

Review of Janitorial Services Contract at the Fort Lauderdale-Hollywood International Airport (RLI # 20070522-0-AV-2)

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Report No. 11- 04



Office of the County Auditor
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Executive Summary

This report presents our review of Sunshine Cleaning Systems, Inc.'s (Sunshine) contract for janitorial services at the Fort Lauderdale-Hollywood International Airport (FLL). Our objectives were to evaluate Sunshine's compliance with the contract terms and conditions and Broward County Aviation Department's (BCAD) contract administration. Our review covers the first two years of the contract from October 1, 2008, to September 30, 2010.

Our review disclosed:

1. The contract with Sunshine resulted in the County paying \$950,000 more for labor costs than required under the Living Wage.
 - Contract wage rates were based on a faulty premise of future uncontrollable Living Wage increases,
 - Payments to Sunshine for labor exceeded the amounts actually paid to their employees by \$690,000, and
 - Concerns regarding the contract wage rates given the pending change in the Living Wage were not adequately addressed.
2. Sunshine overbilled the County approximately \$15,500 for labor costs during our two month review period.
3. BCAD does not adequately document or properly retain inspection reports.
4. Janitorial service costs at FLL are higher than other airports surveyed.

To address the issues raised in this report, we recommend the Board of County Commissioners direct the County Administrator to:

- Identify any other contracts that are based on forecasted wage rates, evaluate the cost benefits of such contracts and take appropriate steps to ensure the County is not incurring unnecessary cost.
- Proceed immediately with procurement of a new janitorial services contract for FLL to coincide with expiration of Sunshine's agreement on September 30, 2011.
- Perform a full accounting of costs billed by Sunshine to:
 - Recover immediately approximately \$15,500 in overpayments identified in this report,
 - Review each week's payroll from the inception of the contract to present (excluding the two months already reviewed) and determine whether there were additional overbillings by Sunshine, and
 - Recover any additional overbillings by July 31, 2011.

- Take steps to establish effective contract administration to ensure services are delivered in accordance with the agreement including:
 - Adding window cleaners to the daily cleaning roster to facilitate accountability of these employees by BCAD,
 - Developing standard policies and procedures to document and retain BCAD's inspection reports, and
 - Establishing appropriate reviews and follow up to problems and comments noted in the inspection reports.

- Engage appropriately qualified staff or consultants to evaluate the janitorial needs and assist in the development of appropriate janitorial service levels, standards and costs for future agreements.

Purpose and Scope

The purpose of the review was to evaluate whether Sunshine's janitorial services at FLL complied with the contract terms and conditions. We also evaluated BCAD's contract administration. Our review covers the first two years of the contract from October 1, 2008, to September 30, 2010.

Methodology

To accomplish our objectives, we:

- Reviewed
 - Contract between Sunshine Cleaning Systems, Inc. and Broward County (RLI 20070522-0-AV-2),
 - Sunshine's invoices, daily cleaning rosters, payroll registers and other supporting documents for August 2009 and March 2010,
 - Sunshine's time cards for the week ending August 23, 2009,
 - BCAD's weekly attendance reports for August 2009 and March 2010,
 - BCAD's inspection reports for three days ending August 19, 2010, and
 - Selected tapes and meeting minutes for the contract selection and negotiation meetings

- Interviewed Sunshine, BCAD and Purchasing Division staff,
- Toured and observed Sunshine's operations at FLL,
- Surveyed janitorial services at the five largest Florida airports, and
- Consulted with County Attorney's Office

Background

Contract Overview

Sunshine's current contract for janitorial services at FLL began on October 1, 2008. The contract was for a three-year term with two one-year renewals. The total estimated value of the contract for the five year period is approximately \$63 million. Under the contract, Sunshine provides 24 hours a day, 7 days a week cleaning services at FLL including: terminal facilities, the Cypress garage common area, other parking garage structures, and the administrative facility. The contract is comprised of labor, materials, and overhead and profit. Figure 1 below shows the amounts billed by Sunshine for the first two years and the estimated payments for the subsequent three years of the contract.

