



Justin Elicker
Mayor

ENGINEERING DEPARTMENT

City of New Haven
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Giovanni Zinn, P.E.
City Engineer

February 5, 2024

The Honorable Tyisha Walker-Myers, President
New Haven Board of Alders
165 Church Street
New Haven, CT 06510

Re: Order authorizing the Mayor to enter into a multiyear agreement with the successful RFP respondent to provide Facility Management Services for the Central Facilities Portfolio

Dear President Walker-Myers:

The Engineering Department oversees the facility management of the City of New Haven Central Facilities portfolio, consisting of Government Center (City Hall and the Hall of Records), Pitkin Tunnel, 424 Chapel St, and the Dixwell Community House. For many years the Government Center complex (more recently adding the Q House and 424 Chapel St) has been maintained through a private management contract structure, which has assisted the City in maintaining the buildings in good condition at a competitive rate.

As the budgetary authority of the City, the Board of Alders provides a general fund budget line item each year to the Engineering Department to cover the operation of the Central Facilities Portfolio among other things. The management contract is paid out of this line, and consists of two parts: first, a set management fee is paid to the contractor to manage the buildings and oversee all subcontracts that are part of the maintenance of the building; second, there is a budget for reimbursable expenses undertaken by the management contractor on behalf of the City. Only the management fee is set under the terms of the contract. The budget for reimbursable expenses is set each year depending on the allocation provided by the Board of Alders for that fiscal year. Please note that reimbursable expenses undertaken by the management contractor are subject to the same procurement rules as purchases made by the City directly per the contract (e.g. utilization of the Small Contractor Development Program).

Prior to 2019, the contracting structure had been for 1-year contracts, each procured through an RFP that included up to four possible renewals at the same terms and conditions. In 2019 the Board of Alders authorized a 5-year contract term for this contract, which has worked very well since then, reducing paperwork overhead while providing a clearer pricing structure over the life of the contract and likely better value for the City. As the City is nearing the end of its existing 5-year contract, the Engineering Department will be conducting another RFP this spring for facility management services for the Central Facilities Portfolio. In 2023, the Board of Alders approved a similar 5-year contract arrangement for Police Facilities.

It is very important to note that the City would still be able to end the contract each year at no cost thanks to a termination clause, and the Board of Alders would still be able to set the yearly general fund allocation for the maintenance of the buildings. One of the primary benefits is that a 5-year agreement would allow for adjustments for inflation of the management fee over the life of the contract, whereas the current structure requires the same management fee over all the renewal periods. This can result in inflated management fees in the early years.

Also, a 5-year contract may be more appealing to respondents as it has a longer duration despite any termination clauses and can also improve pricing. Continuity in management of the buildings is desirable for the City, as more frequent turnover can result in less efficient building management.

It is certainly our belief that a single 5-year agreement both more accurately reflects the course of business and can result in more competitive pricing without sacrificing any of the options and control that the City in general and the Board of Alders in particular can exert.

Thank you for your consideration.

Sincerely,

Giovanni Zinn, P.E.
City Engineer