

**Statement by David J. Reynolds
Commissioner, Department of Fleet & Facility Management
2014 Budget Hearing
November 1, 2013**

INTRODUCTION

Good morning/afternoon Chairman Austin and Members of the City Council. I am pleased to appear before you today to present the 2014 budget proposal for the Department of Fleet and Facility Management, also known as 2FM.

As a reminder, 2FM resulted from the consolidation of the Department of Fleet Management, the Department of General Services, and portions of the Department of Environment. 2FM continues to be a one-stop-shop providing City departments with equipment, facilities and a range of other support services, such as records management.

2FM's proposed budget for 2014 is \$332 million. This budget includes cost reductions in a number of accounts, including electricity and facility leases. This budget also includes increased costs in a number of accounts, including personnel, natural gas, fuel and parts.

Before I share specific examples of 2FM's successes in 2013 and plans for 2014, I'd like to highlight some of our work around employee accountability and development and neighborhood involvement.

In 2013, 2FM placed an increased emphasis on employee accountability and development. We've aggressively tracked employee time and attendance and provided managers with monthly reports on the performance of their staff. This has resulted in a significant reduction in tardies, early leaves and unexcused absences.

2FM has implemented a department-wide Employee Performance Management Program designed to promote constructive discussions between employees and their supervisors. We've also implemented a number of new training programs to increase the skills and abilities of our employees; training topics range from Intermediate Excel and Effective Coaching to Building Automation Systems and OSHA training.

Even though 2FM is primarily an internal services department for the City, we have made some direct neighborhood contributions in 2013. The largest of these is implementing the City's municipal aggregation program to purchase electricity on behalf of residents and small businesses. We've entered into a number of leases with community groups to use vacant City facilities, ranging from a vacant fire station at 5349 South Wabash Avenue for use as an African-American firefighter museum to a vacant library at 8828 South Stony Island Avenue for use by a crime prevention community organization. We helped refurbish the vacant 13th Police District at 937 N. Wood for use by the Cook County Sheriff. We've coordinated with the Film Office to provide City facilities and equipment for productions such as Transformers 4 and Chicago Fire.

The following are 2FM's successes in 2013 and plans for 2014. I've organized this information consistent with 2FM's core functions of providing facilities, equipment, and services in support of City operations.

FACILITIES

2FM is responsible for managing the leased and owned facilities that support the day-to-day operations of the City of Chicago. Our portfolio currently includes 51 leased facilities and 437 owned facilities for a total facility count of 488. This total number has increased from the number I reported to you last year because in 2013 2FM assumed responsibility for 17 City-owned parking lots formerly managed under the parking meter contract and 43 City-owned vacant properties formerly managed by the Department of Housing and Economic Development. We've also refined our method for counting multiple buildings on a single site to more accurately reflect the total number of facilities in our care.

One way that 2FM has been able to reduce operating costs is by exiting leased property. Since I appeared before you in October 2012, 2FM has exited two leases for an annual savings of \$264,456. 2FM did enter into one new lease in this time period at an annual cost of approximately \$36,000, so the net reduction in leased sites is one site for an annual savings of \$228,456. The new lease was for a library located in the new Back-of-the-Yards High School.

In 2013 2FM has focused on vacating the space the City leases in 33 N. LaSalle, currently occupied by staff from the Departments of Law, Finance, Business Affairs and Consumer Protection and Housing and Economic Development. 2FM has implemented a plan to relocate personnel from these Departments into City Hall or into other leased properties that still have considerable time left in their term. When the last move will be complete in mid-December 2013, vacating 33 N. LaSalle will result in a reduction of \$4.4 million in annual lease costs.

In 2014, 2FM will continue to look for opportunities to consolidate City functions into smaller spaces, optimize our owned facilities, and vacate leased space.

In 2013, 2FM has been working with the Public Building Commission to prepare a portfolio of energy efficiency projects in City facilities. Known as "Retrofit Chicago," the portfolio will be financed by the Chicago Infrastructure Trust. 2FM and the PBC started by analyzing 242 City facilities for energy efficiency opportunities. Of this number, 105 received Investment Grade Audits and ultimately 75 buildings were selected for the portfolio. The estimated investment to implement the improvements in these 75 buildings is \$26 million which is expected to result in an annual energy savings of nearly \$2 million. Pending the approval of financing and the City Council, we look forward to beginning the implementation of these improvements in 2014.

In late 2013, 2FM will be recalling 16 custodians into City positions. We'll also be providing positions for five additional watchmen.

Finally, 2FM will be assuming responsibility for the operation and management of the Chicago River Walk in 2014. We'll start by managing the segments that are currently complete, essentially from State Street east. Then we'll work closely with CDOT to manage the new segments of the River Walk as CDOT completes them over the next several years.