Figure 1: Billed and Estimated Amounts for Five Contract Years

Items	Initial Three-Year Term			Two One-Year Renewal		Five-Year Total
	FY 2009 (Billed)	FY 2010 (Billed)	FY 2011 (Estimated)	FY 2012 (Estimated)	FY 2013 (Estimated)	
Labor	\$9,705,228	\$10,089,580	\$10,530,496	\$10,964,590	\$11,410,680	\$52,700,574
Materials	777,120	\$700,463	784,720	784,720	784,720	3,831,743
Overhead and Profit	1,234,226	1,234,226	1,234,226	1,234,226	1,234,226	6,171,130
Annual Total	\$11,716,574	\$12,024,269	\$12,549,442	\$12,983,536	\$13,429,626	\$62,703,447

Source: Prepared by the County Auditor's Office from information obtained from the contract and Advantage Financial System

Labor

According to the contract, the labor costs include basic wage rates, related benefits and payroll taxes for all on-site personnel including cleaners, supervisors, and managers. The labor costs are adjusted monthly based on a required minimum number of employees. If the number of employees worked in a given week is less than the number required by the contract, negative adjustments and compliance penalties are applied.

Materials

According to the contract, the material costs include the payments for paper, plastic and chemical supplies that are adjusted annually by the Producer Price Index¹ and airport passenger loads. On September 29, 2010, BCAD received approximately \$76,700 in materials cost adjustment for the second contract year.

¹ The Producer Price Index measures the average change over time in the selling prices received by domestic producers of goods and services.

Overhead and Profit

According to the contract, the overhead and profit of approximately \$1.23 million per year are calculated based on the square footage of facilities and can be adjusted if an addition or deletion of locations and services are required by the County.

Contract Negotiation

The current contract was awarded through a Request for Letters of Interest (RLI) process, which involves short listing and selection based on evaluation of each respondent's proposal. As part of the solicitation, the short listed firms were required to complete a price sheet to propose a total five-year contract amount comprised of costs for labor, materials, and overhead and profit. As instructed on the price sheet, "there will be no escalation of contract prices by Broward County to the vendor due to the increase in wages paid to employees covered by the Living Wage Ordinance."

Four firms were short listed at the Selection Committee (SC) meeting held on May 5, 2008. The short listed firms made presentations on August 7, 2008 and the SC selected Sunshine, which was the successful low bidder. On September 16, 2008, the Board of County Commissioners (Board) approved the contract with Sunshine effective October 1, 2008.

Janitorial Services at FLL

Sunshine has three shifts operating daily at FLL and is required by the contract to maintain a daily minimum of 184 employees. As shown in Figure 2 below, the required minimum of 184 employees includes four shift supervisors, 16 terminal supervisors and 164 cleaners daily. In addition, three managerial employees² (project/operations/office) work 40 hours per week to oversee and manage the cleaning activities of all facilities. These managerial employees and five window cleaners are in addition to the 184 supervisors and cleaners, and are required to work on a daily basis.

Figure 2: Daily Minimum of 184 Employees		
Job Class	Required Daily Employees	Required Daily Minimum
Project Manager	1	
Operations Manager	1	
Office Manager	1	
Shift Supervisor	4	} 184
Terminal Supervisor	16	
Cleaner	164	
Window Cleaner	5	

Source: Prepared by the County Auditor's Office from information obtained from contract

A compliance penalty is assessed weekly and credited monthly to the County if Sunshine does not comply with the minimum weekly total. If Sunshine's actual

² According to the contract, managerial employees (except office personnel) may be included in the daily 184 count if he/she performs janitorial services for the entire shift.

number of employees exceeds the minimum weekly total, the County does not pay for additional costs.

Sunshine utilizes a biometric hand reader to track employees' time, by scanning their hands in and out upon the beginning and ending of the shifts. The cleaners are required to clock in 7-8 minutes before the shift starts and clock out 7-8 minutes after the shift ends. Therefore, a 15 minute window generally overlaps for shift changes in order to provide seamless coverage. The shift/terminal supervisors clock in before the cleaning personnel and clock out after them.

