does the service delivery model maximize the leveraging of prospective non-City resources (such as sponsorships and donations)?

No. There are no current non-City resources in the area of sponsorships or donation identified.

12. Is there management and administrative capacity to support the in-house workforce or contract oversight needed?

Yes. There are existing park staff that currently manage City staff.

Public/Private Competition Policy (Policy 0-29)

Not Applicable

Next Steps

Continue current service delivery model.

Exhibit 1 – List of Proposed Parks Evaluated for this Business Case Analysis

Park Name	Acreage	Council District
San Tomas Park	4.8	1
Chynoweth Neighborhood Park	2.4	2
Albertson Parkway	2.7	2
Comanche Park	3	2
George W. Page Park	4	2
Melody Park	4	2
Palmia Park	4.1	2
Coy Park	4.5	2
Calero Park	4.6	2
Plaza de Cesar Chavez	2.3	3
Ryland Park	3.2	3
Selma Olinder Park (north of community center)	5	3
Biebrach Park	5	3
Vinci Park	3	4
Northwood Park	3.9	4
Fuller Linear Park	2.1	6
Rubino Park	3.3	6
Cahill Park	3.7	6
Canoas Park	3.8	6
Stonegate Park	4	7
Silver Creek Linear Park/Picnic Meadow	3	8
Aborn Park	3.1	8
Dove Hill Park	3.9	8
Kirk Park	4.5	9
Parkview I	2.6	10
Parkview II	2.6	10
Waterford Park	2.8	10
Carrabelle Park	2.9	10
Almaden Winery Park	3.2	10
Playa del Rey Park	3.7	10
Glenview Park	4.2	10
Parma Park	4.5	10
Greystone Park	4.7	10
33 Proposed Parks	119.1	

Exhibit 2 -List of Services Provided at City Parks

City staff currently maintain parks that are 2.1 or more acres in size. Services provided at these sites include:

- Scheduled park maintenance - turf maintenance (edging, mowing, and fertilization), play ground inspections, litter removal tree pruning, etc.
- Corrective maintenance - irrigation repair and playground equipment repair, drinking fountain repair, etc.
- Installation Services – drinking fountain replacement, turf renovations, and synthetic turf repair, etc.
- Special event coordination – flea markets, Cinco de Mayo Festival, movie nights, Easter egg hunts, etc.
- Management of contractor services - structural tree trimming, boat dock repair, interactive fountain maintenance, fence repair, San José Conservation Corps, weed abatement, supervision of alternate work bus crews, volunteer supervision, etc.