



# Memorandum

**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** Julie Edmonds-Mares

**SUBJECT:** ANTI-GRAFFITI PROGRAM –  
CONTRACTED SERVICES COST  
REPORT

**DATE:** April 19, 2012

Approved

Date

4-20-12

## RECOMMENDATION

Accept this report regarding the on-going administration of graffiti eradication activities.

## OUTCOME

The outcome of this report is to provide Council with an update on the Anti-Graffiti Program (AGP) contract costs for eradication services. This report is in response to Council direction given on February 28, 2012, for staff to return to Council for a policy discussion if the Graffiti Protective Coatings, Inc. (GPC) contract exceeds \$633,300 before the end of the fiscal year.

## BACKGROUND

As part of the 2011-2012 budget process, and in the context of reaching a cost-savings target prompted by the City's fiscal situation, Council approved a new service delivery model for graffiti abatement. This model consisted of the use of a private vendor for graffiti eradication in place of in-house staff and a total AGP program fiscal year budget of approximately \$1,206,000. This new service delivery model was estimated to result in an annual General Fund savings of \$613,000 for graffiti abatement services.

Following a competitive Request for Proposals process, an agreement was subsequently executed on June 29, 2011, with GPC for the purpose of abating graffiti in the City of San José. Under the five-year agreement, GPC provides pay-for-service graffiti eradication services, including: color-matched eradication; real time online work order reporting and response; digital enforcement support; 24-hour toll-free reporting hotline; smart phone application reporting and response; and coordinated volunteer training. These services are provided to the City at a rate of \$0.40 per square foot of graffiti abated. The \$633,300 annual vendor cost for the current fiscal year was derived from the distribution of the authorized maximum compensation not-to-exceed amount of \$3,100,000 equally over the five-year period. However, the vendor service contract does not

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specify annual spending limits and instead allows for flexibility of usage to manage service needs within the total figure.

Following the establishment of the City's agreement with GPC, the Department of Parks, Recreation and Neighborhood Services (PRNS) submitted two AGP reports to the Neighborhood Services and Education Committee (NSE) that were subsequently approved by the City Council on September 29, 2011, and February 28, 2012. Both of the reports provided updates on the progress of the new eradication service delivery model and detailed GPC's performance so far.

The City of San José has also received donated services from GPC in support of our extensive network of over 3,600 community volunteers. On October 29, 2011, GPC conducted a volunteer training event at Welch Park where volunteers from Council District 8 were trained on the new restoration model. On that day GPC provided staffing, 50 gallons of free color-matching paint, and eradicated 5,100 square feet of graffiti at no charge to the City. GPC continued their collaboration with volunteers on March 26 at the McKinley Neighborhood Center where they met with the AGP's "super" volunteers. At that training, GPC gave away over 100 gallons of free color matching paint, \$250 in other painting supplies, and provided restorative graffiti eradication on 13 buildings, the largest of which covered 7,500 square feet, also at no charge to the City. The value of the donated services, materials, and eradication for both events is over \$10,000. GPC will also be sponsoring an upcoming volunteer training event scheduled for May 12 at Great Oaks Park in the Council District 2 community. Additional volunteer training events will continue throughout the rest of the year to provide communities with free color-matching paint, supplies, and GPC labor in support of our continuing partnership.

Additionally, the Parks and Recreation Commission (PRC) established the Graffiti Services Review Committee at its September 9, 2011, meeting to seek public feedback and provide recommendations on the new service delivery model. So far the PRC has provided positive observations and feedback and continues to seek ways to evaluate the qualitative and quantitative performance of the new service delivery model on an ongoing basis.

At the February 28, 2012, City Council meeting, the Council accepted the AGP's most recent report, with the direction to staff to return for a policy discussion in the event that the GPC contract is projected to exceed the program's \$633,300 threshold.

Based on the graffiti eradication activity provided by GPC to date, PRNS expects the contract cost to exceed \$633,300 before the end of this fiscal year. Therefore, this report is being submitted in compliance with the City Council's referral noted above.

