

**Statement by David J. Reynolds
Commissioner, Department of Fleet and Facility Management
2016 Budget Hearing**

INTRODUCTION

Good morning, Chairman Austin, Vice Chairman Ervin, and members of the City Council. Thank you for allowing me to join you today to present and discuss the 2016 budget proposal for the Department of Fleet and Facility Management, also known as 2FM.

As you know, the mission of the department is to support the operations of other City departments and agencies by providing high-quality and cost-effective asset management and operational support services. We ensure the safe and efficient use of the City of Chicago's assets by effectively managing the maintenance and repair of vehicles, equipment, and properties occupied by the City. In addition, we provide a range of support services including environmental health and safety programs, energy procurement, graphics and reproduction, and mail delivery.

EQUIPMENT

Our portfolio of equipment includes 646 pieces of leased equipment and 10,005 of owned equipment for a total count of 10,651. This represents a reduction of 94 units from 2014 and 468 units from 2011.

We also provide equipment and maintenance services and fuel through intergovernmental agreements with the Chicago Park District, Chicago Transit Authority, City Colleges of Chicago, Chicago Public Schools, and other sister agencies. The total sister agency fleet size we service and fuel is 1,713 that includes leased, owned, and rented equipment.

Leasing of Equipment

In 2015, 2FM increased the number of non-CPD leased light duty vehicles from 250 to 365 in an effort to reduce the size of the City's light duty fleet, reduce the average age of the vehicles being used, and reduce fuel and maintenance expenses. The leasing program saves the City an

estimated \$330,000 in annual maintenance expenses. The program also avoids the capital investment needed to purchase the vehicles new.

Technology

2FM utilizes an asset management software to assist in the daily operation of maintaining the vehicles and equipment. The program is outdated and requires replacement. Currently, 2FM is working with DoIT on the implementation of new software to improve operations, streamline maintenance practices, and increase performance of our equipment.

The upgrade includes features such as computing the recommended vehicle replacement schedule utilizing data and industry standards, identify claimable warranty violations, and scheduling tools for production and preventative maintenance. The software will assist us in optimizing vehicle usage and fleet size, increase operational efficiencies, and ultimately improve service to the user departments and their customers. We anticipate full implementation by 3rd quarter of 2016.

New Purchases

We continue to analyze the state of our fleet and make strategic purchases as funding becomes available. In 2015, we placed orders for 152 SUV police vehicles, 16 ambulances, 20 plow trucks, and other emergency response equipment such as aerial trucks. We anticipate delivery in late 2015 and early 2016.

FACILITIES

Our facility portfolio currently includes 469 owned and 52 leased facilities for a total count of 521. The owned properties include 397 active facilities as well as 16 parking lots and 56 vacant or abandoned buildings managed on behalf of DPD.

Repairs and Maintenance

2FM's Facility team promotes our motto of providing "safe, dry, and warm" locations to the various user departments. In late 2014, we created a Task Force comprised of several General Foremen and Managers to identify potential efficiencies with our work order process. To date,

we are on pace to increase our completed work orders by 18% compared to 2014. We've also significantly reduced our backlog of work orders and we are completing work orders more quickly.

In addition, the Bureau of Architecture, Engineering, and Construction has completed more than 30 projects since this time last year and is actively working on approximately 65 projects that include life safety, accessibility, structural and envelope repairs, and building system upgrades. The Bureau updated our capital plan to identify facility issues, prioritize the required repair work, and address accordingly.

Lease Consolidation

We continue to meet with City departments and analyze their operations in order to ensure they are making the best use of their space. In 2015, 2FM terminated two lease agreements for an annual savings of \$2.4M. The Department of Innovation and Technology and the Department of Police vacated 50 West Washington to underutilized space at other City facilities.

The Departments of Buildings, Streets & Sanitation, and the Office of Emergency Management and Communication vacated 120 North Racine and were relocated to 2045 West Washington, a City-owned facility. Since, 2013, 2FM has exited leases for an annual savings of \$6.8M. 2FM uses the savings from these exited leases to finance the cost of the moves and the associated renovations.

Riverwalk

In May 2015, Phase Two of the Chicago Riverwalk opened as part of Mayor Emanuel's efforts to transform the river into a recreational frontier. The transformed Riverwalk from LaSalle Street to Lake Shore Drive features free programming such as live entertainment and kid-friendly activities, as well as numerous dining options, biking, kayaking, and cruises. 2FM manages the day-to-day operations of the Riverwalk and CDOT continues to oversee the design and construction of the new sections.

Retrofit One

2FM partnered with the Public Building Commission to implement a portfolio of energy efficiency projects across 60 facilities known as Retrofit One. The project, financed by the Chicago Infrastructure Trust, provided critical infrastructure upgrades required for aging building systems that will lower operating expenses, increase sustainability, and enhance the building occupants' health and comfort. This summer, the project achieved substantial completion and moved into the first year of performance monitoring.

SERVICES

Environmental Health & Safety

In April, we launched the City of Chicago's Sustainable Operations plan that will serve as a guide for conducting day-to-day operations at City facilities in a sustainable manner. The Plan provides actions for management, employees, and departments to address areas of sustainability including health and safety, energy efficiency, waste reduction, water conservation, and transportation.

In May, we entered into an Intergovernmental Agreement with the Chicago Park District to provide 40,000 cubic yards of clean soil to be used at Big Marsh, a former industrial waste site that is being transformed into a world class bike park. The agreement will help facilitate the environmental restoration and save the Park District approximately \$1M.

Energy Procurement

2FM continues to investigate and implement procurement-related cost reduction measures across all commodities. In 2015, the City experienced the coldest February on record. Usage increased by 12%; however, the City was not exposed to unnecessary distribution risk and/or penalties due to 2FM assigning the City's storage and balancing requirements to its suppliers.

Since 2013, 2FM has restructured its energy procurement strategy to increase transparency and reduce vendor margins, which resulted in over \$5M in operational improvements. The City continues to leverage its scope, scale, and buying power to reduce commodity costs and better

manage supplier risk. In 2016, our utility accounts across all funds decreased by \$11M. We will continue to analyze the energy market and lock-in favorable pricing for the City.

CONCLUSION

I would like to personally acknowledge the efforts of the women and men at 2FM. Our work is primarily “behind the scenes”, but we play a significant role in city operations by our mechanics ensuring a snow plow is operable, our engineers maintaining a boiler to provide comfort of library patrons, or our graphic artists designing brochures that convey information to the public.

In closing, the Department of Fleet and Facility Management will continue our partnership to improve the services we provide to your communities. We welcome the opportunity to discuss the unique needs of your communities and the chance to improve our services for the residents of Chicago.

Madam Chairman, this concludes my prepared statement. My staff and I are pleased to answer any questions you or the members of the City Council may have on our presented budget.



DEPARTMENT OF FLEET & FACILITY MANAGEMENT

Commissioner

