

**Statement by David J. Reynolds  
Commissioner, Department of Fleet & Facility Management  
2015 Budget Hearing**

**INTRODUCTION**

Good afternoon, Chairman Austin and Members of the City Council. I am pleased to appear before you today to present the 2015 budget proposal for the Department of Fleet and Facility Management, also known as 2FM. 2FM continues to be a one-stop-shop providing City departments with equipment, facilities, and a range of support services, such as graphics and records management.

2FM's proposed budget for 2015 includes cost reductions in a number of accounts, such as facility leases and consumable supplies. This budget also includes increased costs in a number of accounts, such as personnel, utilities, fuel, and parts.

2FM is responsible for managing the City of Chicago's leased and owned properties (excluding the properties owned by the enterprise funds and vacant land held by DPD), managing the leased and owned equipment that supports the day-to-day operations of the City of Chicago, as well as providing a number of services in support of the City of Chicago's operations.

**FACILITIES**

Starting with facilities, our portfolio currently includes 55 leased facilities and 454 owned facilities for a total facility count of 509. The owned properties include active City facilities as well as public parking lots, properties leased to others, and vacant buildings managed by 2FM on behalf of DPD.

One way 2FM has been able to consistently reduce operating costs is by exiting leased property. Since I appeared before you in November 2013, 2FM has exited two leases for an annual savings of \$4.6 million. 2FM didn't enter into any new leases in this time period.

Over the next six to eight months 2FM plans to exit two lease arrangements, one at 50 West Washington and the other at 120 North Racine. These two leases combined cost the City about \$2.4 million in rent annually.

For 50 West Washington, 2FM is working with the Chicago Police Department to relocate operations to underutilized space at City Hall and with the Department of Information and Technology to relocate operations to underutilized space covered by long-term leases in 30 North LaSalle and 333 South State Street.

For 120 North Racine, 2FM is working with the Department of Buildings, the Office of Emergency Management and Communication, and the Department of Streets and Sanitation to relocate their operations to 2045 West Washington, a City-owned building recently vacated by the University of Illinois and the Department of Public Health. The University moved their operations to a new health facility at 1220 South Wolcott and the Department of Public Health consolidated their operations into other city facilities, resulting in this building being available for reuse.

Also with respect to the City's facilities, in 2013 I noted 2FM was working with the Public Building Commission to implement a portfolio of energy efficiency projects in City facilities. Known as "Retrofit One," the portfolio of projects is financed by the Chicago Infrastructure Trust and has been approved by this body. Debt service for the financing will be paid from the energy savings.

The final portfolio of energy efficiency projects includes work at 60 City-owned facilities, including City Hall, the Cultural Center, libraries, and police stations, and health centers. The amount financed by the Chicago Infrastructure Trust is \$12.9 million to be paid back with the annual savings of \$1.4 million over a 15-year term. Implementation of the energy efficiency projects began in 2014 and will be complete in 2015.

Finally, from a facilities perspective, in 2014 2FM assumed responsibility for the operation and management of the Chicago Riverwalk. We started with the segments that are currently complete, essentially from State Street east to Lake Shore Drive. We're coordinating with CDOT to manage the new segments of the River Walk as they are completed over the next several years. We're currently working with the Department of Procurement Services to select a firm to potentially develop commercial space and to operate and manage the Riverwalk under the City's direction.

## **EQUIPMENT**

Regarding equipment, our portfolio currently includes 562 pieces of leased equipment and 10,183 pieces of owned equipment for a total count of 10,745.

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 we service and fuel, including leased, owned, and rented equipment, is 1,848 units.

One strategy to reduce the amount of equipment the City owns is by leasing the equipment rather than buying it new. In 2013, I reported on 2FM's initiative to lease light-duty vehicles, such as pick-up trucks, vans, and SUVs. By leasing 255 light-duty vehicles rather than buying them new we save an estimated \$225,000 in maintenance costs annually and an avoided capital investment of over \$6,000,000 to purchase the vehicles new.

In 2014, 2FM expanded its leasing and rental efforts to include more medium- and heavy-duty equipment. For example, we are working with Streets and Sanitation to rent 10 front end loaders to enhance their snow readiness for the coming winter. We also worked more intentionally with the infrastructure departments to lease equipment for the summer construction season rather than buying it new or continuing to service obsolete equipment.

