

Report: Feasibility of using In-House Resources for the Provision of Parking Utility Security Services

To: Mayor and Common Council
From: Dave Schmiedicke, Finance Director
David Dyer, City Traffic Engineer and Parking Manager
CC: Board of Estimates; Transit and Parking Commission
Date: 6/27/2012
Re: Report on the Feasibility of Providing Security Services at Parking Ramps via Utility Staff

A provision in the 2012 adopted operating budget requires the Parking Utility and Finance Department to “study the feasibility and efficacy of providing security services at Parking Utility facilities utilizing in-house resources rather than private contracting and report its findings to the Council.”

This memorandum constitutes such a report, and is offered to provide a general background and overview of the relevant issues, analyses of costs and implications, and general recommendations.

Background

According to Parking Utility archival documents, the “first Parking Utility System in the United States” was established in the City of Madison on March 1, 1947. This was preceded by enactment of a State statute in 1945 that allowed for the establishment of such Utilities by municipalities.

As an enterprise agency, the Parking Utility operates as an organization that is financially independent from the remainder of City operations, as revenues derived from fees sustain its cost of operations. However, the Parking Utility is subject to control by the Common Council. Under Madison General Ordinance 3.14(4), the Council has established a Transit and Parking Commission as a “public utility” responsible for the “overall management, operation and control of the assets for the City of Madison parking system to ensure that it functions as an integrated part of the overall transportation system.”

The Utility is managed by the Traffic Engineer, who serves also as the Parking Manager. A Parking Operations Manager oversees the day-to-day operations of the Parking Utility.

The Parking Utility owns and operates 5 parking garages and several surface lots, and administers on-street metered parking spaces and a residential parking permit program. In total, the Utility operates and maintains 5,667 parking spaces, with 3,722 spaces in parking garages, 473 spaces in surface lots, and 1,472 on-street metered spaces.

<u>Parking Garage Name</u>	<u>Year Built</u>	<u># of Stalls</u>
Government East	1958	522
State St. Campus: Lake Frances	1964 1982	1,082
Overture	1982	629
State St. Capitol	1963	876
Capitol Square North	1971	613

Since 1990, the Parking Utility has contracted with a security firm to provide security services in its parking garages to deter vandalism to vehicles, escort parking cashiers to their vehicles at the end of their shifts at night, place parking fee due notices on vehicles after cashiers are not on duty, discourage loitering, and provide a higher level of security to employees and the general public.

Security services are provided daily primarily during the hours of 8:00 p.m. to 6:30 a.m., with additional security deployed as needed for special events. Following are the duties, scheduled hours and personnel deployment for security services as required by the Utility:

Sunday – 16.5 Hours

*Officer #1 – 8:00p.m. to 4:00a.m.
Officer #2 – 10:00p.m. to 6:30a.m.*

Monday – 16.5 Hours

*Officer #1 – 8:00p.m. to 4:00a.m.
Officer #2 – 10:00p.m. to 6:30a.m.*

Tuesday – 24.5 Hours

*Officer #1 – 8:00p.m. to 4:00a.m.
Officer #2 – 10:00p.m. to 6:00a.m.
Officer #3 – 10:00p.m. to 6:30a.m.*

Wednesday – 24.5 Hours

*Officer #1 – 8:00p.m. to 4:00a.m.
Officer #2 – 10:00p.m. to 6:00a.m.
Officer #3 – 10:00p.m. to 6:30a.m.*

Thursday – 24.5 Hours

*Officer #1 – 8:00p.m. to 4:00a.m.
Officer #2 – 10:00p.m. to 6:00a.m.
Officer #3 – 10:00p.m. to 6:30a.m.*

Friday – 30.5 Hours

*Officer #1 – 8:00p.m. to 4:00a.m.
Officer #2 – 10:00p.m. to 4:00a.m.
Officer #3 – 10:00p.m. to 6:00a.m.*

Officer #4 – 10:00p.m. to 6:30a.m.

Saturday – 30.5 Hours

Officer #1 – 8:00p.m. to 4:00a.m.

Officer #2 – 10:00p.m. to 4:00a.m.

