

INTRODUCED: January 12, 2026

A RESOLUTION No. 2026-R004

To request that the Mayor (i) propose an annual budget for Fiscal Year 2026-2027 that recommends \$1,131,800 in funding to increase wages and benefits for contracted janitorial workers and (ii) pursue an amendment of the City’s Janitorial Services contract during Fiscal Year 2026-2027 to add a requirement that the City’s janitorial services contractor pay its employees at least the City’s minimum wage and to request that the Chief Administrative Officer, upon the approval of the aforementioned budget appropriation, pursue an amendment of the City’s janitorial services contract to include a requirement that the City’s janitorial services contractor pay the City’s minimum wage to its employees who are performing services under the City’s janitorial services contract beginning Jul. 1, 2026.

Patrons – Ms. Lynch and Ms. Robertson

Approved as to form and legality
by the City Attorney

PUBLIC HEARING: JAN 26 2026 AT 6 P.M.

WHEREAS, the City of Richmond’s minimum wage for all city employees was increased to \$20.00 per hour, one of the highest in the Commonwealth, on July 1, 2024, but third-party contractors under contract to provide services in City facilities, including janitorial and security services, are not required to pay their employees at the same rate; and

WHEREAS, the City Council unanimously adopted Resolution No. 2025-R019, adopted June 2, 2025, which requested that the Chief Administrative Officer cause to be conducted a study

AYES: _____ NOES: _____ ABSTAIN: _____

ADOPTED: _____ REJECTED: _____ STRICKEN: _____

of the fiscal, operational, and related considerations associated with requiring janitorial and security contractors under contract to provide services to the City to pay the City's minimum wage, currently \$20.00 per hour, to their employees who are performing services under those City contracts, and to provide the Council with any recommendations for implementing such a requirement; and

WHEREAS, the Chief Administrative Officer reported in the study performed pursuant to Resolution No. 2025-R019 that the City awarded a new security services contract pursuant to Chapter 21 of the Code of the City of Richmond (2020), as amended, and such contract includes minimum wage requirements, but that no such minimum wage requirements are included in the City's existing contract for janitorial services, and

WHEREAS, the study found that requiring an increase to the wages to be paid by the janitorial services contractor to their employees up to the City minimum wage through a contract amendment would raise annual costs by approximately \$1.04 million; and

WHEREAS, the study did not recommend bringing either security or janitorial services in-house as that would nearly double total annual costs.

WHEREAS, contracted workers deserve benefits such as paid time off and sick leave which is estimated to cost an additional \$91,800 annually.

NOW, THEREFORE,

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF RICHMOND:

That the Council requests that the Mayor propose an annual budget for the fiscal year commencing July 1, 2026, and ending June 30, 2027, that recommends \$1,131,800 in funding to increase wages (\$1,040,000) and benefits (\$91,800) for contracted janitorial service workers with the City of Richmond.

BE IT FURTHER RESOLVED:

That the Council requests that the Mayor pursue an amendment of the City's Janitorial Services contract during the fiscal year commencing July 1, 2026, and ending June 30, 2027, to add a requirement that the City's janitorial services contractor pay its employees at least the City's minimum wage.

BE IT FURTHER RESOLVED:

That the Council requests that the Chief Administrative Officer, upon the approval of the aforementioned budget appropriation for the fiscal year commencing July 1, 2026, and ending June 30, 2027, pursue an amendment of the City's janitorial services contract to include a requirement that the City's janitorial services contractor pay at least the City's minimum wage to its employees who are performing services under the City's janitorial services contract beginning July 1, 2026.

DATE: January 2, 2026

TO: The Honorable Members of City Council

THROUGH: RJ Warren, Council Chief of Staff

THROUGH: Will Perkins, Senior Legislative Services Manager

FROM: The Honorable Stephanie Lynch

RE: To request that the Mayor include \$1,131,800 in funding in his forthcoming Fiscal Year 2027 budget proposal to increase wages (\$1,040,000) and benefits (\$91,800) for contracted janitorial workers and pursue amendment of the City's Janitorial Services contract to add a requirement that the City's janitorial services contractor pay its employees at least the City's minimum wage in his forthcoming Fiscal Year 2027 budget proposal and to request that the Chief Administrative Officer, upon the effectiveness of the aforementioned budget amendment, to pursue amendments of the City's janitorial services contract to include a requirement that the City's janitorial services contractor pay the City's minimum wage to its employees who are performing services under the City's janitorial services contract.