2FM continues to manage the cost of the City's light-duty fleet through car-sharing programs, such as Zipcar and Flex Fleet. As a direct result of the implementation of the Zipcar and FlexFleet 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.

In 2014, 2FM continued to work with the Department of Procurement Services to auction-off 390 pieces of obsolete or surplus equipment, generating \$1.4 million in revenue so far this year.

In 2012, Chicago Police officers began 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 607 of these pursuit sedans and SUVs and we have an additional 385 units on order.

Finally, from the perspective of equipment, 2FM is working with the Chicago Fire Department to significantly upgrade the City's fleet of ambulances. Thus far in 2014, we have received and deployed 30 new ambulances and we have an additional 18 on order for delivery later this year and early 2015.

## **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 graphics and reproduction, mail delivery, records management, and providing environmental expertise and know-how to other City departments.

Last year I mentioned the City entered into a new contract for office supplies with Office Depot. Managed by 2FM, this contract combined the scope of several prior contracts for office supplies, paper and toner. We successfully negotiated reduced pricing on the City's high volume items, such as 8 ½ x 11 paper, and included environmentally-friendly components, such as ensuring all core paper is 100% recycled content. The contract also encourages sustainable behavior through its toner recycling program, which provides departments with credits that can be applied to future orders.

We will continue to explore opportunities to reduce office supply expenses and increase green purchases. Our commitment to sustainability was evident last month when 2FM represented the City of Chicago in accepting an award at the 2014 Leadership in Greener Purchasing Summit as the number one local government for purchasing green products.

At last year's hearing I indicated the City had just entered into two more service contracts, managed by 2FM, that we believed would yield significant savings for the City. This year I am pleased to report on the performance of these two contracts.

In July 2013, the City entered into a contract with Canon Solutions America to provide multi-function devices, also known as "MFDs"; these all-in-one devices print, copy, and scan. The overall objectives of the contract are to right size the City's copier fleet, to improve equipment efficiency and productivity, and to reduce the cost per copy.

Not only does Canon provide the MFDs, they provide the City with Print Management Services to make sure City departments have the optimal number and types of MFDs to support their operations. Over the past year, Canon has worked with every City department to inventory and assess their current equipment and to make equipment recommendations based on volume and utilization, recognizing that certain departments have unique work-flow needs. Implementation is complete in about half of the City's departments with old equipment removed and new equipment installed. To date we have seen about a 20% savings. We anticipate even more savings as implementation continues.

In August 2013, the City entered into a contract with a new records management company, R4 Services, a woman-owned, Chicago-based provider of records management services. In the first year of the contract, the City has realized a 50% savings in storage and services costs. This was primarily due to free pick-up and database entry for all new records storage delivered to R4's facilities. In the remaining four years of the contract, we should realize about 20% in savings annually.

In addition to providing financial savings, R4 has also developed a customized online system for the City which addresses the unique nature of the City's obligations under the Local Records Act, fully automating the City's multi-level approval process. The system provides significant time savings for employees who enter inventory and approve records for storage as well as helping to reduce the possibility of errors.

Finally, since early 2013, 2FM has managed the City's snack and drink vending machine contract with 300 machines at 121 locations city-wide. The machines continue to have 90% healthy snacks and 75% health beverages. Since October 2013, the machines have captured more than \$200,000 in revenue for the City.

## **CLOSING**

Before closing I do want to note that, even though 2FM is primarily an internal services department for the City, we have made some direct neighborhood contributions in 2014. We've entered into a number of leases with community groups to use vacant City property, including the Hadiya Pendleton Foundation, an African American Firefighters Museum, and Wicker Park Bocce Ball. We've coordinated with the Film Office to provide City facilities and equipment for productions such as Divergent and Chicago Fire. And we've made City Hall available for a production by the Chicago Shakespeare Theater and for Open House Chicago.

I would be remiss if I didn't acknowledge the extraordinary efforts the men and women of 2FM put into making sure our department delivers the very best in facilities, equipment, and services. I sincerely appreciate their efforts.

Madam Chairman, this concludes my prepared statement. 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.





# DEPARTMENT OF FLEET & FACILITY MANAGEMENT

Commissioner

