



MEMORANDUM

Date: September 13, 2021

To: The Honorable Chair and Members
Pima County Board of Supervisors

From: C.H. Huckelberry
County Administrator 

Re: **Request for Cost Difference between Contracted and In-house Janitorial and Security Services**

At a recent Board of Supervisors meeting, a request was made by Supervisor Grijalva to provide this information. Please see the attached August 30, 2021 memorandum from our Facilities Management and Procurement Directors.

In summary, it would cost approximately \$1.6 million more to provide janitorial service through County employees, without considering cost of supplies and equipment. In-house security services would cost an additional \$1 million over the present contract with Vet-Sec.

It is possible take home pay for in-house County personnel would be less than the contracted take home pay based on the requirement that County employees must contribute 12.41 percent of their salary to retirement benefits. The private company wages paid for janitorial and security services is \$13.33 per hour, while the County's minimum wage for these employees would be \$15 per hour, a difference of \$1.67 per hour, or approximately 12.5 percent of the base pay, which is almost identical to the mandatory retirement contribution; hence, take home pay would be similar. It should be remembered that many, if not, most of the contracted employees are less than full time allowing those employees flexibility in work schedules.

CHH/anc

Attachment

c: Jan Leshar, Chief Deputy County Administrator
Mark Napier, Assistant County Administrator
Lisa Josker, Director, Facilities Management
Terri Spencer, Director, Procurement Department




FACILITIES MANAGEMENT


MEMORANDUM


To: C.H. Huckelberry
County Administrator

Jan Leshar
Chief Deputy County Administrator

Date: August 30, 2021

From: Lisa Josker 
Director

Terri Spencer 
Procurement Director

Via: Mark Napier 
Assistant County Administrator

Re: August 17, 2021 Memorandum Regarding Analysis Related to the Cost of Providing In-house Janitorial and Security Services

The following information is provided in response to Mr. Huckelberry's August 17, 2021 memorandum and Ms. Leshar's email regarding *Analysis related to the Cost of Providing In-house Janitorial Security Services*.

1. Total Number of Employees provided under current janitorial and security contracts

- a. ISS Facility Services, Inc.(ISS) 110 employees
- b. JanCo Janitorial (JanCo) 25 employees
- c. Vet-Sec Security (Vet-Sec) 114 employees

2. What are they paid? Do they receive benefits?

Janitorial Services

- a. Year 2021 Living Wage is \$13.33 per hour for general employees who do not receive benefits.
- b. Year 2021 Living Wage is \$12.15 per hour with \$1.18 in benefits for general employees who do receive benefits.
- c. The wages for contracted supervisors and managers are unavailable and most likely higher than the current Living Wage for general employees.
- d. Ninety-nine percent (99%) earn a Living Wage without benefits.

Security Services

- e. Supervisors are paid \$14.10 per hour. Ninety-nine (99%) of employees earn the Living Wage without benefits.
- f. Employees are paid \$13.12 until contract renewal in September 2021, then \$13.33 per hour.
- g. Ninety-nine percent (99%) of security employees do not want or receive benefits; the majority have other means of insurance.

3. What might it cost the County (salary plus benefits) to bring these services in house?

Janitorial Services

Pima County contracts with two companies to provide janitorial services: JanCo and ISS. A combined total of 135 employees are contracted to provide these services in five area locations of County facilities. Pima County paid more than \$3.6 million for these services in FY 2020/21.

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 Jan Lesher, Chief Deputy County Administrator

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JanCo provides cleaning services at Group 2-Outlying "A" Facilities in the Ajo Way Corridor area, per Master Agreement MA-PO-18-093 which expires 12/31/2022. In FY 2020/21, Pima County departments paid JanCo a total of \$772,818.32 for these services at County departments in the Ajo Way Corridor.