After all staff clock in, a Sunshine shift supervisor prepares Daily Cleaning Rosters (rosters) which contain cleaner and supervisor names, locations, job class and head counts. The roster does not include window cleaners which are not part of the 184 count as shown on Figure 2 on page 4. At the beginning of the shift, Sunshine faxes the completed rosters to the BCAD staff as verification of the number of employees present at work.

Sunshine Payroll Process

Sunshine's payroll cycle is two weeks in duration, Monday through Sunday. The employees' time and attendance data which are collected from the biometric hand reader are transferred to a software system for time tracking and reporting. The current hand reader and software system do not integrate with Sunshine's payroll system, therefore, the payroll hours are manually entered into the payroll system. Checks are generated and distributed to employees every other Friday.

BCAD Contract Management

BCAD has one Contract Administrator who oversees and manages the contract and seven additional BCAD staff who work at terminals to monitor Sunshine's performance. BCAD staff are to perform the following:

- Verify the number of employees on the rosters by walking through the facilities,
- Patrol and inspect the cleaning activities and request corrections as necessary,
- Complete inspection reports for each location once a day,
- Calculate the head-count differences to the minimum of 184 employees and document on the weekly attendance report, and
- Complete a daily activity log.

BCAD staff meets weekly with Sunshine's project manager to reconcile any head-count differences on the weekly attendance report as compared to Sunshine's time card reports.

BCAD Invoice Review Process

Sunshine bills BCAD twice a month. Any shortages in employee head-count are adjusted in the second invoice. BCAD staff reviews the invoice and verifies the differences to the numbers documented on the weekly attendance report. Head-count differences are calculated within each week and are not carried forward against other weeks. Once the invoice is reviewed and approved by the Contact Administrator, it is forwarded to BCAD Finance Division for payment.

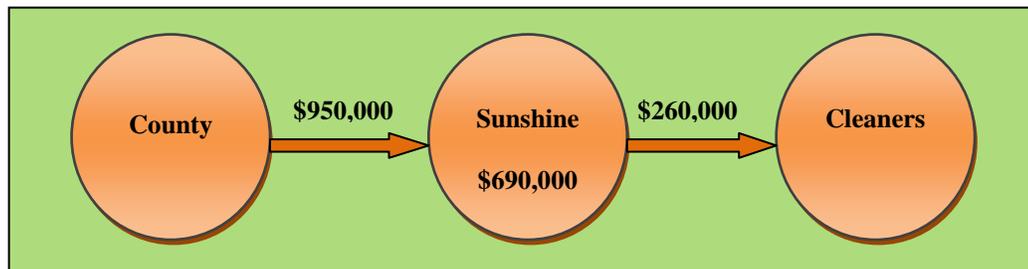
Findings and Recommendations

Finding 1

The contract with Sunshine resulted in the County paying \$950,000 more for labor than required under the Living Wage.

Due to perceived uncertainty regarding potential increases in the Living Wage rate, the County agreed to pay Sunshine based on forecasted wage rates. However, within weeks of execution of the Sunshine contract, the County amended the Living Wage Ordinance effectively limiting future Living Wage increases. As a result, the County paid Sunshine approximately \$950,000 more for labor than the Living Wage Ordinance required during the first two years of the contract. Further, payments to Sunshine for labor exceeded the amounts actually paid to their employees by \$690,000 as depicted in Figure 3 below. Given the change in the Living Wage Ordinance, the payment of labor based on forecasted rates was avoidable and could have been substantially mitigated.

Figure 3 – Flow of \$950,000 in Avoidable Labor Costs Paid by the County



Source: Prepared by the County Auditor's Office

- **Contract wage rates were based on a faulty premise of future uncontrollable Living Wage increases.**

Prior to October 1, 2008, increases in the Living Wage rates were annually indexed to inflation using the Consumer Price Index (CPI). The Living Wage rates for fiscal year 2008 were \$11.07 per hour with health benefits or \$12.51 per hour without health benefits.

