

Facilities Management Overview

Board Meeting Presentation
May 2020



Presentation Overview

- Provide a brief **history** of Facilities Management at CPS
- Review the **current state** of Facilities Management at CPS, including details around May contract extensions with existing vendors
- Discuss timeframe for updates on **long-term future** Facilities Management plans



History of Facilities Management at CPS

Pre-IFM, several conditions and operations in the Facilities Department led to the outsourcing considerations:

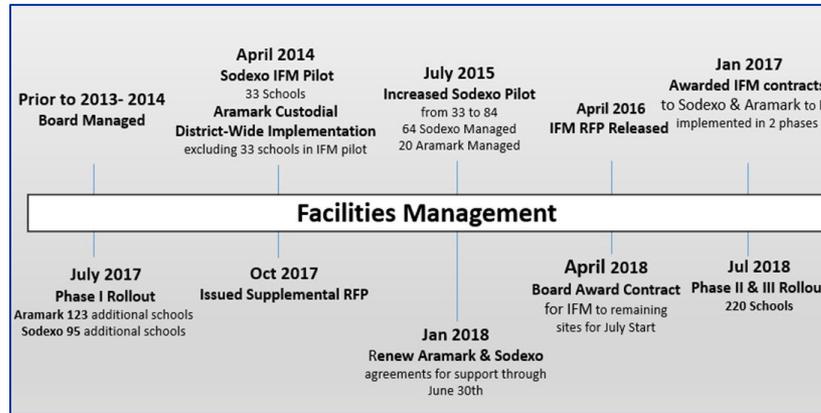
- Decentralized management of facility operations produced the following challenges:
 - Inability to measure or manage cleanliness standards and building needs
 - Inefficient allocation of facilities management staff and other resources
 - No single point of contact and diffused accountability
- Mounting financial constraints during FY13 and FY14 (\$1B budget deficit) and the need to preserve financial resources for educational purposes required that CPS find ways to lower operational costs



History of Facilities Management at CPS (continued)

IFM transitioned from consideration to Pilot to Expansion:

- Integrated Facilities Management (IFM) is an **outsourced service delivery model** that provides centralized facility management across the District's building portfolio in a vertical management model that aligns all facility services under one provider (and removes silos) to create greater efficiencies
- Focused on **centralized service delivery** for key disciplines: Building Engineering Repairs & Preventative Maintenance, Custodial Maintenance, Grounds Maintenance, Pest Control, and Snow Removal



History of Facilities Management at CPS (continued)

FM transitioned from consideration to Pilot to Expansion (Continued):

- **Phase I (April 2014; IFM pilot at 33 schools, custodial services at all other schools)**
 - Difficult transition in short time frame coupled with transfer of principal oversight over facility management to a centralized facility management model produced community complaints
 - Reduction of 20% (500) night-shift custodial employees to hit cost targets created challenges in maintaining cleanliness
- **Phase II (Summer 2017; 383 schools)**
 - Two part transition - Feedback during this phase included:
 - Many principals preferred direct oversight on their local facility operations
 - Operational challenges due to mixed models of management and accountability (Board engineers supervising outsourced custodians)
 - Inadequate CPS contract management resources
 - Vendors argued that contractually mandated custodial staffing levels (1 custodian per 32,000 square feet) were not adequate to achieve APPA 2 cleanliness standard
- **Phase III (Summer 2018; 130 schools)**
 - Smooth transition of the 33 pilot schools to full IFM model; decrease in school complaints
 - Ongoing concern with ability to achieve and maintain APPA 2 with present staffing levels
 - Increased focus and need for alignment between CPS and vendors concerning APPA audit standards