CNL-2025-0021

PURPOSE: To request that the Mayor include \$1.13 million in funding in his forthcoming Fiscal Year 2027 budget proposal to increase wages (\$1.04 million) and benefits (\$91,800) for contracted janitorial workers with the City of Richmond. Further, the resolution requests that the Chief Administrative Officer pursue amendments to the City's janitorial services contract to require that contracted janitorial workers are paid at a rate equivalent to the city's minimum wage.

BACKGROUND: Resolution 2025-R019 requested that the Chief Administrative Officer cause to be conducted a study of the fiscal, operational, and other considerations associated with requiring janitorial and security contractors under contract to provide services to the City to pay the City's minimum wage, currently \$20.00 per hour, to their employees who are performing work under City contracts, and to provide the Council with any recommendations for implementing such a requirement by no later than Nov. 1, 2025.

The study was completed and found that it would cost an additional \$1.04 million annually to increase janitorial wages to the City's minimum wage. The City executed a new security contract, effective November 1, 2025, increasing security wages to parity with the City's minimum wage at an additional cost of \$1.1 million in Fiscal Year 2026. The study found that for both positions, janitorial and security, it was more financially prudent to contract with outside vendors

for these services rather than bringing them in-house – which would nearly double total annual costs.

Overall, the study recommended maintaining the status quo. However, given the findings listed above, patron wishes to express Council’s support for including additional funding in the Mayor’s proposed budget to increase janitorial wages as described in this study. Further, the patron supports funding additional benefits for contracted janitorial workers anticipated to cost approximately \$91,800 – an estimate compiled by representatives of the Service Employees International Union (SEIU) 32BJ affiliate (see attachment “SEIU 32BJ email”). Specifically, the patron requests funding to provide janitorial workers with 40 hours of paid time off (PTO) and six paid holidays.

STRATEGIC INITIATIVES AND OTHER GOVERNMENTAL: A thriving City Hall

FISCAL IMPACT: Including this request in the Mayor’s proposed Fiscal Year 2027 budget should incur no additional costs in Fiscal Year 2026. Should the final Fiscal Year 2027 budget include funding as requested, fiscal analysis included in the study (attached CAO memo, page 9) identified additional \$1.04 million in Fiscal Year 2027 costs and \$7.1 million additional through Fiscal Year 2031. Further the SEIU 32BJ estimates that additional PTO and sick leave benefits would cost \$91,800 (see attached “SEIU 32BJ email”) for a total of \$1.13 million.

DESIRED EFFECTIVE DATE: Upon adoption

REQUESTED INTRODUCTION DATE: January 12, 2026

CITY COUNCIL PUBLIC HEARING DATE: January 26, 2026

REQUESTED AGENDA: Consent

RECOMMENDED COUNCIL COMMITTEE: Finance and Economic Development

AFFECTED AGENCIES: Office of Chief Administrative Officer, Department of Budget and Strategic Planning, Department of Procurement Services, Department of General Services.

RELATIONSHIP TO EXISTING ORD. OR RES.: N/A

ATTACHMENTS: “CAO Memo Janitorial and Security Contract Analysis_FINAL 1.pdf” and “SEIU 32BJ email”


STAFF: Will Perkins, Senior Legislative Services Manager (804)-646-5975



CHIEF ADMINISTRATIVE OFFICE

DATE: November 1, 2025

TO: Honorable Members of City Council

FROM: Odie Donald II, Chief Administrative Officer 

CC: Danny Avula, Mayor of Richmond
Lawson Wijesooriya, Chief of Staff
RJ Warren, Council Chief of Staff
Tanikia Jackson, DCAO Finance & Administration
Al Wiggins, DCAO Operations

RE: Resolution No. 2025-R019

Janitorial + Security Contract Analysis

Overview

Resolution No. 2025-R019, adopted June 2, 2025, requested that the Chief Administrative Officer conduct a study of the fiscal, operational, and related considerations associated with requiring janitorial and security contractors under contract with the City to pay their employees the City's minimum wage, currently \$20.00 per hour. The Administration was asked to provide recommendations for implementation, including:

- The fiscal impacts of requiring janitorial and security contractors to pay the City's minimum wage to employees performing services under City contracts.
- The operational or appropriate considerations associated with incorporating this requirement into existing contracts.
- The fiscal and operational implications of bringing janitorial and security services in-house.
- A proposed plan for implementing this requirement as soon as feasible.