Officer #3 – 10:00p.m. to 6:00a.m.

Officer #4 – 10:00p.m. to 6:30a.m.

Total Weekly Coverage = 167.5 Hours

Officer Duties: Patrol from location to location in a marked security vehicle which includes all parking garages and Buckeye Lot; walk every stairwell in each facility from top to bottom twice per night; walk the parking bays at each facility once per night; provide escorts to cashiers going off duty at designated times and locations; assist Parking Utility personnel with traffic control after large events; report lighting malfunctions using lighting maps provided; close off Overture Center and State Street Capitol elevators after cashiers have gone off duty; lock and post stairwell doors at the Overture Center facility after the cashier has gone off duty; carry and respond to our “Helpline” calls from patrons at all locations after Parking Utility Leadworker staff has gone off duty; monitor suspicious activity in our facilities; escort people loitering from our facilities; make minor repairs to gate equipment within our facilities if gate booms are damaged or broken; file daily activity logs to the Parking Utility Field Operations; file incident reports when the Madison Police Department is called upon to assist in any capacity.

The Utility continually evaluates its security-related needs, costs and quality of service. In 2011, due in part to suggestions arising from the Mayor’s budget-related “Community Conversations,” the Utility explored with the Madison Police Department the feasibility of utilizing MPD officers for the provision of parking facility security services. However, based on the Utility’s required service hours and duties, a cost-effective and operationally efficient framework was deemed infeasible.

For the past several years, the Parking Utility has contracted with JBM Patrol & Protection Corp. for the provision of security services. In 2012, the Utility has budgeted \$197,000 for its contracted security services (but the projected actual contract cost in 2012 is a bit more at \$200,928).

Recently, employees of the Parking Utility, in conjunction with their local collective bargaining unit (AFSCME Local 60), have proposed that the Utility consider allocating staff resources for security services, rather than employing a private contractor. It bears noting that while the provision of security services conceivably might be met through various formulations involving Utility employees, MPD and/or a private service contractor, the nature of the security function is such that an obvious presence is essential to deterrence; thus, previous explorations as well as this analysis attempt to evaluate the merits of alternative proposals based on an “apples to apples” comparison of the duties and number of hours performed as required by the Utility. As such, following are cost projections and operating implications that examine whether a change in the provision of security services as proposed is feasible and efficient.

Cost

Based on current City wage schedules, estimated benefit costs, and collective bargaining agreements for shift differentials and future wage increases, the estimated annual operating costs for Utility employee wages and benefit expense as compared to the whole of the JBM contract are projected to be about \$9,000 to \$13,000 higher. (Please see attached cost projection detail for more information.)

In addition, there a number of other on-going expenses associated with employee-provided security services, including security vehicles, fuel and maintenance, uniforms, training, computer equipment, radios, and other supplies and equipment. While these costs may vary from year to year, they represent a significant additional expense on the order of approximately \$59,000 per year.

Finally, and perhaps most important, there are potentially significant costs associated with Workers Compensation, liability and risk exposure. The City Risk Manager has evaluated the potential for employee injuries and increased Workers Compensation claims associated with the provision of security services, as well as potential liability claims that might arise from activities involving employees as security providers. The City Risk Manager outlined his concerns in a November 18, 2011 e-mail to the Parking Utility Operations Manager, as follows:

“These [potential] new [security] positions have a significant exposure from a work comp standpoint (injuries from confrontations with other parties, slips and falls, back issues from duty belt, etc.). In addition to the work comp exposure... [w]e not only have exposure to bodily injury claims, but also the potential for Federal lawsuits. While a State bodily injury claim is capped at \$50,000, a Federal lawsuit is not capped and can be very expensive... While one cannot put a number on the cost of claims...they could easily be \$25,000 a year.”

The potential costs to the City arising from liability claims cannot be ascertained, particularly as the City has no prior experience in which it has directly employed security personnel (beyond those under the auspices of the Madison Police Department). One reason the City has not heretofore directly employed security personnel but rather chooses to contract with private security services (at CDA Housing, for example) is due to the potential for large expenses associated with liability damage claims.

