

Custodial Services & Student Transportation Operations



An Overview & Discussion with the Privatization Advisory Committee

CMS Auxiliary Services & Privatization Advisory Committee Meeting

Executive Summary

- **CMS Auxiliary Services is the operational arm of CMS**
 - ~4,000 employees serving 170 schools + 21 million sq ft of building space on 5,000+ acres
 - a Vision anchored in supporting academic achievement
- **Our Business Model is the key to maintaining high levels of service quality**
 - Over the past five years, it has enabled ~\$40 million reduction in our Operating Budget

Quality Strategy + Continuous Improvement = Operational Effectiveness & Efficiency

- **Strategically pursuing outsourcing opportunities is also a part of our Business Model**
 - Numerous external studies and staff expertise have informed our thinking to date
 - Currently, CMSAS spends \$18.5 million on outsourced services
- **Today, we welcome the opportunity to begin an open and thoughtful dialogue about *potential*, additional outsourcing opportunities**
- **Agenda: CMSAS Overview + for Custodial & Student Transportation Operations**
 - Operational Overview & Scope
 - Operational Performance
 - How We Define & Measure Quality in Support of Student Achievement – *the standard for all*
 - Outsourcing – *where we've been + a preliminary assessment of some options*

CMS Auxiliary Services: Overview & Scope



Guy Chamberlain

Associate Superintendent for Auxiliary Services

CMS Auxiliary Services

We Are The Operational Arm of CMS, with a Vision & Mission Anchored in Supporting Academic Achievement



Vision

CMS provides all students the best education available anywhere, preparing every child to lead a rich and productive life

Mission

To maximize academic achievement by every student in every school

CMS Auxiliary Services

Our Vision

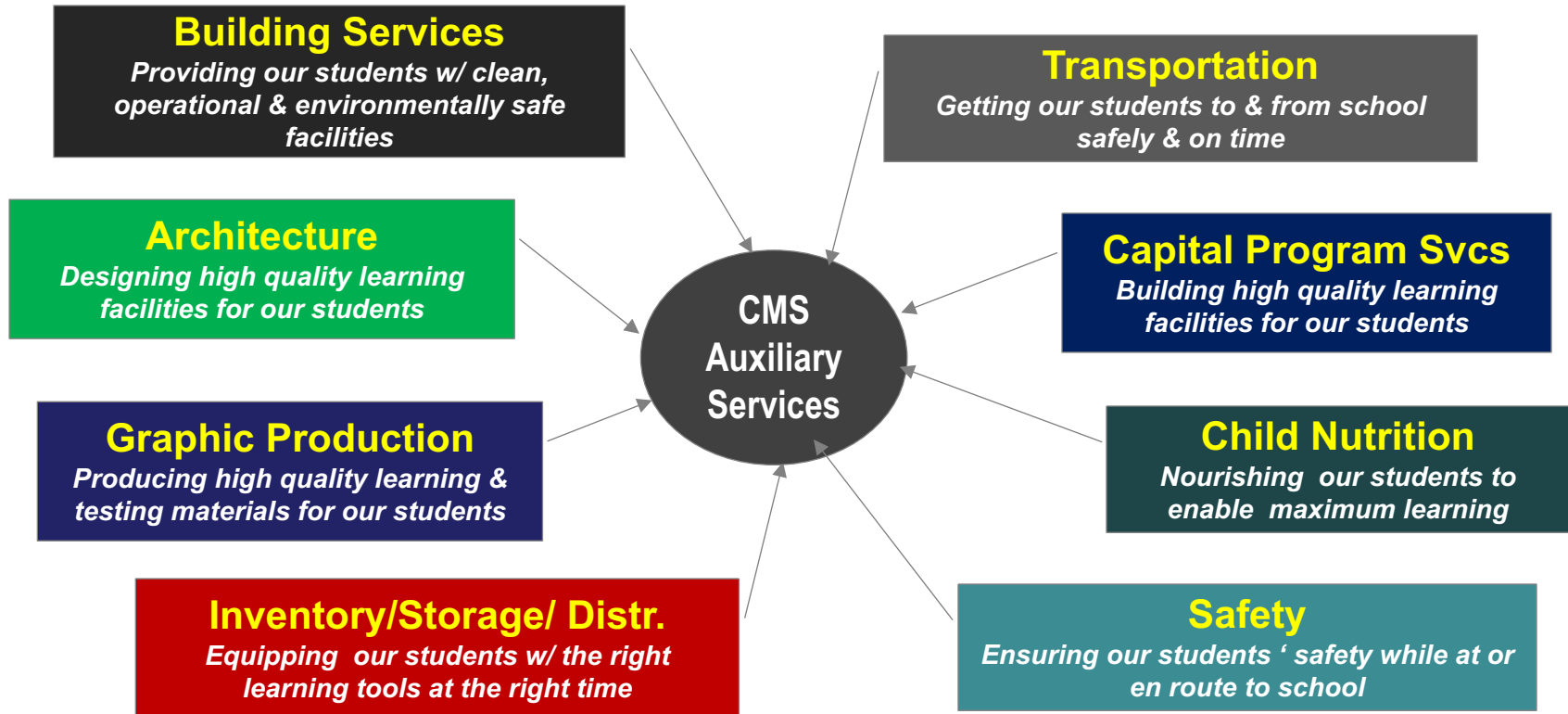
To continuously enhance the CMS learning environment by providing leading edge services that support academic achievement