Operational Context

Localities commonly contract for specialized labor when direct employment poses operational or administrative challenges. Contracting ensures adequate staffing levels for critical functions such as safety, security, and facility maintenance. This arrangement allows the contracting firm to manage staffing continuity, for example, coverage for sick leave and other absences, while absorbing associated personnel costs. Similarly, contracting is preferred when specialized training, certifications, and insurance are required, such as for armed security personnel.



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It should be noted that janitorial and security services represent only two of the many types of contracted labor the City relies upon to support daily operations. Other critical functions—such as solid waste collection, grounds and facility maintenance, landscaping, clerical support, and technical services—are also heavily supported by contracted personnel. Increasing contract minimums for only select labor categories raises parity concerns and may create upward cost pressure across other contracts as vendors seek equitable treatment. Over time, such adjustments will surely result in broader cost escalation in contracted services.

The Administration recommends that, should City Council wish to ensure certain contracted workers are paid at or above the City's minimum wage, this objective be achieved through contractual requirements rather than bringing these services in-house. Establishing wage standards within vendor contracts allows the City to meet its compensation goals while avoiding the significant, recurring costs associated with workforce expansion, benefits, and administrative management. This approach balances fiscal responsibility with the policy intent expressed by Council.

The City's findings highlight multiple findings including, implementing a \$20/hour minimum wage through contract amendments both impacts the ability of contractor's to compete, initially increasing the janitorial service costs by approximately \$1.04 million annually, while also increasing the recently procured security contract by \$1.1 million in FY 2026.

By contrast, bringing both functions in-house would nearly double total annual costs, exceeding \$17 million in total obligations for both functions. The net in-house cost increase is estimated at more than \$7.1 million for FY 2027, with annual increases based on projections in alignment with currently negotiated agreements.

Methodology

The analysis conducted by the City compared the fiscal impacts of aligning contracted janitorial and security wage rates with the City's minimum wage to the projected costs of bringing these services in-house. To conduct this review, the team examined current contracts, wage structures, and overhead expenses, and modeled equivalent City staffing and benefits costs. The analysis also considered potential parity implications across other contracted service categories, recognizing that selective wage increases may influence market-wide pricing and policy consistency. Cost projections incorporate a 28% fringe rate, health care expenses, and an annual cost-of-living adjustment determined through collective bargaining, all consistent with City compensation policies. For FY 2027, the cost-of-living adjustment is projected at 3.25%.

Contract Adjustment to City Minimum Wage

Security Contractors

The City recently entered into a new security services contract that aligns with the City's minimum wage requirements and establishes a transition to an all-armed security model. The City will transition to this contract on November 1, 2025. This change addresses operational needs at facilities requiring armed personnel, such as payment-processing sites and locations that house critical infrastructure. Consolidating under this single, armed model reduces the total number of positions needed while ensuring consistent training, capability, and response standards across all facilities. Armed security



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personnel also possess higher levels of certification and experience, enhancing safety and service quality for City staff and the public.

In FY 2024, the City of Richmond expended approximately \$7.0 million under its prior security contract. The new agreement reflects the City's continued investment in public safety and acknowledges the evolving security needs of a growing and dynamic urban environment. The projected expenditure for FY 2026 is \$8.1 million, a base increase of a \$1.1 million, which aligns with the enhanced scope and standards of the new contract.

The janitorial services contract, by contrast, does not currently include a minimum wage provision. This section evaluates the fiscal and operational effects of implementing such a requirement for janitorial services.