The CPI rate of 5.8% for fiscal year 2009 created concerns of potentially substantial increases in the Living Wage rate. At the same time the County was changing its previous practice of paying for Living Wage costs on a pass through basis. As a result, the County in its solicitation for janitorial services advised proposers that the County would not fully reimburse Living Wage cost increases and requested proposers to provide forecasted labor rates.

Sunshine proposed a 5.8% increase to the current Living Wage rate of \$12.51, resulting in a \$13.24 basic wage rate per hour for the first year, and a 4.1%³ increase for each of the subsequent four years of the contract. Sunshine was the successful low bidder and the contract was approved by the Board on September 16, 2008, with their price proposal included as Exhibit B - Payment Schedule.

On October 7, 2008, the Living Wage Ordinance was amended by the Board to include additional factors⁴ affecting the wage rate indexing methodology. The amendment was effective on October 20, 2008.

As a result of the amendment, the Living Wage rates were not increased during the first 15 months of the contract. A 0.5% increase was effective January 1, 2010. However, in accordance with the contract, the County continued to pay Sunshine the contract wage rate increases of 5.8% for the first year and 4.1% for the second year. Figure 4 below shows the basic wage rate increase⁵ comparison between the contract wage rates and Living Wage rates for the two years of the contract.

Figure 4: Basic Wage Rate Increase Comparison for Two Contract Years			
Contract Year	Periods	County Paid to Sunshine	Living Wage
1st Year	Oct. 1, 2008 – Sep. 30, 2009	5.8%	0%
2nd Year	Oct. 1, 2009 – Dec. 31, 2009	4.1%	
	Jan. 1, 2010 – Sep. 30, 2010		0.5%
Two-Year Weighted Average		8.0%	0.2%

Source: Prepared by the County Auditor's Office from information obtained from BCAD and Purchasing

We calculated the difference between the contract wage rates paid to Sunshine and the actual Living Wage rates, and annualized the amounts based on the total contract hours for cleaners. Our calculation indicates that the County paid Sunshine \$950,000 more for labor than required by the Living Wage for the first two years of the contract.

Our methodology for calculating the \$950,000 in avoidable costs to the County can be found in Appendix A on page 14.

- **Payments to Sunshine for labor exceeded the amounts actually paid to their employees by \$690,000.**

For the first two months of the contract (October– November 2008), Sunshine paid their cleaners based on the contract labor rate increase of 5.8%. Beginning in

³ 4.1% indicates the average of the CPI for the five year period of FY 2005 to FY 2009.

⁴ The Living Wage and health care benefits payment shall be annually indexed to inflation using Miami-Fort Lauderdale, FL Consumer Price Index for all Urban Consumers. However, any increase shall not exceed 3% and in no event shall the increase exceed the compensation increase provided to unrepresented County employees.

⁵ The base of the increase is the Living Wage rates for fiscal year 2008, when the contract was negotiated.

December 2008 and continuing through December 2009, the wage rate paid to cleaners by Sunshine was reduced by 2.6%. The wage rate was further reduced by 2.5% in January 2010 to correspond to the actual Living Wage rate.

Figure 5 below compares wage rate increases per the County's contract to wage rates changes given by Sunshine and to the requirements of the Living Wage.

Figure 5: Basic Wage Rate Increase Comparison for Two Contract Years				
Contract Year	Periods	County Paid to Sunshine	Sunshine Paid to Cleaners	Living Wage
1st Year	Oct. 1, 2008 – Nov. 30, 2008	5.8%	5.8%	0%
	Dec. 1, 2008 – Sep. 30, 2009		(2.6%)	
2nd Year	Oct. 1, 2009 – Dec. 31, 2009	4.1%	(2.5%)	0.5%
	Jan. 1, 2010 – Sep. 30, 2010			
Two-Year Weighted Average		8.0%	2.3%	0.2%

Source: Prepared by the County Auditor's Office from information obtained from BCAD and Sunshine

As noted previously on page 7, the County paid Sunshine \$950,000 more than required by the Living Wage. Of the \$950,000, Sunshine paid their employees \$260,000 for the first 15 months of the contract in excess of the Living Wage.