Our Mission

To relentlessly provide services and facilities where students and staff can be safe and successful

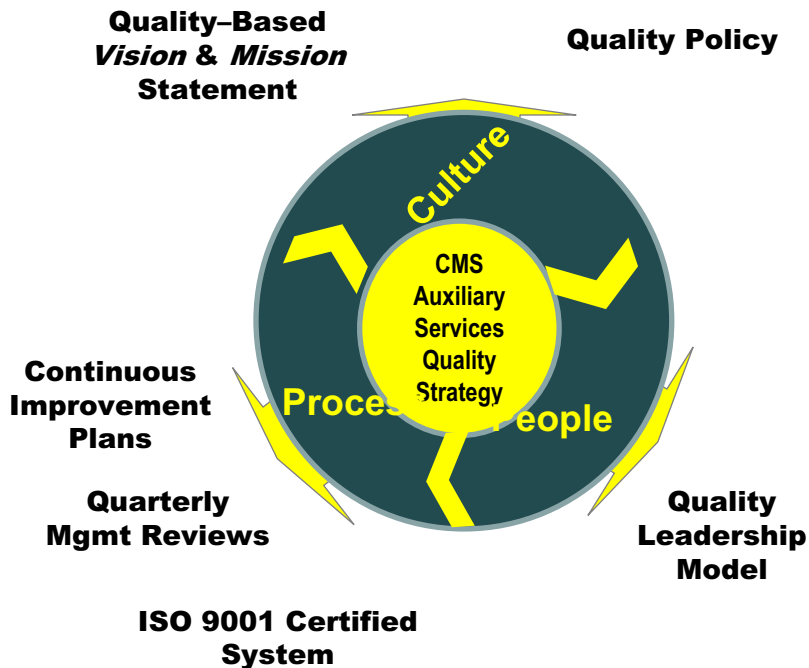
CMS Auxiliary Services: Who Are We?

CMS Auxiliary Services Consists of 8 Operating Areas, Each Uniquely Contributing to CMS Student Achievement