In FY 2020/21 Pima County departments paid ISS \$2,838,513.59 for cleaning services at County facilities within the four following areas, per their associated master agreements that expire December 31, 2022:

- Group 1: Downtown Facilities, MA-PO-18-092
- Group 3: Outlying "W" Facilities (West), MA-PO-18-094
- Group 4: Outlying "E" Facilities (East), MA-PO-095
- Group 5: Outlying "S" Facilities (South), MA-PO-18-096

Janitorial Services Living Wage vs. Pima County Wages and Employee Related Expenses

The estimated annual salary per employee for 135 contracted general employees is \$27,725.40 and \$44,616.00 (including 43% fringe benefits) if they were County employees. In comparing the contractors' combined annual Living Wage total of \$3,743,064 for these general employees with Pima County's estimated employee related expenses (EREs) of \$6,023,160, Pima County would pay an additional \$2,280,096 in EREs based on 2080 hours per year.

In comparing Pima County EREs total of \$6,023,160 to the contractors' annual contract costs for requested services outside daily duties, Pima County would pay an estimated \$1,560,520 more in EREs than the annual contract. This calculation does not include overtime or callback pay for County employees. See table below.

	Fully Staffed Janitorial Employees	Vendor Pay Rates per hour (1)	Vendor Wages Annual	Pima County Relative Wages Starting at \$15/hour	43% Fringe Benefits	PC Wages & ERE per Hour	PC Annual	Contract Cost Per Hour (4)	Contract Annual (2)
G&G Janco	25	\$ 13.33	\$ 693,160	\$ 15.00	\$ 6.45	\$ 21.45	\$1,115,400	\$ 19.38	\$ 1,007,760
ISS Facility Svcs.	110	\$ 13.33	\$ 3,049,904	\$ 15.00	\$ 6.45	\$ 21.45	\$4,907,760	\$ 15.10	\$ 3,454,880
	135		\$ 3,743,064				\$6,023,160		\$ 4,462,640
						Annual difference to employees-->	\$2,280,096	Contract Less PC Wages/ERE Expense (3)-->	\$ (1,560,520)

- (1) Health and Dental Benefits is out of pocket to employee. Living wage increases annually.
 (2) Estimate based on 2080 hours/year. Only pay for requested service. Overtime not taken into consideration and/or requested additional services.
 (3) Contract Costs include supervision, uniforms, vehicles, mileage, training, liability in addition to the hourly wages, so difference will increase accordingly.
 (4) Contract is based on quote by location and not charged on an hourly basis. Rate shown is rate for "extra services".

Payments from all departments to G&G Janco 7/1/20-6/30/21	\$ 772,818.32
Payments from all departments to ISS Facility Services Inc. 7/1/20-6/30/21	\$ 2,838,513.59
	\$ 3,611,331.91

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Uniformed Security Services

In FY 2020/21 Pima County paid Vet-Sec a total amount of \$3,833,560.52 for the security services at County facilities.

In comparing Vet-Sec's combined annual Living Wage total of \$3,158,626 with Pima County's estimated annual EREs of \$5,164,064 for 114 employees, based on 2080 hours per year, Pima County would pay an additional \$2,005,438 in annual wages and EREs.

In comparing the Pima County wages and EREs total of \$5,164,064 to Vet-Sec's annual contract costs for requested services outside daily duties, Pima County would pay an estimated \$1,046,413 more in EREs than the contractor's annual contract. This calculation does not include overtime or callback pay for County employees. See table below.

Vet-Sec Security

Employee Positions	Fully Staffed Security Vendor Employees	Security Vendor Pay Rates(1)	Security Vendor Annual	Pima County Relative Wages Starting at \$15/hour	43% Fringe Benefits	PC Wages & ERE per Hour	PC Annual	Contract Cost Per Hour	Contract Annual (2)
Captain	1	\$ 18.46	\$ 38,397	\$ 21.11	\$ 9.08	\$ 30.18	\$ 62,775	\$ 22.71	\$ 47,237
Lieutenant-2nd	1	15.05	31,304	17.21	7.40	24.61	51,179	19.30	40,144
Court Lieutenant	3	14.10	87,984	16.12	6.93	23.05	143,846	18.35	114,504
Court Sergeant	3	13.80	86,112	15.78	6.78	22.56	140,785	17.97	112,133
Court Officer	14	13.71	399,235	15.67	6.74	22.41	652,713	17.89	520,957
Lieutenant	2	13.80	57,408	15.78	6.78	22.56	93,857	18.09	75,254
Sergeant	3	13.46	83,990	15.39	6.62	22.01	137,317	17.53	109,387
Officer	87	13.12	2,374,195	15.00	6.45	21.45	3,881,592	17.12	3,098,035
	114		\$ 3,158,626				\$ 5,164,064		\$ 4,117,651
					Annual difference to employees-->		\$ 2,005,438	Contract Less PC Wages/ERE Expense (3)-->	\$ (1,046,413)