The difference between the contract wage rates paid to Sunshine and the actual wage rates paid to the cleaners resulted in \$690,000 retained by Sunshine.

- **Concerns regarding the contract wage rates given the pending change in the Living Wage were not adequately addressed.**

Recognizing that the Living Wage was being changed, the Purchasing Director prior to the contract award, suggested Aviation staff include a provision in the contract to give the County the ability to renegotiate the wage rates based on the recommended amendment to the Living Wage Ordinance. It is unclear why such an amendment was not included in the final agreement.

After the contract award, the Purchasing Director stated that she attempted to have Aviation staff renegotiate Sunshine's agreement to remove the unnecessary labor increases. While seven negotiation meetings were held beginning on March 27, 2009 and ending on March 26, 2010, no substantive efforts were made to obtain a reduction of the forecasted rates in the meetings until the Purchasing Director in a letter dated April 16, 2010 threatened to terminate negotiations.

It is unclear as to why staff did not pursue a labor rate reduction in light of the change in the Living Wage, non-payment of the labor rates to their employees by Sunshine and given the request of the Purchasing Director.

After three subsequent meetings between April 23, 2010 and September 10, 2010, an amendment to the agreement was agreed to by Sunshine and BCAD which included:

- Extending the term of the contract by two additional years,
- Reducing the third year costs by \$200,000,
- Using contract year three as a baseline and annually increasing the compensation for the fourth and fifth years by the CPI up to a maximum of 4%, and
- Increasing the total contract costs by \$1,466,339 for additional cleaning services for additional space.

The amendment submitted for Board approval on October 5, 2010 agenda item #2 was withdrawn by the request of the County Auditor's Office.

- **As of the date of this report the County continues to pay Sunshine the forecasted labor rates.**

Recommendations

We recommend the Board of County Commissioners direct the County Administrator to:

1. Identify any other contracts that are based on forecasted wage rates, evaluate the cost benefits of such contracts and take appropriate steps to ensure the County is not incurring unnecessary cost, and
2. Proceed immediately with new procurement of a new janitorial services contract for FLL to coincide with expiration of the agreement on September 30, 2011.

Finding 2

Sunshine overbilled the County approximately \$15,500 for labor costs during our two month review period.

- **Sunshine routinely billed the County for full 8 hour shifts even though Sunshine employees worked and were paid for less than 8 hours, resulting in approximately \$5,000 in overpayments during our two month review period.**

Exhibit A.1 of the contract states that there shall be three shifts operating in a day, and each shift is eight hours in duration. Moreover, the County paid Sunshine labor costs based on eight hours per shift as established in Exhibit B Payment Schedule of the contract.

We reviewed Sunshine's time cards and payroll registers for August 2009 and March 2010, and noted that a majority of cleaners were paid for **7.75 hours** per shift. We recalculated the total hours⁶ per week documented on the payroll registers, compared them to the contract requirements⁷, and found the number of actual shifts performed was overstated and below the minimum contract requirements. Based on our recalculation of the compliance penalty on a weekly basis, Sunshine overbilled the County by approximately \$5,000 for the two months reviewed.

- **Sunshine double billed the County for two employees, once as managers and a second time as staff, resulting in overpayments of approximately \$7,000 during our two month review period.**

The contract requires Sunshine to provide a minimum of 184 employees daily, which includes twenty supervisors and 164 cleaners. Managerial employees are in addition to the required 184 employees. However, Exhibit A.1 of the contract also states that the project and operations managers can be considered in the 184 count as long as they perform janitorial services for the entire shift.

We reviewed Sunshine's invoices, daily cleaning rosters and time cards for August 2009 and March 2010, and compared the total number of employees billed on the invoices to the rosters. Our review found two managers were routinely billed in the 184 count of supervisors or cleaners and were also billed as managers, resulting in double billing and approximately \$7,000 in overpayments for the two months reviewed.

- **Sunshine billed for window cleaners that were not provided, resulting in overbilling of approximately \$3,500 during our two month review period.**

The contract requires Sunshine to provide five window cleaners 5 days a week.