Janitorial Contractors

The City's current janitorial services contract became effective April 17, 2024, and extends through April 16, 2026, with two optional two-year renewal periods that could extend the agreement through April 16, 2030. The contract currently stipulates a minimum hourly wage of \$15 for janitorial personnel. The current contractor has advised that increasing the minimum wage to \$20 per hour would result in an estimated annual cost increase of \$1,038,355. The Department of Procurement Services and the City Attorney's Office have confirmed that the existing contract may be amended to incorporate wage requirements, provided sufficient funding is appropriated and both parties consent to the modification.

Beyond the direct fiscal impact, increasing hourly wages could also affect employee eligibility for certain income-based social benefits such as Medicaid, Supplemental Security Income (SSI), and other public assistance programs. Consequently, while higher wages improve take-home pay, some employees may experience a net loss in overall benefits. These factors must be considered alongside broader parity implications and the long-term cost trajectory of contracted labor.

The analysis also identified a set of projected vendor issues. A minimum wage requirement above area prevailing wages creates inequalities caused by the City's proposed interference in the market. An employee may be required to be paid different rates while working in City facilities versus other contracts, importing inequality and competition between a vendor's own employees, increasing payment tracking and payroll requirements. Expect worker friction.

Bringing Janitorial and Security Services In-House

As requested by legislation, the City evaluated the feasibility of bringing janitorial and security services in-house as an alternative to contracted delivery. The analysis considered the financial, operational, and administrative implications of transitioning these functions to City employment. It included salary and benefit projections, supervisory and overhead costs, and startup expenses related to program implementation. This comparison provides a comprehensive assessment of whether direct employment represents a more cost-effective and sustainable model for maintaining essential services.



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Janitorial Initial/Recurring Costs:

In assessing the potential transition to in-house janitorial services, the City reviewed one-time and recurring non-personnel costs associated with program startup and ongoing operations. These include equipment purchases, cleaning supplies, uniform costs, and storage needs, as well as other overhead necessary to support daily service delivery. Understanding these initial investments is critical to evaluating the total implementation cost and ensuring that adequate resources are available to sustain service quality over time. The total initial and reoccurring capital outlay to outfit in-house janitorial services is \$1,102,878.42. While it is likely that this estimate is not all inclusive, this analysis gives the City insight to these initial costs.

INITIAL COSTS			
Type	Number	Cost	Total
Van	1	\$50,000.00	\$50,000.00
SUV	3	\$35,000.00	\$105,000.00
Initial Supplies			\$413,229.92
Initial Uniform cost			\$34,648.50
TOTAL			\$602,878.42

REOCCURRING COSTS			
Type	Number	Cost	Total
Supplies, uniforms, misc.			\$500,000.00
TOTAL			\$500,000.00

Security Initial/Recurring Costs

For security services, non-personnel costs are primarily driven by the specialized equipment, training, and certifications required to maintain an armed security workforce. These include firearms, ammunition, uniforms, radios, and other communication tools, as well as mandatory licensing and recertification programs. Liability insurance, risk management measures, and ongoing compliance with state and federal security standards would further contribute to operating costs. Together, these factors represent significant upfront and continuing expenses necessary to establish and sustain a professional in-house security operation.



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INITIAL COSTS			
Type	Number	Cost	Total
Training	102	\$1,389.95	\$141,775.00
Initial Uniform/Weapon/Equipment	102	\$694.40	\$70,828.95
Insurance	1	\$100,000.00	\$100,000.00
TOTAL			\$312,603.95

RECURRING COSTS - ANNUAL			
Type	Number	Cost	Total
Annual Recertification	102	\$393.38	\$40,125.00
Uniform Rental	102	\$333.33	\$34,000.00
Insurance	1	\$100,000.00	\$100,000.00
TOTAL			\$174,125.00

Janitorial and Security Salaries and Fringe:

The following table outlines estimated salary and fringe benefit costs for bringing janitorial and security services in-house. These figures reflect the personnel expenses required to replicate current service levels. Estimates include base pay, fringe benefits, and position classifications aligned with City compensation standards.