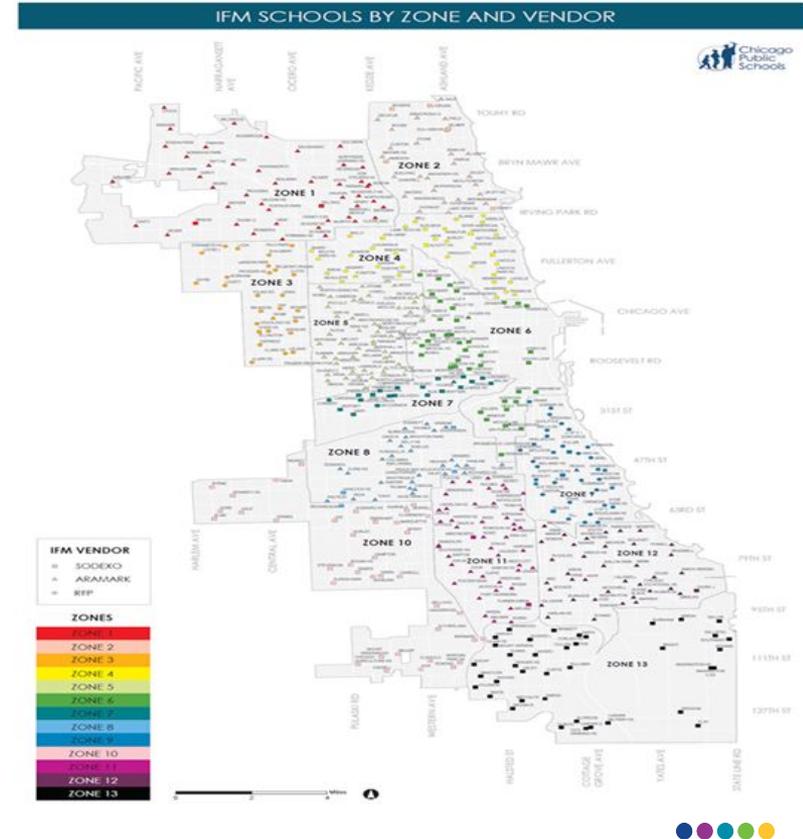


Current State of Facilities Management at CPS

IFM's current construct was fully formed in September 2018 with 100% of the District being managed by the contracted IFM service providers Aramark and SodexoMagic:

- Aramark Contract
 - Initial Duration: July 2017 to June 2020*
 - Phased: Two phase implementation on July 1, 2017 and July 1, 2018
 - Building Footprint: 29M sq. ft.
 - Zones: 1, 2, 5, 8, 11 & 12
- SodexoMagic Contract (IFM2)
 - Initial Duration: July 2017 to June 2020*
 - Phased: Two phase implementation on July 1, 2017 and July 1, 2018
 - Building Footprint: 17M sq. ft.
 - Zones: 6, 7, 10 & 13
- SodexoMagic Contract (IFM3)
 - Initial Duration: July 2018 to June 2021
 - Phased: Single phase implementation in August 1, 2018
 - Building Footprint: 17M sq. ft.
 - Zones: 00, 3, 4 & 9

* Expiring contract requesting extension during May Board Meeting



Post-Transition Impact: Program Successes

- All schools are managed by the IFM program and have a **central point of contact** for facility needs
- Facility management **oversight improved**
 - 1-to-5 ratio of Building Managers to schools, versus the prior CPS-controlled model of 1-to-20 ratio
- Increased technology focus on **preventative maintenance** versus reactionary management
- **Increased acknowledgment and activity** associated with the decades of deferred capital repairs
- **Measurement of APPA II cleanliness standards** by independent cleanliness auditor
- **Contractual metrics to track and evaluate** key indicators for facilities services



Post-Transition Impact: Program Shortfalls

- **Less control by CPS administration** on the daily routine maintenance activities – be it custodial, preventative maintenance, buildings repair, grounds and pest control
- **Less principal discretion** in managing ineffective building management staff
- Low CPS visibility of **daily financial expenditures** in real time
- Low visibility through the IFM contracts to clearly **understand vendor daily duties** (i.e. major equipment preventative maintenance, custodial cleaning, work order resolution, etc.) in real time
- **Multiple organizational layers** within each IFM vendor and CPS leadership



Areas of Improvement: Opportunities and Forward-Looking Strategies

- **Principal Satisfaction - Increased focus on customer satisfaction and data-driven analytics**
 - Commenced May 2019
 - Conducted by CPS Facilities Department
 - 443 of the total 576 Principals replied; far exceeds the total respondents in both the January 2018 and August 2018 surveys combined
 - Results to drive initiatives for the forthcoming fiscal year and beyond
 - Upcoming survey being modified due to COVID-19 impact
- **Facilities Needs Assessment**
 - The average age of our facilities is 80 years, and there are several that are 150 years old
 - The total assessed need reduced to \$3.4B, of which \$1.8B is considered “critical needs”
 - Streamlining performance of preventative maintenance on all systems to increase useful life
 - Conducting a rolling review of existing systems for each school facility's condition and priority for replace/repair
- **Enhanced Cleanliness Results/Strategy**
 - Better alignment and compliance with APPA Cleanliness Guidelines through internal and external audits