We reviewed the payroll registers for August 2009 and March 2010, and noted that there were only four window cleaners for the periods reviewed. In response to our request, Sunshine provided additional documents showing that the fifth window cleaner was hired in late March 2010 but was miscoded as a regular cleaner on the March payroll registers. We recalculated the total regular and overtime hours on the payroll registers for all window cleaners (including the newly hired fifth staff) for the two months of August 2009 and March 2010. We found Sunshine overbilled the County by approximately \$3,500 for the two months reviewed.

⁶ The total hours include regular and overtime hours for all employees on the payroll register except window cleaners, who are not part of the 184 count. For salaried employees, 40 hours per week are included in the calculation.

⁷ Contract requires Sunshine to provide a daily minimum of 184 employees, which is equal to 1,472 hours daily and 10,304 hours weekly.

Recommendations

We recommend the Board of County Commissioners direct the County Administrator to:

3. Perform a full accounting of costs billed by Sunshine to:
 - Recover immediately approximately \$15,500 in overpayments identified in this report,
 - Review each week's payroll from the inception of the contract to present (excluding the two months already reviewed) and determine whether there were additional overbillings by Sunshine, and
 - Recover any additional overbillings by July 31, 2011.

4. Add window cleaners to the daily cleaning roster to facilitate accountability of these employees by BCAD.

Finding 3

BCAD does not adequately document or properly retain inspection reports.

BCAD staff are responsible to patrol assigned areas, inspect the cleaning activities and document the results in an inspection report for each location once a day. The inspection reports are an important tool for BCAD to monitor Sunshine's performance and ensure that corrective actions are taken in a timely manner. Therefore, the inspection reports should be properly completed, appropriately reviewed, and followed up on in a timely manner when problems and concerns were noted.

We requested BCAD's inspection reports for the three days ending August 19, 2010. BCAD only provided 7 of the 15⁸ inspection reports requested. Our review of the 7 reports provided disclosed:

- Corrective or follow up actions identified in the reports were not adequately documented, and
- BCAD staff do not use consistent inspection report formats with varying levels of specificity.

Retention of inspection reports is important to evaluate Sunshine's performance and to determine whether the required corrective actions were taken in a timely manner.

Recommendation

5. We recommend the Board of County Commissioners direct the County Administrator to take steps to establish effective contract administration to ensure services are delivered in accordance with the agreement including:

⁸ As advised by the BCAD staff, there are generally five inspection reports per day, totaling 15 reports for three days requested.

- Developing standard policies and procedures to document and retain BCAD's inspection reports, and
- Establishing appropriate reviews and follow up to problems and comments noted in the inspection reports.

Finding 4

Janitorial service costs at FLL are higher than other airports surveyed.

To obtain additional information about janitorial operations, we performed a survey of the five largest Florida airports, as shown on Figure 6 on page 13. We noted some factors could affect comparability of airport janitorial service costs, such as:

- Airport type,
- Passenger count,
- Square footage of the airport,
- Number and physical layout of the airport's terminals, and
- Living Wage

Of the five Florida airports surveyed, FLL janitorial service costs were higher in almost every category, and the cleaning cost per square foot of \$7.56 was nearly double that of any of the other four airports. There may be many variables that contribute to the higher cost at FLL, including differences in labor costs at the survey airports, physical layout of the airports, the payment of forecasted rather than actual wages, and perhaps most significantly the level of services provided. As indicated in question #18 on the survey, the County required staffing levels are substantially higher than all other airports surveyed.

Given the substantial cost difference, it is imperative that management fully understands the reasons for the higher costs and justifies the service levels requested.

Recommendation

6. We recommend the Board of County Commissioners direct the County Administrator to engage appropriately qualified staff or consultants to evaluate the janitorial needs and assist in the development of appropriate janitorial service levels, standards and costs for future agreements.