EQUIPMENT

2FM is responsible for managing the leased and owned equipment that supports the day-to-day operations of the City of Chicago. Our portfolio currently includes 615 pieces of leased equipment and 10,016 pieces of owned equipment for a total equipment count of 10,631, down from 11,017 in October 2012. We also provide equipment maintenance services and fuel to a number of the City's sister agencies, such as the Chicago Park District, the Chicago Transit Authority, City Colleges of Chicago and Chicago Public Schools. The total sister agency fleet size, including leased, owned, and rented equipment, is 1,748 units.

One way of reducing the cost of managing the City's fleet is by reducing the amount of equipment the City owns. So far in 2013, 2FM has worked with the Department of Procurement Services to auction-off 571 pieces of obsolete or surplus equipment, generating \$1.8 million in revenue.

Another way of reducing the amount of equipment the City owns is by leasing rather than buying equipment. A good example is 2FM's initiative to lease light-duty vehicles, such as pick-up trucks, vans, and SUVs. 2FM currently leases 250 light-duty vehicles, an increase of 125 vehicles since October 2012. Since maintenance is included with the lease, by leasing these vehicles rather than buying we estimate an annual savings to the City of more than \$225,000. Additionally, leasing 250 light-duty vehicles avoids a capital investment of over \$6,000,000 to purchase the vehicles new. In 2014 2FM plans to expand its leasing and rental efforts to include more medium- and heavy-duty equipment.

2FM also manages the cost of the City's light-duty fleet through car-sharing programs, such as Zip Car and Flex Fleet. The total number of City employees registered for Zip Car in 2013 is 333, up from 276 in 2012. 2FM would like to add another 67 registered employees in 2014, bringing the total to 400.

As a car-sharing program Flex Fleet operates much like Zip Car; the difference is that the cars being shared in the Flex Fleet program are owned by the City of Chicago. Compared to 2012, in 2013 2FM increased the number of Flex Fleet locations from 14 to 16 and the number of Flex Fleet vehicles from 75 to 97. The total number of City employees registered for Flex Fleet in 2013 is 661, up from 440 in 2012. 2FM would like to add another 39 registered employees in 2014, to bring the total to 700. We've nearly reached the saturation point for this program; 26 departments now participate in the FlexFleet program, up from 18 in 2012.

As a direct result of these programs, the City's fleet of light-duty administrative vehicles has been reduced by over 150 units for an annual savings of over \$750,000.

When I appeared before you in October 2012, I indicated that later in 2012 you would start seeing Chicago Police officers driving Ford Interceptor sedans and SUVs manufactured right here in the City of Chicago at Ford's Torrence Avenue manufacturing facility. To date, 2FM has deployed 206 pursuit sedans and SUVs and we have an additional 146 units on order. By all indications the Chicago Police Department is very satisfied with the reliability and performance of the Chicago-made Interceptors.

Finally, from the perspective of equipment, in late 2013 2FM expects to receive the nation's very first all-electric refuse truck. If successful, this truck could blaze the trail for additional all-electric equipment in the City's fleet.

SERVICES

In addition to managing the City's facilities and equipment, 2FM provides a number of services in support of the City of Chicago's operations. These include mail delivery, records management and providing environmental expertise and know-how to other City departments.

In late 2012, the City entered into a new contract for office supplies with Office Depot. Managed by 2FM, this new contract combines the scope of several prior contracts for office supplies, paper and toner. A unique aspect of this contract is that it makes Office Depot accountable for helping the City better manage its spending on office supplies. The estimated savings in the first year of this contract is over \$1 million.

In mid-2013, the City entered into two more service contracts that we believe will yield significant savings for the City. The first of these contracts is with R4, a woman-owned, Chicago-based provider of records management services. The second of these contracts is with Canon to provide multi-function devices that print, scan and fax. Like the Office Depot contract, both of these contracts place greater accountability for cost savings on the vendors. I look forward to reporting the performance of these two contracts to you next year.

Also in 2013, the City entered into a new contract, managed by 2FM to place snack and drink vending machines stocked with healthy alternatives in City facilities. So far in 2013, 324 machines have been installed at 84 locations. The machines have captured \$81,918.98 in revenue for the City. And, in case you're interested, the top sales items from the machines include bottled water, diet sodas, traditional sodas, trail mix, fruit snacks and dark chocolate bars with almonds.

Finally, 2FM was honored to represent the City of Chicago in accepting the Phoenix Award for the Ray and Joan Kroc Corps Community Center at 1250 W. 119th Street. The Phoenix Awards are presented biannually by the U.S. Environmental Protection Agency to recognize excellence in brownfield redevelopment.

CLOSING

2FM's commitment to maintaining high quality services is reflected in this budget. We always welcome your advice and we look forward to working with you on various projects.

I would like to express my deepest gratitude to the men and women of 2FM for their hard work, dedication and creativity. Their hard work is evident in the quality of services our clients receive daily.

Madam Chairman, this concludes my prepared statement. I thank you for your attention and for the attention of the City Council Members who were present during my statement. At this time my staff and I look forward to answering any questions that you or other Members of the City Council may have.



DEPARTMENT OF FLEET & FACILITY MANAGEMENT

Commissioner's Office

