



OFFICE OF THE CITY AUDITOR
Long Beach, California

LAURA L. DOUD, CPA
City Auditor

March 6, 2009

Erik Sund
Business Relations Manager, Financial Management

Geoffrey Hall
Assistant to the City Manager

Gentlemen:

When contracting out work usually performed by City employees, Section 1806 of the City Charter requires a finding that the work or contracted services can be performed at an estimated lower cost to the City than if said work or services were performed by City employees. We performed specific procedures, as outlined below, to determine the reasonableness of the City's analysis of comparable City costs for services specified in Bid Specifications PA-00809 (Bid No. PA-00809).

Since 1998, the City has contracted out custodial services at selected City sites. The existing contracts are set to expire on April 30, 2009. Bid No. PA-00809 allows for maintaining the existing locations, with an addition of two locations. In the past, the two additional sites have received minimal levels of custodial service provided by temporary, part-time staff or by non-maintenance staff working on an overtime basis. In addition, Bid No. PA-00809 allows for two levels of service – "routine" or "enhance". Bidders were asked to provide bid costs for both levels of service.

We performed the following procedures in our analysis:

- Reviewed the Bid Specifications PA-00809 for custodial services;
- Interviewed City management to determine the basis and methodology used to estimate City costs for custodial services;
- Obtained and analyzed the City's cost estimates for providing custodial services; and
- Verified the City's estimated cost of providing custodial services to source budget reports and documents.

Mr. Erik Sunday
Mr. Geoffrey Hall
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Based on the procedures performed, the City's estimated annual cost of \$1,479,000 to provide custodial services outlined in Bid No. PA-00809 appears reasonable. Based on the winning bid, the annual contracted out cost would be \$765,195 for the same level of services. Therefore, the contracted services can be performed at a significantly lower cost than if services were performed by City employees.

Sincerely,

A handwritten signature in cursive script that reads "Laura L. Doud".

Laura L. Doud, CPA
CITY AUDITOR

cc: Suzanne Frick, Assistant City Manager
Lori Ann Farrell, Director of Financial Management