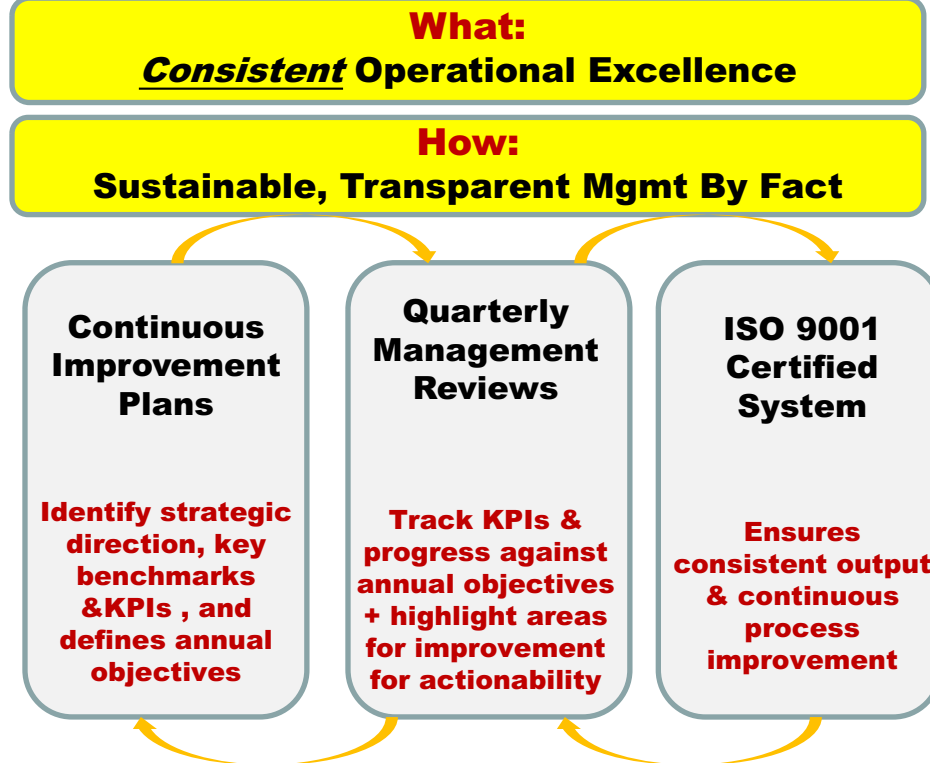


Our Business Model: A Strong Focus on Quality & Continuous Improvement

CMSAS Quality Strategy



How “Process” Systems Work



CMS Auxiliary Services

That Focus Enables CMS Auxiliary Services to Effectively Support Academic Achievement



Transportation Operations → **95%** On-Time Arrivals



Custodial Services → **90%+** Rating on Quality Audits



Child Nutrition Services → **Exceed** USDA Nutrition Standards
100% or Better Sanitation Scores



Maintenance Services → **90%** Work Order Completion Rate



Inventory & Distribution → **97%** Textbook Inventory Accuracy

Strategically Pursuing Outsourcing Opportunities Has Also Been A Part of Our Business Model

▪ **Studies Conducted:**

- ✓ 2006 Management Partnership Services, Inc. (*Transportation Consultant Firm*)
- ✓ 2006 Trammell Crow
- ✓ 2006 & 2002 ServiceMaster
- ✓ 2004 CMS & Chamber of Commerce Efficiency Review
- ✓ 2004 Aramark
- ✓ 2002 McKinsey Report
- ✓ 1994 Modern Management

▪ **Key Learnings**

- overall, all department studied were consistently assessed as very effective and efficient operations..but some improvement opportunities were identified
- All identified areas of opportunity have been addressed with one of two actions:
 - integrated improvements into internal operation OR
 - outsourced work

When Considering Outsourcing Any CMSAS Services, We've Applied Six Key Criteria

1. ***Direct Student Contact*** - the safety of our children is paramount. Similar CMS standard of employee screening should be applied
2. ***Significant, Sustainable Cost Savings Delivery*** – that largely outweighs any impact to the schools
3. ***Stand Alone Services*** – which can be discreetly carved out w/ no residual, negative operational impact
4. ***Areas of CMS Marginal Expertise/Resourcing*** – where an external vendor can do it better and cheaper with little to no risk
5. ***Low Risk*** – relatively easy to ensure service quality & maintain service levels with minimal difficulty to return in-house
6. ***Minimal RIF Impact to CMS Employees***

CMS Auxiliary Services

Currently, CMS Auxiliary Services spends \$18.5 million on Contracted Services

Some Examples:

- *Lawn Maintenance*
- *Security Camera Repairs*
- *Fire Alarm & Safety Inspections*
- *Sprinkler and Elevator Inspections*
- *Mechanical Designs*
- *Roofing*
- *Mobile Moving & Erection*
- *Custodial & Kitchen Equipment Repairs*
- *Contract Cleaning – Administrative Sites*
- *Bus A/C Repair and Maintenance Service, Labor Only*
- *Special Needs Transport of Pupils*
- *Bus Interior/Exterior Maintenance*
- *Bus Surveillance Camera & Radio Repair and Maintenance*




Understanding the Criteria for Consideration

To recommend to the BOE -- *on Feb 14, 2012* – additional outsourcing opportunities within key areas of CMS that deliver on the following criteria:

- **People** – minimize negative impact to CMS employees -- reduction in force/salary/benefits, shifting of work responsibilities
- **Money** - return of substantial, ongoing net savings to the CMS Operating Budget when brought to scale
- **Service** – maintain or exceed current service levels and service quality to key stakeholders in support of student achievement
- **Risk** – minimize scope of risk to CMS – ease of returning service in-house
- **Measurement** – ability to reliably project and measure the most critical aspects of the outsourced effort – \$ savings, service quality, etc.