Exclusive of potential liability claims expenses, but inclusive of wages, benefits, and all other costs, the estimated additional cost to the City for employee-provided security services as compared to the current private contract ranges from \$68,405 to \$72,500, as seen in the table below:

<u>Year</u>	<u>Parking Utility Employees: Wages and Benefits</u>	<u>Other Costs (Excluding Liability Claims)</u>	<u>Total Projected Parking Utility Costs</u>	<u>JBM Patrol: All Costs</u>	<u>Difference</u>
2013	\$213,606	\$59,000	\$272,606	\$200,928	\$71,678
2014	\$221,812	\$59,000	\$280,812	\$209,664	\$71,148
2015	\$227,805*	\$59,000	\$286,805	\$218,400	\$68,405
2016	\$231,900*	\$59,000	\$290,900	\$218,400	\$72,500

*Figures assume no general wage increase in 2015 and 2016

Implications for Parking Utility Operations

As noted previously, the Parking Utility has contracted for the provision of security services since 1990. Over the course of these past two decades, the Utility has contracted with a variety of private security firms; while the Utility's early experiences with its security contractors were less than ideal, the Utility gives fairly high marks to its current contractor, JBM Patrol and Protection Corp., which has been the Utility's provider since 2000. The current contract allows for one-year extensions by mutual agreement through the year 2014.

Oversight of parking facility security is vested in the Utility's Parking Operations Supervisor; the current Supervisor has indicated that there are few problems with contract oversight, such that resources allocated to contract administration are minimal. However, it is possible that changes in personnel, policies, or contract providers could result in additional administrative challenges in the future. In addition, it is also possible that sometime in the future the costs for contracted services might increase significantly, which would make the provision of security services by Utility employees relatively less costly, but this is speculative.

The impact on Parking Utility Operations resulting from a change in contracted security services to internally provided security services may, excluding cost considerations, yield both positive and negative effects. Both employees and the organization as a whole may benefit as staff likely are more knowledgeable about the whole of Parking operations and perhaps more vested in outcomes than may be a contractor. There may be some operational efficiencies gained as employees may assume additional workloads, including the provision of security services in addition to other duties.

The potential challenges on Parking Utility operations associated with in-house security staff include the necessity to reallocate a significant portion of the Parking Operations Supervisor's time toward security-related issues, including training, day-to-day oversight, staff shift allocations, sick leave coverage, and administration of Workers Compensation and liability claims. Unlike other City services (with the exception of the Madison Police Department), the provision of security requires training in self-defense, use of weapons such as batons and pepper spray, restraint and handcuffing techniques. The nature of the training and later deployment in the field is such that the potential for injuries to employees is much greater than for other Utility employees. As noted previously, the possibility for injuries to employees and customers substantially increases the potential for Workers Compensation or liability claims. Such claims can be mitigated in part by extensive and continuous training, but the City's risk exposure would remain quite high.

Summary and Recommendations

Since 1990, the City's Parking Utility has contracted with private security firms in order to provide security in the Utility's parking garages. Recently, employees of the Utility, under the auspices of the AFSCME Local 60 bargaining unit, have proposed that the Utility consider the provision of security services by its employees, rather than enlisting a private firm.

Based on cost analysis projections by the Utility and Finance Department, provision of security services by employees is relatively more costly than a private contractor, with additional costs to the Utility estimated to range from \$68,405 to \$72,500 annually over the next few years. (These projected costs do not include any employee general wage increase in the years 2015 and 2016.)

While there may be some operational efficiencies that may be gained through the use of in-house security personnel, such efficiencies may be more than offset by the reallocation of the Parking Operations Supervisor's time toward managing an internal security operation, including oversight of training, sick leave coverage and staff shift allocations.

Perhaps most important, the City's potential exposure to large Workers Compensation or liability claims is significantly increased if employees undertake security-related services. With the exception of the Madison Police Department, the City does not employ security personnel, not the least reason of which is potential costs due to injuries and other liabilities.

On balance, therefore, while it is good to continue to explore the manner, costs and alternatives of City services, it appears that, at this time, the provision of security services by employees is more costly and relatively inefficient as compared with the provision of such services by a private firm.