In-House Janitorial and Security Personnel Costs							
Job Match	COR Range	Annual	Hourly	Approx # of Contractors Needed	Total Wages	Benefits	Total
Custodial Services							
Custodian	General 2	\$41,600	\$20.00	115	\$4,784,000	\$3,091,112	\$7,875,112
Crew chiefs-Custodian	General 4	\$44,616	\$21.45	7	\$312,312	\$194,060	\$506,372
Custodian Supervisors	General 9	\$53,453	\$25.70	3	\$160,359	\$90,584	\$250,943
Subtotal				125	\$5,256,671	\$3,375,756	\$8,632,427
Security Guards							
Armed Security Guard	General 3	\$50,509	\$24.28	84	\$4,242,756	\$2,467,171	\$6,709,927
Armed Security Guard-Lead	General 5	\$55,204	\$26.54	12	\$662,448	\$368,211	\$1,030,659
Security Supervisor	General 10	\$71,066	\$34.17	6	\$426,396	\$210,725	\$637,121
Subtotal				102	\$5,331,600	\$3,046,108	\$8,377,708
Total				227	\$10,588,271	\$6,421,863	\$17,010,134



Considerations

The city currently employs approximately 14 custodians, whose wages exceed market averages. City pay rates are higher than those offered in neighboring localities and above prevailing market rates, which generally range from \$14 to \$20 per hour. The city does not currently employ security guards, either armed or unarmed. In comparison, one nearby locality employs seven unarmed guards earning between \$20 and \$21 per hour, while the broader market ranges from \$18 to \$27 per hour.

Employing armed guards would introduce additional costs related to the purchase of weapons, ammunition, certifications, and increased expenses for liability, risk management and insurance coverage generally passed on to vendors under the current model. For both custodial and security personnel, ongoing costs may include expanded management capacity to oversee operations, recruit staff, and administer a workforce increase of approximately 227 additional employees.

Additional administrative costs would be incurred through fees to third-party vendors responsible for benefits administration, insurance, and claims processing, including Workers' Compensation, General Liability, FMLA, and Paid Parental Leave. Annual wage and benefit adjustments would also apply to both groups, reflecting standard cost-of-living increases as well as negotiated changes resulting from collective bargaining agreements. These costs are currently fixed for the contract period wherein the City does not negotiate benefits with the contractor workforce.

While the fiscal analysis demonstrates that bringing janitorial and security services in-house would significantly increase costs, there are important operational factors to consider for both approaches. Direct employment also allows for greater control over training, performance standards, and service quality. However, maintaining contracted service delivery continues to provide critical operational flexibility. Contractors assume responsibility for recruiting, training, and managing personnel, and can quickly deploy replacement staff to cover absences or turnover, ensuring uninterrupted service without the city bearing the cost of maintaining a large standby workforce. Vendors also absorb certain liabilities, insurance obligations, and compliance costs that would otherwise shift to the City under an in-house model.

Most important, adding 277 (or more) additional employees funded by the general fund eliminates the City's ability to offer wage increases across the workforce or maintain a superior benefits package.

Transition Risks and Implementation Timeline

Transitioning janitorial or security services in-house would require a phased implementation estimated at approximately 9-12 months, including:

- Recruitment and onboarding of at least 227 employees.
- Procurement lead times for vehicles, uniforms, and supplies (minimum 4-6 months).
- Training, certification, and background checks for all security staff.
- Contract wind-down and transition coverage to maintain continuity of service.

Failure to adequately plan these stages will result in coverage gaps, higher startup costs, and service disruptions.



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5-Year Projection

The following table presents a five-year projection of salary and fringe benefit costs associated with bringing janitorial and security services in-house, assuming no adjustment to current three year agreements. These projections illustrate the anticipated growth in personnel-related expenses over time, incorporating annual wage adjustments, fringe rate increases, and cost-of-living considerations consistent with City compensation policies and collective bargaining agreements. The projection provides a forward-looking view of the fiscal commitment required to sustain these services under a City-managed model.