We Have Developed and Completed A Preliminary Outsourcing Assessment

Understanding the Assessment Tool

- What This Is** → an informed preliminary assessment of the viability of some initial outsourcing options
- What This IS NOT** → a recommended list of areas to outsource
- Color Index** →
-  likely will not satisfy criteria OR risk of failure to CMS is high
 -  could meet criteria but more information needed
 -  likely will satisfy criteria
 - ? externally driven by bidding process

Example: Full Operational Outsourcing

Overall assessment for that option

| <u>Committee Defined Selection Criteria</u> | <u>Option 1:</u> | <u>Option 2</u> | <u>Option 3</u> | <u>Option 4</u> | <u>Option 5</u> |
|---|---|-----------------|-----------------|-----------------|-----------------|
| PEOPLE |  | | | | |
| MONEY |  | | | | |
| SERVICE | | | | | |
| RISK | | | | | |
| MEASUREMENT | | | | | |

Assessment of each
criteria by option

Custodial Services Operation



Rusty Fuller
Director of Custodial Services

The CMS Custodial Services Mission

Support Academic Achievement by Providing Leading Edge Cleaning Services *Daily* that Enable Clean & Safe Learning Environments for Children



CMS Custodial Services

Overview & Scope

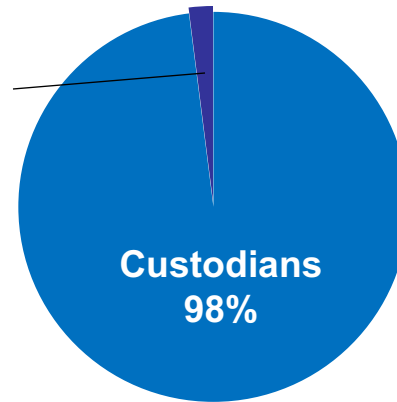
- **Second largest K-12 custodial operation in NC responsible for the second largest K-12 campus footprint in NC**
 - 670 employees
 - *21,000,000 square ft of buildings*
 - *~5,000 acres*
 - *650 buildings*
 - *+ 1,200 mobile classrooms*
- **In addition to daily cleaning services, CMS Custodial Services also provides other value-added, school support services, such as:**
 - *Open and closing of schools daily*
 - *Emergency Response*
 - *Summer Cleaning*
 - *Athletic Event Support*
 - *Inclement Weather*
 - *Shipping/Receiving Support*
 - *Equipment Repairs*
 - *Community Use Support*
 - *Elections Maintenance Support*
 - *Furniture Relocation Support*
 - *Solid Waste/ Recycling*



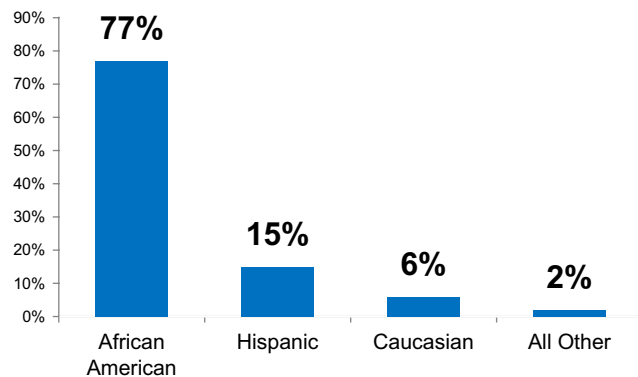
CMS Custodial Services Staffing Overview

670 Dedicated Employees

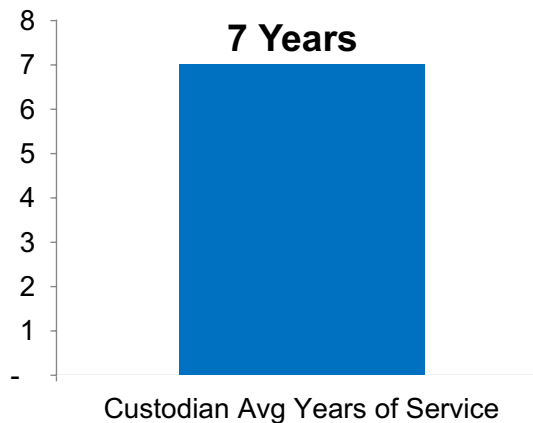
**Managerial &
Administrative
Staff
2%**