## **ANALYSIS**

Over the course of the 15 years that the AGP has been in existence, the graffiti volume and related costs in San José have fluctuated substantially, which made it a challenge to accurately estimate future eradication volume and cost for the GPC contract. Staff used the best available

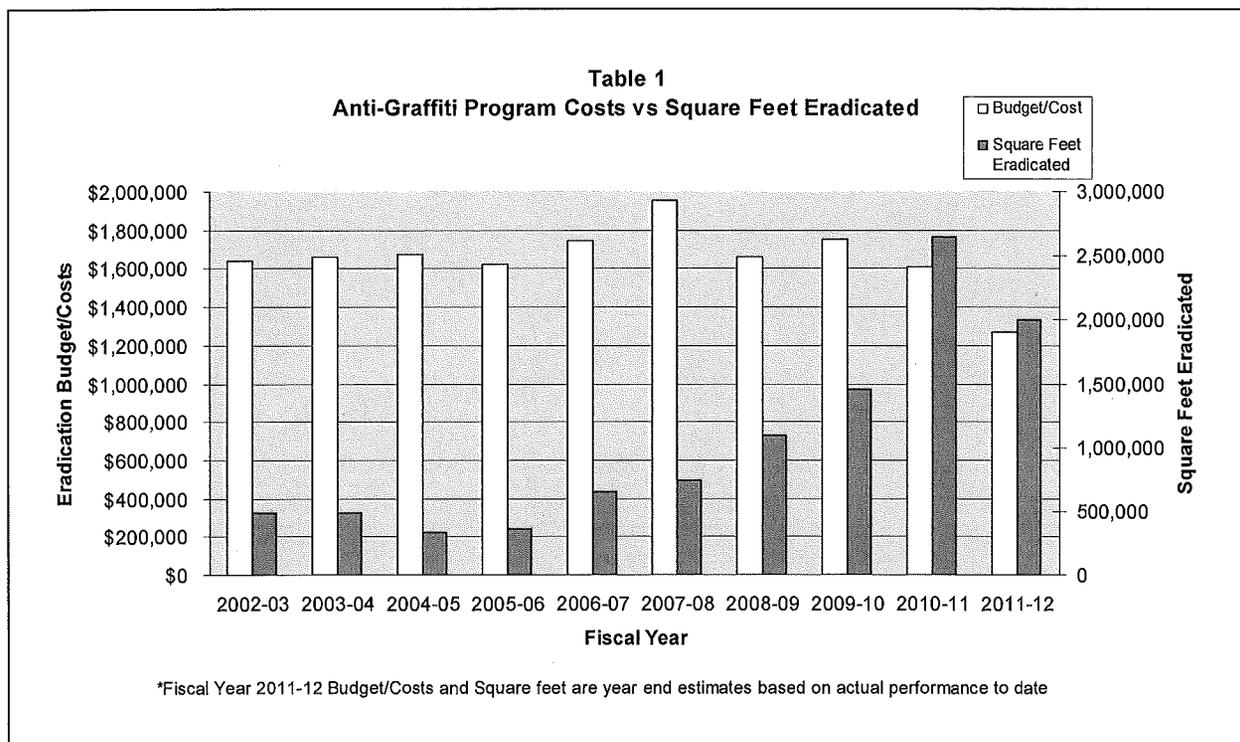
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graffiti eradication metrics, shown in Table 1 on the following page, to estimate the eradication volume and cost for GPC in future years, beginning with the 2011-12 fiscal year.

The data illustrates the trend of graffiti eradication activity that was relatively level from 2002-2003 through 2005-2006, and then started to increase rapidly beginning in 2006-2007, topping-out in 2010-2011. It is important to note that the historical data reported as “square feet eradicated” was calculated through a staff estimation based on amount of paint used, and is therefore less precise than current-year data. As noted above, the GPC contract includes a real-time online work order system, supported by digital photographs and GPS locations for each abatement, which provides more precise data collection. The enhanced and more accurate database also supports Police enforcement efforts and abatement management.



Although graffiti activity did increase dramatically in the latter half of 2010-2011, ending the year at over 2.6 million square feet, this information was not available during the development of the budget. The estimate for the GPC contract assumed approximately 1.5 million square feet of eradication services per year would be needed, which was slightly greater than the eradication completed in the last full year of performance data available, Fiscal Year 2009-2010. However, the actual personal property crime (graffiti) rate for the first nine months of this year has trended higher than forecast. Based on nine months of actual data and the forecast of abatement needs through the end of the fiscal year, PRNS now projects that eradication of graffiti blight this first year of the contract will be between 1.9 and 2.0 million square feet.

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While this spike in graffiti crime has prompted the reevaluation program resources, PRNS has continued to actively manage this critical service for our residents. Departmental resources have been reallocated to ensure that highly visible properties in the city are blight free and provide a sense of personal safety for our residents, particularly in highly impacted neighborhoods. Staff did consider scaling back of abatement services to keep within the annual contract cost estimate, but that course of action would not have been in the best interest of our residents due to the vital priority of protecting neighborhood quality of life,.

