

Department of Fleet and Facility Management
2017 Budget Statement to the City Council
Commissioner David J. Reynolds

Good morning, Vice Chairman Ervin, and members of the City Council. Thank you for allowing me to join you today to present and discuss the 2017 budget request for the Department of Fleet and Facility Management, also known as 2FM.

As you know, 2FM's mission 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 1,027 pieces of leased equipment and 9,963 of owned equipment for a total equipment count of 10,990.

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 1,907, and that includes leased, owned, and rented equipment.

Refuse Trucks

In August 2015, the City awarded a new contract for refuse trucks. We redeveloped the specification to increase competition, which resulted in more aggressive bid submittals. 2FM projects a savings of more than \$10 million over the life of the contract when compared to our previous supplier. To date, we have purchased 30 refuse trucks since the contract award.

New Purchases

We continue to analyze the state of our fleet and make strategic purchases as funding becomes available. By the end of 2016, we will have placed orders for 200 SUV police vehicles, seven ambulances, 20 plow trucks, and other emergency response equipment such as a fire pumper truck. We anticipate delivery in late 2016 and early 2017.

We are extremely proud we have purchased more than 1,225 all-wheel drive SUV police vehicles that were built at Chicago's Ford Assembly Plant on South Torrence Avenue since the contract award. Next year's purchase of police vehicles will continue to be manufactured in Chicago, which will strengthen our economy and provide another component to protecting our communities.

FACILITIES

Our facility portfolio currently includes 469 owned and 52 leased facilities for a total facility 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 continues to prioritize repairs and maintenance in our facilities to ensure "safe, dry, and warm" locations to the various user departments. In 2016, we realigned our geographical work zones to increase our services and reduce travel time. To date, we are on pace to increase our completed work orders by 11% compared to 2015. 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 60 projects since this time last year and is actively working on approximately 70 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.

Riverwalk

The Riverwalk is an increasingly popular destination offering exciting cultural, entertainment, food, and beverage options for visitors to enjoy the next great recreational frontier. 2FM manages the day-to-day operations of the Riverwalk. In 2016, 2FM issued a Notice of Availability (NOA) for the potential vendors to provide concessions. Thirteen vendors were selected to operate for the 2016-2017 season, which will generate more than \$660 thousand in revenue.

CDOT has completed Phase 3 of the Riverwalk construction to provide an additional three blocks of open pedestrian waterfront from LaSalle to Lake Street. In 2017, 2FM will operate this additional area that will feature three distinct experiences. The Water Plaza (LaSalle to Wells Street) will include a zero-depth water fountain that will allow children to play and run in the mist and spray. The Jetty (Wells to Franklin Street) will be a place for educational observation along an urban river. It provides a location for observers to fish and learn about the river ecology. Finally, the Boardwalk (Franklin to Lake Street) will be the western anchor of the Riverwalk and provide stunning view of the confluence of the three branches of the Chicago River.

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. We are pleased to report the opening stub year (May to Dec 2015) outperformed the Energy Service Companies guaranteed savings by 13%.

2FM is currently reviewing the feasibility of Retrofit Two. We are identifying potential energy savings projects with a sufficient payback period to continue lowering our energy usage and operating costs at city facilities.

ENVIRONMENTAL GRANTS AND IMPROVED EFFICIENCY

Environmental Health & Safety

2FM secured a grant from the U.S. Environmental Protection Agency to conduct environmental assessments that will allow the Paseo trail project, a four-mile, multi-purpose path connecting the Pilsen and Little Village neighborhoods, to become a reality. The project will bring new opportunities for recreation, culture, and beautification.

We continue to evaluate our day-to-day operation and seek ways to incorporate sustainable practices in various areas including waste reduction and recycling, water conservation, and sustainable purchasing. This effort is not limited to services performed by the City, but also vendors that supply us with various goods and services. We incorporated Green Procurement requirements into more than 30 new contract specifications to ensure products and services utilized by our employees and in our facilities protect the health and safety of its occupants and visitors.

Energy Procurement

2FM continues to review and implement an energy management strategy that considers historical usage data, current market conditions, risk management, and purchasing opportunities to achieve budgetary goals. In 2016, 2FM took advantage of favorable market conditions with natural gas due to a mild winter and surplus in domestic supply. We currently project to finish the year \$5 million under the allocated budget across all funds.

Since 2011, 2FM reduced its annual energy budget by nearly \$20 million. This includes reductions of \$9.4 million for electricity, \$6.6 million for vehicle fuel, and \$3 million for natural gas. 2FM continues to review opportunities to enact operational efficiencies and strategic purchases to reduce commodity costs and better manage supplier risk.

Graphics & Reproduction

Our Graphics division provides printing, design, and photography services to other city departments and its sister agencies. In 2016, 2FM assumed responsibility of the printing payroll

checks, court documents, pay advices, and W-2 forms that were previously performed by a DoIT contractor. The decision to perform these print services in-house resulted in a savings of more than \$600,000.

Technology

2FM continues to utilize and leverage technology in order to accelerate growth, bring innovation, and more effectively serve our customers. We developed several databases in-house including our facility management work order system to assist our daily operation. We will make further improvements to our systems to capture and analyze data that improve our effectiveness and reduce expenses. One area of focus will utilize energy data to help identify issues sooner with our building systems such as HVAC or electrical. We will establish energy benchmarks by facility and use the data to identify unanticipated variances in energy usage, an indication a system repair may be required.

CONCLUSION

2FM accomplished much in 2016 and we look forward to continuing to work with the City Council to provide city departments the services and infrastructure they need to fulfill their important missions. We appreciate your ideas, your input, and your continued partnership to address the needs in your communities.

Managing and caring for the City's public infrastructure is an important responsibility, and it is one that every employee at 2FM takes very seriously. We are committed to delivering the highest quality of services to the City departments in the most efficient and cost effective manner possible. I would like to personally thank our employees for their tireless effort to continuously improve on the services we provide.

Vice-chair, 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.