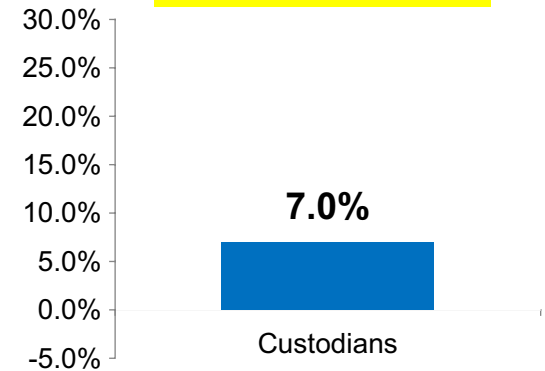
Racially Diverse



Committed to CMS



Annual Turnover



CMS Custodial Services

Our Employees Enable Us to Do
***Significantly* More with *Significantly* Less**

*Custodial staffing has not kept pace with facility square footage growth...
so scope of responsibility per employee has exceeded industry standard*

| Year | Total Square Footage | # Custodians | Square Feet/ Employee |
|------|----------------------|--------------|-----------------------|
| 1985 | 8,400,000 | 391 | 21,479 |
| 1995 | 10,600,000 | 465 | 22,795 |
| 2005 | 17,100,000 | 732 | 23,360 |
| 2008 | 19,834,058 | 809 | 24,516 |
| 2009 | 20,555,363 | 748.5 | 27,462 |
| 2010 | 21,100,000 | 733.5 | 28,766 |
| 2011 | 20,418,272 | 669.5 | 30,497 |

CMS Custodial Services

Comparative K-12 Data

Square Feet Cleaned Per Custodian



CMS Custodial Services

Custodial Services 2011-12 Budget Overview

90% of the Custodial Services Operating Budget is Staffing Related

| <u>Budget Category</u> | <u>\$</u> | <u>% of Total \$</u> |
|-------------------------------|----------------------------|-----------------------------|
| Salaries | \$19,492,035 | 65% |
| Benefits | \$7,492,871 | 25% |
| Outsourced Services | \$1,670,000 | 6% |
| Other | \$1,422,092 | <5% |
| <i>Total</i> | <i>\$30,076,998</i> | |

How We Define and Measure *High Quality Custodial Services* That Support Academic Achievement

Safe & Reliable Staff

that best ensure the safety of our students & staff

Consistently Satisfies

the cleaning needs of our principals & students

Cost Efficient

Environmentally Friendly

Energy Efficient

Additional Value-Added School Support

How We Define and Measure *High Quality Custodial Services* That Support Academic Achievement

Safe & Reliable Staff

that best ensure the safety of our students & staff



- CMS' comprehensive & frequent employee criminal screening protocol
- Absenteeism @ <10%
- Turnover @ <7%

Consistently Satisfies

the cleaning needs of our principals & students

Cost Efficient

Environmentally Friendly

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- ISO 9001 Custodial Services Certification
 - Bi-Weekly & Quarterly Site Audits w/ 90%+ Target Audit Rating
- 3.4 (of 4) Service Rating on Principal Survey

Cost Efficient

Environmentally Friendly

Energy Efficient

Additional Value-Added School Support

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Cost Efficient



- Max. \$1.44 per square foot -- *all inclusive*

Environmentally Friendly

Energy Efficient

Additional Value-Added School Support

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Cost Efficient

Environmentally Friendly



- *green cleaning products/equipment & purchasing; solid waste/recycling*

Energy Efficient

**Additional Value-Added
School Support**

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- *day cleaning, dispensing systems*

**Additional Value-Added
School Support**

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Energy Efficient

Additional Value-Added School Support



- *referenced earlier – from community use support to equipment repairs*

Strategically Pursuing Outsourcing Opportunities Has Been A Part of Our Business Model

Studies and Research Conducted

- Trammell Crow, 2006
- ServiceMaster, 2006 & 2002
- Aramark, 2004
- Modern Management, 1994

- **Key Learnings**

- Overall, all studies consistently assessed CMS Custodial Services as an effective and efficient operation, but some improvement opportunities were identified
- All identified areas of opportunity have been addressed by integrating those improvements into internal operation

CMS Custodial Services

We Are Currently Supporting Mecklenburg Area Businesses With Nearly \$2M in Outsourced Services Which Are Contributing to Operational Efficiency

| SERVICE | AMOUNT |
|---|--------------------|
| Solid Waste/Recycle | \$1,315,000 |
| Equipment Repairs | \$125,000 |
| Contract Cleaning- Administrative sites (PILOT) | \$80,000 |
| Gym Floor Refinishing | \$75,000 |
| Floor Care Equipment Service | \$75,000 |
| TOTAL | \$1,670,000 |