Areas of Improvement: Opportunities and Forward-Looking Strategies (Continued)

- **Contractual Key Performance Indicators (KPI's)**
 - Revise contractual language to improve standards and expectations, allowing CPS to track for better outcomes
- **Operational Staffing**
 - Better refine the strategies to advertise open positions to reduce vacancies and LOA throughout Custodians, Building Engineering and Building Manager roles.
 - Consider efficiencies through new strategies for maximizing oversight of custodial and engineering
- **Quality Assurance and Process Workflow**
 - Improvement to qualitative reporting tools and tracking software systems throughout the Facilities Quality Assurance team
 - Utilization of new Computerized Maintenance Management System (CMMS) to allow increased transparency, financial reporting & tracking and overall process of work requests/orders
- **Energy & Sustainability**
 - In order to make schools more sustainable, the team partners with various nonprofit organizations as well as city and state agencies to provide staff with the necessary resources to optimize school operations.



Summary

- Continued growth is necessary, but **conditions have improved** with the first year and a half of 100% IFM
- The Facilities Department has thoroughly improved the internal controls to **streamline operations and increase accountability** with all parties
- The **IFM model is not yet two years old**, but has been informative in identifying strengths and weaknesses in District's management structure



Items for Board Consideration

- The Facilities Department is **asking the Board to approve a one-year renewal** of the following IFM contractual agreements:
 - Aramark Management Services (17-0125-PR6.2)
 - SodexoMagic Management Services IFM 2 (17-0125-PR6.1)
- Both contracts expire June 30, 2020. The second enacted contract with SodexoMagic Management Services (18-0725-PR5) does not expire until June 30, 2021, so it does not require a renewal
- The (1) year renewal would **expire June 30, 2021** for both contracts, allowing the alignment of all three IFM contracts
- **Why is this being requested?**
 - At this juncture, we are not prepared to effectuate a decision on the new direction of facilities management by this June 30th, therefore an extension is necessary to bridge beyond the contractual deadline
 - This decision must account for the contracting of over 2,000 custodians through multiple vendors (and union considerations with two separate Locals), over 500 building engineer FTE's through multiple vendors (and union considerations with their Local), the employment relationship with potentially several hundred building managers, and contracting various other facility discipline vendors (i.e. pest control, grounds maintenance, snow removal, elevator maintenance, sprinkler maintenance, fire alarm maintenance, and so on)
 - The Facilities Department, along with the Procurement and Law Departments, have been strategically working through this work plan and need appropriate time to complete the evaluation process



The Future of Facilities Management

- **What is the Facilities Department doing in the evaluation process?**
 - In the Fall of 2019, our Team developed a plan of approach to assess the needs of the Facilities Department, assess the success and shortfalls of our current approach, consider the approaches of other organization's and determine the appropriate approach for Facility Management Services for CPS
 - An RFI was launched January 1, 2020 to receive feedback from other Owners and Industry on good-better-best practices
 - Based on the results of that survey and our internal analysis, RFP's are being developed for distribution on the final selected approach
 - Current expectation is that the **new model would be in place July 1, 2021**
- **What if this renewal is not approved?**
 - CPS will not have the direct means to perform services for nearly $\frac{2}{3}$ of our District, starting June 30th, 2020
 - Building Managers and Building Engineers, that are IFM direct employees, could be reassigned to other accounts. Also, the vendor and supplier contracts that roll into the IFM program will cease supporting the District as there will not be a mechanism to support their services
- **This time is needed to properly evaluate and determine a prudent path forward;** No matter the path and approach, it will look and operate much more efficiently and effectively than the program we have today
 - Between now and 3rd Quarter FY21, the Facilities Department will effectuate the new program
 - As progress is made, CPS will keep the Board abreast of conclusions as requested