In-House Janitorial and Security Personnel Costs - 5 Year Projection					
Job	Approx # of Contractors Needed	Total Wages	Benefits	Total	% Increase
Custodial Services	125	\$5,256,671	\$3,375,756	\$8,632,427	
Armed Security Guards	102	\$5,331,600	\$3,046,108	\$8,377,708	
Total FY26	227	\$10,588,271	\$6,421,863	\$17,010,134	
Total FY27	227	\$10,932,390	\$6,332,167	\$17,264,557	1.5%
Total FY28	227	\$11,287,692	\$6,638,831	\$17,926,523	3.8%
Total FY29	227	\$11,654,542	\$6,961,513	\$18,616,056	3.8%
Total FY30	227	\$12,033,315	\$7,301,098	\$19,334,413	3.9%
Total FY31	227	\$12,424,398	\$7,658,520	\$20,082,918	3.9%
Assumption - Each year's wages would increase by 3.25% and applied to benefit cost, except medical is assumed to increase by 6% annually.					

Contract Worker Analysis

Parity concerns

Janitorial and security services represent a small portion of the City's overall contracted workforce. Other contracted labor—such as landscaping, maintenance, and technical services—is not currently subject to City wage benchmarks. Implementing minimum wage standards selectively could create inconsistencies among vendors and increase costs across multiple service areas as parity pressures emerge. Over time, this could result in higher contract values and broader budget impacts across departments. A consistent, clearly defined contracting policy will be essential to maintaining fairness and controlling long-term costs.

Conducting a comprehensive, data-driven analysis of potential wage alignment across all contracted services would require an extensive review of existing procurement contracts, wage structures, and vendor classifications. Given the complexity of the City's procurement framework and the diversity of service arrangements, this work is estimated to take approximately six months to complete and would not be complete within the current fiscal year.



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Additionally, the request simply compounds existing long-term obligations if either approach is selected. A snapshot of other contracted labor obligations includes construction, landscaping, parks and rec program and education staff, solid waste, bulk and brush, tree maintenance, road/asset/facility/bridge maintenance, project management, IT development, call center reps, clerical, auditors, collections, parking, police/fire admin roles, interpreters, and skilled labor/trades.

Minimum wage requirements for line staff necessarily increase supervisory staff salaries as well to avoid compression. As a result, every level must be moved up to accommodate a higher minimum.

Contracts inclusive of minimum wage requirements above area prevailing wages will likely have a detrimental effect on the ability of minority business/small business to compete for contracts (Legal confirms inclusion of min wage is lawful but may result in the above). Contracts with minimum wage requirements creates a voluntary and unrequired pressure on free market forces; the City would be entering into direct competition with private entities in these markets.

Federal / Economic Uncertainty

The City currently needs to prioritize essential services due to delayed and/or canceled federal funding. Additional discretionary spending, especially spending that is not required, strains cash flow and likely will force later budget cuts as seen in recent actions among a variety of private sector businesses. It is projected that in this reduced federal funding environment, keeping spending restrained preserves flexibility. It is widely projected nationally that an economic downturn is expected, which is expected to further reduce the availability of local revenue.

These factors are expected to increase borrowing risk. New discretionary spending during tight conditions may weaken credit ratings. Beyond technical fiscal challenges, the City should also consider public perception. Increased discretionary spending while essential services face constraints will continue to erode public trust.

Recommendations

Increasing janitorial wages to the City minimum would raise annual costs by approximately \$1.04 million, while the new security contract achieves parity at an additional cost of \$1.1 million, albeit by transitioning to fully armed guards across the contract and reducing staff levels. Converting either service in-house nearly doubles the total allotted annual cost of service, exceeding a total of \$17 million, with a single year net cost increase of at least \$7.1 million for FY 2027.

The Administration acknowledges City Council's commitment to ensuring that contracted workers are fairly compensated and that wage standards reflect the City's values of equity and inclusion. If Council elects to pursue wage alignment for contracted janitorial and security workers, the Administration recommends doing so through contractual provisions rather than by converting these functions to City employment. Incorporating minimum wage requirements into vendor agreements would accomplish the intended policy goals while avoiding the substantial and recurring costs associated with workforce expansion, employee benefits, and long-term administrative oversight. Still, these adjustments will create market tensions across the private sector, as well as challenges to similar "vendors" such as State government and local counties eventually in line to renew or procure services. This analysis



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demonstrates that bringing these services in-house would significantly increase ongoing expenditures and create parity pressures across other contracted labor categories.