CMS Custodial Services

School-Site Outsourced Cleaning: One Historical Pilot + One Pilot Underway

1995 Pilot Program




- **Scope:** 10 CMS schools
- **Timeframe:** one school year
- **Learnings:** Major Issues with service quality & overall contractor performance
- **Outcome:** Service returned in-house, capital cost adjustment

2011 Pilot Program

- **Scope:** 4 administrative sites, 32 hours/day
- **Timeframe:** three year contract began Sept 1, 2011
- **Potential Savings:** \$110,000/yr
- **Scalable:** no (per vendor administrator)
- **Measurement**
 - *Quarterly Quality Audits Will Be Conducted to Assess Service Quality*



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| RISK | | | | | |
| MEASUREMENT | | | | | |

Assessment of each
criteria by option

CMS Custodial Services Preliminary Outsourcing Assessment

| <u>Committee Defined Selection Criteria</u> |  <u>All Cleaning</u> |  <u>Administrative sites</u> |  <u>Carpet Cleaning</u> |  <u>High Dusting</u> |
|---|--|---|---|--|
| PEOPLE result in CMS employee RIF, salary, benefits; affect significant # employees at scale |  |  |  |  |
| MONEY result in return of ongoing net savings to CMS Op. Budget | ? | ? | ? | ? |
| MONEY result in substantial savings at scale | ? |  |  |  |
| SERVICE negative impact on service levels |  |  |  |  |
| SERVICE negative impact on service quality |  |  |  |  |
| RISK result in significant risk to CMS |  |  |  |  |
| RISK ability to return the service in-house |  |  |  |  |
| MEASUREMENT can be measured/evaluated |  |  |  |  |

Student Transportation Operations



Carol Stamper
Executive Director of Transportation

CMS Student Transportation Operation

Our Core Purpose – Children

A Core Service - Transportation

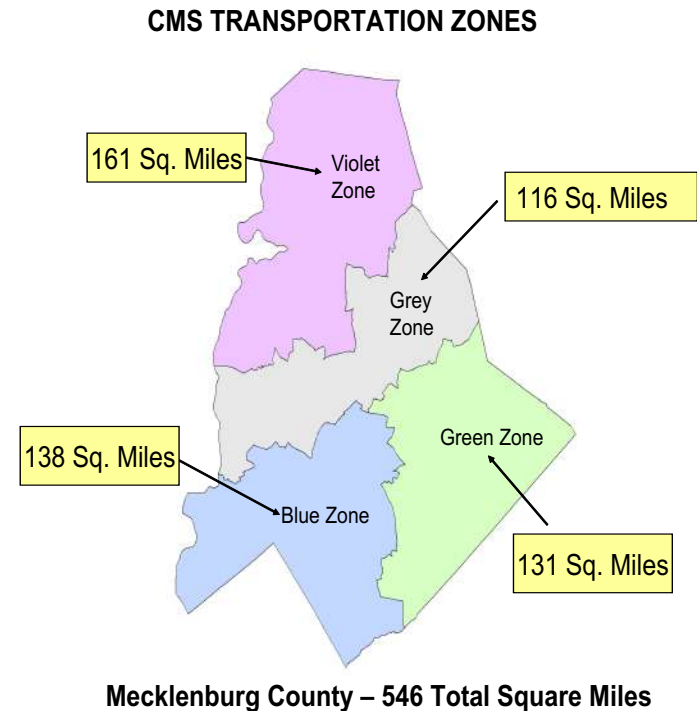
CMS Student Transportation is a core business which directly provides safe and reliable access to a child's positive and successful learning experience.



CMS Student Transportation Operation Overview & Scope

- Largest student transportation operation in NC
- 16th largest national school bus fleet
- 956 daily buses
- 120,384 *assigned* students
- 24,000 bus stops
- 19M annual miles
- 3M gallons diesel fuel
- Major Functions

*Student Transportation, Fleet Maintenance,
Routing and Scheduling, Safety and Training,
Fiscal & Asset Management*