The projection of graffiti activity reaching approximately 2 million square feet this fiscal year has therefore increased the projected first-year vendor cost (\$800,000) compared to the average annual cost of \$633,000 derived from the contract's five-year not-to-exceed amount. Graffiti activity is then forecast to remain flat for another year, followed by a decline in both graffiti volume and abatement costs as they return to levels anticipated when the City issued the RFP for the new service delivery model.

The expected decrease in graffiti activity is a reasonable assumption given that graffiti trends tend to rise with other criminal activity (especially in tough economic times), and they tend to fall when aggressively abated. PRNS is confident that GPC's eradication model, based on their experiences at other agencies and combined with enforcement and community support, will cause graffiti activity in San José to decrease to forecast levels by 2015-2016.

Even with this current-year graffiti crime spike, the Anti-Graffiti Program cost still will result in a significant year-over-year budget savings for the General Fund. Within the graffiti program, the estimated additional expense in contractual services will be partially offset by savings in materials and personnel costs. The current program cost is anticipated to be approximately \$1,300,000, accounting for an 8.5% increase in program costs over the adopted \$1,200,000 budget. Despite the fact that the total program costs are expected to be higher than budgeted, the amount of General Fund savings for fiscal year 2011-2012 is anticipated to be \$510,000 by the end of the fiscal year rather than the initial projection \$613,000. No additional appropriations are requested at this time because the cost of the additional service is expected to be offset by careful fiscal management of non-personnel appropriations within the overall adopted budget for the Parks Recreation and Neighborhood Services Department.

With nine months of actual first-year experience in managing the new service delivery model, the department has submitted a proposed budget modification for fiscal year 2012-2013. This would increase the amount payable to GPC under the contract for graffiti abatement services by adjusting the line item detail of the program budget, while staying within the overall \$1,200,000 anti-graffiti budget. The increased funding to the vendor will build sufficient capacity to eradicate approximately 1.9 million square feet of graffiti, while maintaining the \$1,200,000 overall graffiti program budget. As with any fee-for-service contract, it is important to note that should the graffiti property crime rates spike, the City will need to allocate appropriate resources to address the issue.

As part of the City's ongoing quality control, the PRNS Contract Manager will continue to diligently monitor the 2,000 to 3,000 graffiti incidents that are abated by the vendor each month. Active review and management of all activity in the work order database and routine field inspections will

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continue to ensure accountability for all reported data and compliance with service quality standards. When staff's field inspections or reviews of assignment and activity logs have found inconsistencies in reporting, the vendor has been highly responsive in making corrections. In the mobile phone application customer service surveys since January, the program has received the highest possible satisfaction rating from 95% of the users. As the vendor has become familiar with the San José geography and graffiti hot spots, and aggressively abated these high-impact areas, we have received a notable increase in service delivery compliments and a corresponding decrease in complaints.

### **EVALUATION AND FOLLOW-UP**

AGP evaluated the experiences of other public agencies that contracted with GPC, and concludes that GPC's eradication and restoration model should decrease graffiti activity in San José. Initially, AGP anticipates that graffiti activity will be higher than the average annually funded eradication activity based on the total contract not-to-exceed amount. These high initial costs will be mitigated by projected lower costs towards the end of the five-year contract period. AGP anticipates that the levels of graffiti activity and corresponding eradication will level off at approximately 2 million square feet per year through 2012-2013, and then start a downward trend in 2013-2014. Actual program performance will continue to be reported to the Neighborhood Services and Education Committee in the Anti-Graffiti and Litter Semi-Annual Program Reports.

### **PUBLIC OUTREACH/INTEREST**

- Criterion 1:** Requires Council action on the use of public funds equal to \$1 million or greater. **(Required: Website Posting)**
- Criterion 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City. **(Required: E-mail and Website Posting)**
- Criterion 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach. **(Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)**

### **COORDINATION**

The memorandum was coordinated with the City Manager's Office.

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### **FISCAL/POLICY ALIGNMENT**

This action is consistent with the following General Budget Principles, “We must focus on protecting our vital core city services for both short and long-term” and “We must continue to streamline, innovate, and simplify our operations so that we can deliver services at a higher quality level, with better flexibility, at a lower cost.”

### **COST SUMMARY/IMPLICATIONS**

The authorized maximum compensation service agreement costs for the five-year term are \$3,166,503.

### **BUDGET REFERENCE**

FY 2011-2012 Adopted Operating Budget Page VIII-256 – 261.

### **CEQA**

Not a Project, File No. PP10-069(a), Staff Report.

/s/

JULIE EDMONDS-MARES  
Acting Director of Parks, Recreation and  
Neighborhood Services

For questions please contact Mike Will, Parks Manager, at 408-535-3582.