As such, **the Administrations recommendation is to keep the Status Quo**, with a renewed focus for contracting on wage equity. The Administration further recommends development of a Citywide Contract Wage Process/Procedure to establish consistent criteria for evaluating future Council or vendor wage alignment requests. This policy should define fiscal thresholds, funding source identification, and parity evaluation standards to ensure long-term sustainability.

Fiscal Implications of Implementing Recommendations:

The new security contract effective November 1 meets desired requirements due to the use of armed guards exclusively, and a reduction in staff, with an estimated increase in annual spending of approximately \$1.1 million.

Fiscal Analysis Summary, in millions					
	Current Contract (in millions)	\$20/hr Contract (in millions)	In-House (in millions)	Variance (In-House and Current Contract) (in millions)	% Change (In-House and Current Contract)
Janitorial					
FY 2026	\$3.80	\$4.90	\$9.20	\$5.40	142%
FY 2027	\$3.90	\$5.00	\$9.20	\$5.30	136%
FY 2028	\$4.00	\$5.20	\$9.50	\$5.50	138%
FY 2029	\$4.20	\$5.40	\$9.90	\$5.70	136%
FY 2030	\$4.30	\$5.50	\$10.30	\$6.00	140%
FY 2031	\$4.40	\$5.70	\$10.60	\$6.20	141%
Total Janitorial	\$24.60	\$31.70	\$58.70	\$34.10	139%
Security					
FY 2026	\$7.0 (Budgeted) \$8.1 (New)	N/A current contract already >\$20/hr	\$8.70	\$1.7 (Not Budgeted) \$0.6 (New)	
FY 2027	\$8.30	N/A	\$8.70	\$0.40	5%
FY 2028	\$8.60	N/A	\$9.00	\$0.40	5%
FY 2029	\$8.90	N/A	\$9.30	\$0.40	4%
FY 2030	\$9.10	N/A	\$9.70	\$0.60	7%
FY2031	\$9.40	N/A	\$10.10	\$0.70	7%
Total Security	\$52.40	N/A	\$55.50	\$3.10	6%

*Note, these numbers are projections and may change given unforeseen economic forces.

*In-house cost estimates include both personnel and operating costs.

Good evening, William,

I hope this email finds you well. My apologies for the late message. We were able to get the breakdown from our research team, and I am attaching that information below. Please don't hesitate to reach out if you have any questions or need further clarification.

Please find attached breakdown:

Six holidays translate to 48 hours for a full-time worker and 24 hours for a part-time worker. We assume a replacement rate of 100% based on industry standards – this is the replacement rate we decided on alongside the janitorial industry during our last commercial contract campaign.

Five holidays translate to 40 and 20 hours for full and part timers respectively. For this, we assume a replacement rate of 50% (see above note on industry standards) based on our experience that employers do not always find a shift replacement for a worker that's out sick.

Type of PTO	Days Off	Hours FT	Hours PT	Replacement Rate
Holiday	6	48	24	100%
Sick	5	40	20	50%
Total	11	88	44	-

To determine cost for holidays and the 100% replacement rate, we simply multiply the hours times the wage. 48 hours of holiday x \$20/hour = \$960.

For sick days and the 50% replacement rate, you do the same calculation as above but divide it by 2 to account for the reduced likelihood of the employer needing to pay someone else to cover the shift.

	Cost FT	Cost PT
Holidays	\$ 960	\$ 480
Sick	\$ 400	\$ 200
Total	\$ 1,360	\$ 680

The total cost of the PTO is then divided by total hours worked over a year (2080 for full time, 1040 for part time) to determine what the hourly cost is to the employer.

$$\$1,360/2080 \text{ hours} = \$0.6538/\text{hour}$$

$$\$680/1040 \text{ hours} = \$0.6538/\text{hour}$$

To land on the final PTO cost, we multiplied the total cost for full and part time workers by the numbers of each type of worker based on our survey data.

$$\$1,360 \times 20 \text{ full time janitors} = \$27,200$$

$$\$1,360 \times 95 \text{ part time janitors} = \$64,600$$

$$\$27,200 + \$64,600 = \mathbf{\$91,800}$$

Best regards,

Alejandra Coreas