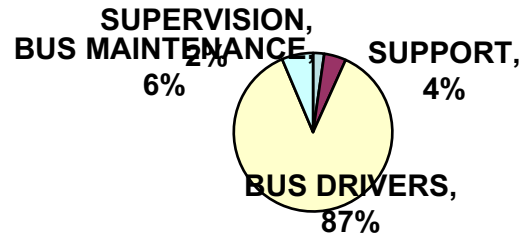
CMS Student Transportation Operation

Student Transportation Services

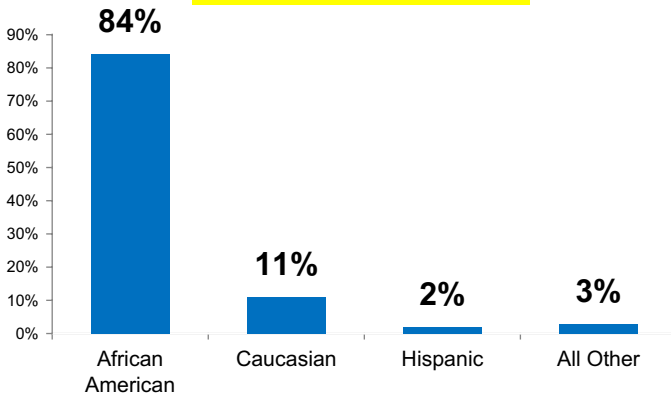
- ***Primary service*** is to and from school transportation
- **Other value-added trips and services include:**
 - field trips
 - athletic events and competitions
 - community based training and instruction
 - career and technical education
 - extended day instructional programs
 - alternate bus stops at daycares
 - Special Olympics competitions
 - summer school
 - emergency evacuations
 - inclement weather early release
 - high school graduation rehearsals and events

CMS Student Transportation Operation Staffing Overview

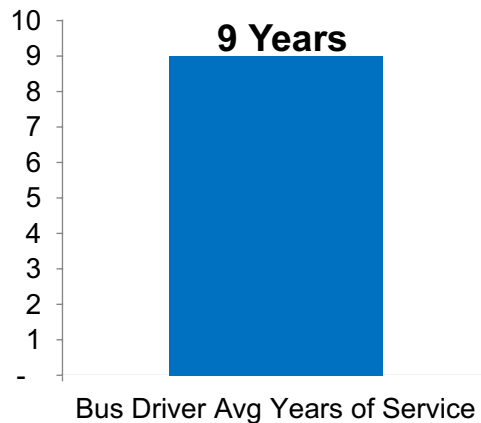
1,440 Dedicated Employees



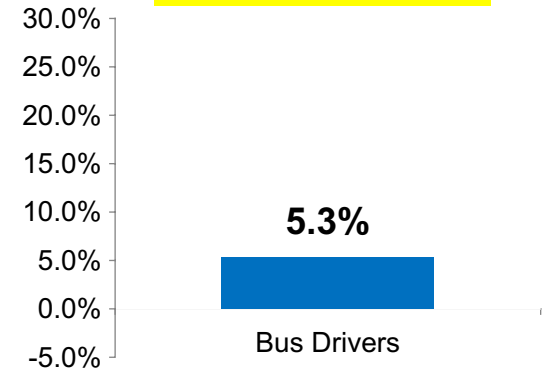
Racially Diverse



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Annual Turnover

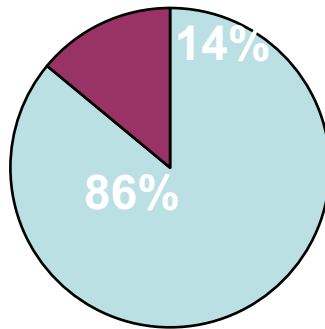


CMS Student Transportation Operation

2011-12 Adopted Operating Budget

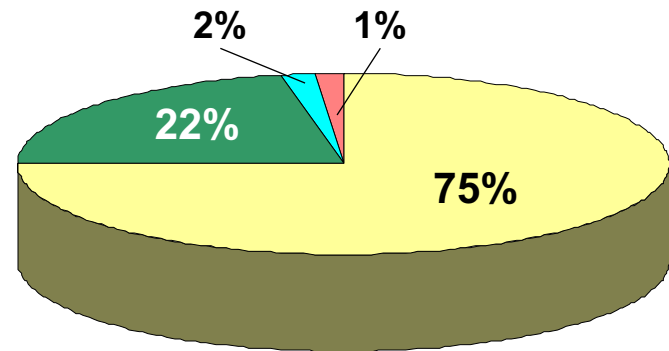
\$54.5 Million

**TRANSPORTATION
DEPARTMENT
2011-2012 FUNDING SOURCES**



■ STATE FUNDING ■ COUNTY FUNDING

**TRANSPORTATION
DEPARTMENT
2011-2012 FUNDING USES**



■ Salaries & Benefits ■ Bus Maintenance
■ Contracted Transport ■ Facilities/Equip/Field Trips

State transportation funding is allotted based on a complex funding formula based on key variables to include number of buses, students, eligible expenses and designated site characteristics.

