



OFFICE OF INSPECTOR GENERAL  
CITY OF JACKSONVILLE

CONTRACT OVERSIGHT OBSERVATION  
NUMBER 2015-05-0007

Steven E. Rohan  
Interim Inspector General

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**Allegation of Waste as to Contract for Maintenance of Building Cooling Systems**

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Contract No. GS-07F-0248K (USGS Contract) was originally entered into on April 4, 2000, and included within its scope a schedule of items and services authorized for purchase from Trane Commercial Systems North Florida for lighting, heating and air conditioning systems. On November 14, 2013, the Public Buildings Division recommended that proposed Contract No. 9944 (Trane Contract) be "piggybacked" to the USGS Contract and as such, was thereafter approved and executed. On May 21, 2015, the OIG received an anonymous complaint from a COJ employee regarding the Trane Contract. The complaint asserted that the "piggy-backing" of the Trane Contract to the USGS Contract was not the most efficient use of COJ resources. Specifically, the complaint alleged that the annual maintenance being performed under the Trane Contract could be done more efficiently with COJ employees.

**Summary of Findings:**

The Office of Inspector General (OIG) did not find sufficient evidence to support the allegations contained in the complaint. Pursuant to statements from the Chief of the Public Buildings Division, while COJ employees possess the necessary certification and licensing credentials, COJ employees lack the experience of performing annual maintenance on extremely specialized equipment (as compared to the contractor). Based on 2015 Public Building Division maintenance records, there might be cost savings, if COJ employees were able to adequately and expertly perform the routine annual maintenance and cleaning.

**Detailed Findings:**

The complaint alleged that the COJ could perform the work with its own employees for an approximate cost of \$1,500 per job. The complaint contrasted this in-house cost with an alleged cost of approximately \$12,000 for having Trane perform the same work for both City Hall and the Ed Ball Building. The complaint did not provide any documentation in support of the costs alleged in the complaint.

The Trane Contract provided for general heating, ventilating and air conditioning (HVAC) services to be done in nine (9) buildings (additional buildings could be added at a later date). The HVAC services included routine preventive maintenance as well as additional work on Chillers, Air Handlers, DX systems, Cooling Towers, and Pump and heating systems.

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Based on documentation provided by Building Systems & Energy Conservation, Public Buildings Division, Public Works Department, the COJ spent approximately \$110,623 on “Chiller Maintenance” in Fiscal Year (FY) 2015. This amount included \$48,689 for annual maintenance and cleaning. The estimate submitted by Trane for the Trane Contract included hourly costs for HVAC maintenance and cleaning at a rate of \$103.65. Based on the estimate from Trane and the documentation provided by Public Buildings, the COJ paid for approximately 470 hours of annual maintenance and cleaning in FY 2015. If that work had been performed by COJ employees it would have been approximately 470 hours of work at overtime rates (Public Building employees are currently working at least 40 hours per week or more) or approximately \$22,290. Arguably there could be a savings if the COJ employees could do the work in the same time frame, and with the same expertise.

The OIG spoke with the Chief of the Public Buildings Division regarding the complaint’s assertion that COJ employees could maintain the cooling units at a lower cost than the cost provided for under the Trane Contract. The Chief of Public Buildings stated that the COJ uses “qualified vendors and technicians who routinely work on chiller equipment and software for maximum effectiveness.” He went on to state that the City’s “HVAC mechanics do not perform annual chiller maintenance nor are they qualified to do so. The City has always depended on qualified vendor technicians to complete annual chiller maintenance.” The Chief also noted that the HVAC technicians used by the vendor have “hands on experience in Chillers, Boilers, Vacuum Pumps, Air Compressors, Air Handlers, Pumps, and Building Automation Systems.” The Chief noted that COJ “HVAC technicians have the capability and licensure to perform annual chiller maintenance but lack the day-to-day experience completing major maintenance on large chiller equipment.”

### **Conclusion:**

There is no evidence to support the allegation that the COJ could perform maintenance and cleaning of HVAC equipment at a cost of \$1,500 per job. There is also no evidence to support the allegation that the COJ has spent approximately \$12,000 for the maintenance and cleaning of HVAC equipment. By piggy-backing the contract, the COJ has been able to utilize contractors who are certified, licensed and highly experienced to perform routine maintenance as well as major maintenance on very complex equipment.

Arguably, there might be some cost savings available ( $\$48,689 - \$22,290 = \$26,399$ ) to the COJ if COJ employees were able to perform the routine annual maintenance and cleaning needed for the HVAC equipment. This would not, however, eliminate the need or the value of the piggyback of the Trane Contract to the USGS Contract for miscellaneous parts as well as completing major maintenance or repairs on large chiller equipment. It is not known whether this cost savings would remain if COJ employees require additional training or education to perform routine maintenance, or if COJ employees could perform the work in the same timeframe as more experienced private sector employees. Furthermore, a failure of COJ employees to properly complete the complex work could reasonably result in a duplication of costs. It is also unknown whether the Public Buildings Division has sufficient resources to be able to provide for the approximate 470 hours of overtime (based on 2015 records) annually.

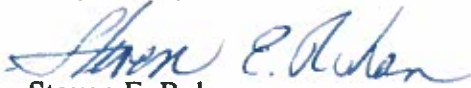
**Recommendations:**

The role of the OIG is not to substitute its judgment for that of City administrators. Rather, the OIG's role is to identify opportunities for savings, in the form of recommendations, and allow policy makers an opportunity to review and assess those recommendations.

Based on its review of the Trane Contract and its actual costs, the OIG recommends that the Public Buildings Division continue to monitor and review its costs, and determine whether there are savings to be obtained by utilizing COJ employees for routine maintenance and cleaning of HVAC equipment.

No further action by the OIG on this matter is warranted at this time and Correspondence Number 2015-05-0007 is closed. By copy of this Contract Oversight Observation, the OIG has submitted its recommendations to the Administration.

Respectfully Submitted,



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Interim Inspector General

Ken Swain, Contract Oversight Specialist

Dated: January 11, 2017

cc: Sam E. Mousa, Chief Administrative Officer  
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Correspondence File No. 2015-05-0007