Figure 6: Survey of the 5 Largest Florida Airports

Airport	Orlando, FL (MCO)	Miami, FL (MIA)	Ft. Lauderdale, FL (FLL)	Tampa, FL (TPA)	Palm Beach, FI (PBI)
Airport General Information					
1. Passenger Count	37 million	34 million	21 million	17 million	6 million
2. Square Feet (a)	4.2 million	6.5 million	1.6 million	2.0 million	0.6 million
3. Primary Airport Type	Mixed	HUB	Destination	Destination	Destination
4. % International	15%	40%	14%	2%	1%
5. # of Terminals	2 terminals (1 building + 4 concourses)	3 terminals (1 horseshoe shaped building)	4 terminals	1 terminal (+ 4 concourses)	1 terminal (+ 3 concourses)
6. Operating Expenses (b)	\$197 million	\$385 million	\$119 million	\$91 million	\$46 million
Janitorial Services Contract Information					
7. Service Provider	Vendor	Vendor	Vendor	Vendor	Vendor
8. Procurement method	Bid	RFP	RLI	Bid	Bid
9. Living Wage	No	Yes	Yes	No	No
10. Annual cost	\$9.5 million	\$ 23.0 million	\$12.1 million	\$ 8.1 million	\$ 1.9 million
11. Items Included	labor, select materials, overhead & profit	labor, materials, overhead & profit	labor, materials, overhead & profit	labor, materials, overhead & profit	labor, materials, overhead & profit
12. Contract Type	Charge per sq. ft. Performance based.	Reimbursable payroll + charge per sq. ft.	Flat fee with FTE requirement	Reimbursable + some flat fee (c)	Flat fee with FTE requirement
13. Daily Staffing	N/A (d)	411	192	144	57
14. % of operating exp.	4.8%	6.0%	10.2%	8.9%	4.1%
15. Cost per square foot	\$2.26	\$3.54	\$7.56	\$4.05	\$3.17
16. Cost / Passenger	\$0.26	\$0.68	\$0.58	\$0.48	\$0.32
17. Cost / Daily Staffing	N/A (d)	\$56,000	\$63,000	\$56,300	\$33,300
18. Sq. Ft. / Daily Staffing	N/A (d)	15,800	8,300	13,900	10,500
Airport Contract Management					
19. # of Contract admin.	9	1	8	1	1
<i>Source: Prepared by the County Auditor's Office from information obtained from the airports surveyed</i>					

- (a) Square Feet covered under the cleaning contract. Excludes parking spaces which are included in the PBI airport contract.
- (b) Excluding depreciation and amortization
- (c) Primarily reimbursable plus a flat fee for remote locations and 62 special monthly projects
- (d) Performance based contract

Appendix A – Calculation of Approximately \$950,000 Avoidable Costs to the County for Two Years of the Contract

Contract Year	Job Class	Annual Hours per Contract	Shifts per Contract	County Paid Sunshine per Contract ¹		Living Wage		Differences
				Basic Wage	Annual Total	LW Rate	Annualized Total ²	
Year 1 [Oct 08- Sep 09]	Cleaner	[a] 2,920	[b] 164.01	[c] 13.24	[d] = [a x b x c] \$ 6,340,758	[e] 12.51	[f] = [a x b x e] \$ 5,991,154	[d] - [f] \$ 349,604
	Window Cleaner	2,080	5.00	13.34	138,736	12.51	130,104	8,632
Year 1 Total					\$ 6,479,494		\$ 6,121,258	\$ 358,236
Year 2 [Oct 09- Sep 10]	Cleaner	2,920	164.01	13.78	\$ 6,599,369	12.57 ³	\$ 6,012,705	\$ 586,664
	Window Cleaner	2,080	5.00	13.89	144,456	12.57 ³	130,572	13,884
Year 2 Total					\$ 6,743,825		\$ 6,143,277	\$ \$600,548
Two Year Total - Avoidable Costs to the County								\$ 958,784

Source: Prepared by the County Auditor's Office from information obtained from the contract and Sunshine payroll records.

¹ County payments exclude the penalties resulting from non-compliance with the contract requirements of a minimum of 184 employees.

² Contractual hours are used in the calculation.

³ The Living Wage rates were \$12.51 effective October 1, 2008 and \$12.57 effective January 1, 2010. We used these rates in calculating the annualized totals and the differences.