(1) Health and Dental Benefits are offered by Security Vendor, but is out of pocket to employee. Living wage increases annually.
 (2) Estimate based on 2080 hours/year. Only pay for requested service. Overtime not taken into consideration and/or requested additional services.
 (3) Contract Costs include uniforms, vehicles, mileage, training, and liability in addition to the hourly wages; difference will increase accordingly.

FY 2020/21 - Payments from all departments for the Uniformed Security Vendor was \$3,833,560.52

Additional Expenses to Pima County

In addition to the wages and EREs, Pima County must consider additional costs related to providing for janitorial and security services, such as cleaning supplies, equipment and tools; uniforms; vehicles; and work spaces for employees. Supervisors and managers would be required to manage the work, which some of these costs are included the overhead of these contracts. They would also be stationed at numerous locations around Pima County and must be able to provide for a 24-hour service.

C.H. Huckelberry, County Administrator
Jan Leshner, Chief Deputy County Administrator

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Both contracted services types allow flexibility to add personnel and services with very little notice. Such would not be the case if they are County employees. Expectations of added service and personnel would still require the availability of contracted help for quick responses and short-term added services.

Additional Employee Considerations

Unlike contracted employees, Pima County employees have additional considerations for mandatory and voluntary expenses that will further reduce their wages.

- Mandatory Retirement Contributions
Retirement plan participation is mandatory for Pima County employees. Pima County employees pay 12.41 percent of their salary bi-weekly for retirement benefits.
- Medical and Dental Insurance
Voluntary participation for current medical and dental benefits cost County employees \$42.38 to \$75.40, depending on the level of coverage.
- Parking
Contracted janitorial and security services employees in the downtown Tucson area pay a nominal fee of \$1 per day to park in the Public Works Garage. County employees currently pay a rate of \$8 per day or a monthly rate to park in available County parking garages.
- Employee Compensation
The Living Wage for the contracted employees require annual pay increases based on the Consumer Price Index.

The general salary compensation for Pima County employees is based on the availability of funds for pay increases. The last general pay increase in FY 2019/20 was 2 percent for employees plus an additional 2 percent (a total of 4%) for employees earning \$45,000 or less. Pima County also adjusted its minimum wage to \$15 per hour, and there was also a slight increase of 0.19 percent to ASRS retirement rates for FY 2021/22.

- Schedule Flexibility
It should be noted that most contracted employees are less than full-time status, allowing them flexibility in work schedules.

Additional Historical Information

Pima County has awarded janitorial and security contracts to private sector companies since 1967 and 1977 respectively. Pima County started contracting janitorial services for the then-new Juvenile Court Center in 1967 and extended this contract to include the then-new County Governmental Center and motor vehicle buildings in 1968. Additional County facilities were subsequently included in janitorial contracts over the next decade.

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Prior to September 1977, Pima County had an internal Security Department of County employees responsible for County property security. During the June 20, 1977 Board of Supervisors meeting and budget discussions over the next few months, a need to reduce County security forces and privatize these services was discussed and eventually approved. The then-Board of Supervisors unanimously approved a security services contract with Burns International Security Company, Inc. for the County Governmental Center and outlying facilities effective September 1, 1977. This contract required Burns to absorb as many existing County security employees as possible. The U.S. was in a severe recession 1973-1975 (oil embargo), which likely contributed to the need for various departmental, personnel and program cuts to the Fiscal Year 1977-78 budget as a cost-saving measure during challenging economic times.

LJ/TS/lsm