

Request for Decision

Facility Management - 199 Larch Street

Presented To: Finance and
Administration
Committee

Presented: Tuesday, Apr 19, 2016

Report Date Wednesday, Apr 06,
2016

Type: Managers' Reports

Resolution

THAT the City of Greater Sudbury approves Option #: ____ for the maintenance and operation of the building at 199 Larch Street as outlined in the report dated March 31, 2016 from the General Manager of Assets, Citizen and Leisure Services.

Finance Implications

Net operating costs for 199 Larch Street are contributed to the 199 Larch Street Building Reserve Fund for capital projects as per the Reserve and Reserve Fund By-law.

Therefore, if Option 1 or 2 is approved any savings realized will increase the contribution to the Reserve Fund and if Option 3 is approved any change in contract costs realized will increase/decrease the contribution to the Reserve Fund with no tax levy impact.

Executive Summary

On May 5, 2015 City Council approved a one-year extension to Contract ISD08-25 for the operation and maintenance of the Provincial Building at 199 Larch Street to DTZ (formerly Unicco Facility Services Canada Company), to allow for a review of options available for the maintenance of the facility with a goal to achieve savings and /or increase efficiencies. The contract extension with DTZ ends May 5th, 2016.

The current facility operation at 199 Larch was reviewed with a focus on identifying the best and most cost effective option of operating and maintaining the facility. The following three options have been developed for consideration.

Option one: Maintenance and operation of 199 Larch with an additional 1 FTE and 1 regular part-time position Annual cost savings: \$15,000 to \$20,000

Option two: Maintenance and operation of 199 Larch with contract positions (1.7) Annual cost

Signed By

Report Prepared By

Danielle Braney
Director of Asset Services
Digitally Signed Apr 6, 16

Recommended by the Department

Ron Henderson
General Manager of Assets, Citizen
and Leisure Services
Digitally Signed Apr 6, 16

Recommended by the C.A.O.

Kevin Fowke
Acting Chief Administrative Officer
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savings: \$20,000 to \$25,000

Option three: Contracted services for maintenance and operation services (status quo) Potential budget increase

Background

The City of Greater Sudbury manages Tom Davies Square with its own workforce while the management of 199 Larch has been contracted since the property was purchased in 2003. Under the current contract, there are 1 on-site full-time building operator and 1 part-time operator assistant who oversee the day-to-day operations of the building and report to the management company. Additionally, qualified tradespersons or other professionals are subcontracted when required.

In late 2013, the contract was reviewed to reduce the scope of work and merge certain services with the same contracted services offered at Tom Davies Square. These included snow removal, security access system, generator maintenance, elevator maintenance and exterior lighting. The outcome was positive with standardization between facilities.

Also in 2013, another initiative was undertaken to upgrade Building Attendants' qualifications at Tom Davies Square. With the assistance of the City's Human Resources Department, a plan to secure in-house expertise and trade persons was implemented. The Maintenance section now includes one licensed electrician, one licensed plumber and a gas technician. The Building Superintendant has building automation, mechanical and HVAC expertise. This initiative ensures that more preventative maintenance work is done in-house which increases efficiencies and reduces cost. The results of this initiative are shown on the graph attached as Appendix A and indicate a substantial reduction in the overall operating budget at Tom Davies Square.

Considering that the initiative has proven successful at TDS, a similar approach is being proposed for 199 Larch. The following three options have been developed for consideration. Although it is possible to estimate some cost with certainty, future savings from using in-house expertise versus contracted services is more intangible.

Option 1

Maintenance and operation of 199 Larch with additional full-time and regular part-time staff (1 full-time permanent employee and 1,248 part-time hours)

The Provincial Tower and Tom Davies Square share many of the same key building functions such as vehicular entrances at Minto and Paris streets, the underground parking garage, the courtyard and upper level concourse and services to the public on various floors.

With focus on cost reduction and an increase in level of service, opportunities exist to better manage and operate the building with City staff. With one additional FTE / qualified trade person and one part-time junior maintenance person, the Maintenance section could take over current contracted services as it pertains to the operation and maintenance of 199 Larch.

Opportunities

Aside from a reduction in operational cost and being able to respond more efficiently to failures, merging maintenance operations for both facilities would allow better tracking and standardization of maintenance activities and preventative maintenance programs as well as a central location for record management.

Financial Implication

The estimated annual savings for this option range from \$15,000 to \$20,000 plus the avoided cost of a

potential increase to a new contract. Additional savings as seen at TDS are anticipated but cannot be quantified at this time.

This option would also increase the City's staff complement by 1 full-time permanent and 1 regular part-time staff. (1,248 hours)

Option 2

Maintenance and operation of 199 Larch with contract positions (3,075 part-time hours)

The City could hire contract employees reporting directly to the TDS Maintenance Section to oversee the operation and maintenance of 199 Larch. To attract qualified and committed people, a five-year contract for one full-time trade person and one part-time junior maintenance person is recommended.

Opportunities

The benefits of this option are similar to Option 1 but would also provide an opportunity to evaluate the outcome after 5 years.

Financial Implication

The estimated annual savings for this option range from \$20,000 to \$25,000 plus the avoided cost of an expected increase to a new contract. Additional savings as seen at TDS are anticipated but cannot be quantified at this time.

Since the positions to be created would be for a limited time, it might be difficult to attract applicants. Also with limited positions, staff turn-over could be an issue.

Option 3

Contracted services for maintenance and operation services (status quo)

This option maintains the status quo with 1 on-site full-time building operator and 1 part-time operator assistant to oversee the day-to-day operations of the building reporting to the management company who in turn will decide how the facility is managed and hire third party qualified tradespersons or other professionals when required.

To contain cost, the scope of work was reduced in 2013. A new contract could be tendered using the same scope of work.

Opportunities

Over the years, the current contract has been reviewed to ensure that the best possible service is received at reasonable cost. This option does not appear to produce any significant synergies or benefit to the operation of the facility.

Financial Impact

The service under the existing provider has been in place since 2008 with minimal increase. Recent submissions received for similar services indicate that a potential increase can be expected.

APPENDIX A