CMS Student Transportation Operation

Strategically Pursuing Outsourcing Opportunities Has Been A Part of Our Business Model

- **Previous Operational Efficiency & Effectiveness Reviews**

- ✓ 2006 Management Partnership Services, Inc. (*Transportation Consultant Firm*)
- ✓ 2004 CMS & Chamber of Commerce Efficiency Review
- ✓ 2002 McKinsey Report
- ✓ 1994 Modern Management

- **Learnings & Outcomes**

To date, all reviews and research reveals CMS Student Transportation Operations is operating quite efficiently and effectively given the complexity of the student assignment plan and service level requirements. Study recommendations for improvements and potential outsourcing opportunities have been accomplished.

CMS Student Transportation Operation

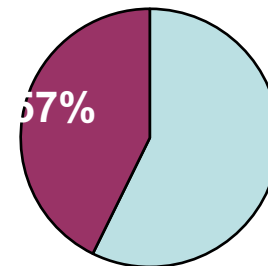
\$3.2M in Outsourced Business Services

Outsourced services have historically contributed to continual improvement of operational effectiveness and supported Mecklenburg area businesses

Current Functions Outsourced - \$3.2M

Bus A/C Repair and Bus A/C Maintenance Service, Labor Only
Long Block Engine Remove & Replace, Labor Only
Remove & Replace Transmissions, Labor Only
Bus Engine (Mercedes Engines) Tune Up
Removal of Garage Hazardous Wastes
Special Needs Transport of Pupils
Bus Interior/Exterior Maintenance
Replace Bus Floors, Steps, and Bus Seat Repairs, Labor Only
Bus Surveillance Camera Repair and Maintenance
State Inspections of Admin Vehicles and Service Trucks
Safety Inspections of Motor Coach Carriers
Repairs to Bus Frames and related Bus Alignments
Bus Radio Repair and Maintenance
Bus Garage Uniform Services

Outsourced Services - Category of Service Provider



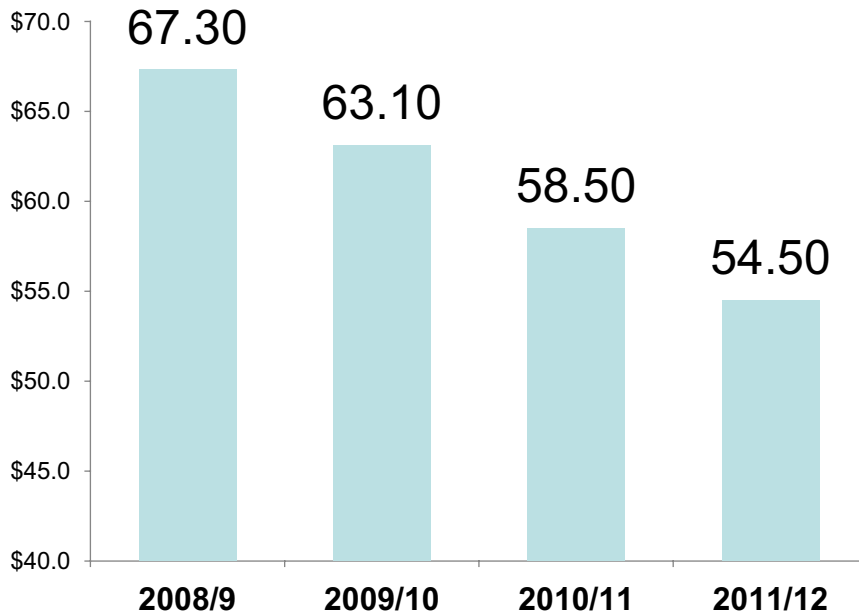
■ MWSBE Service Providers ■ Other Service Providers

CMS Student Transportation Operation

Trendsetting Achievements: Three Consecutive Years of Serving More Children More Efficiently

\$13M In Operational Efficiencies Delivered

CMS Transportation Operating Budget



| | 2011/2012 | 3-Year Change |
|----------------------------|------------|---------------|
| # of students assigned | 120,384 | 8,384 |
| # of total bus stops | 23,475 | - 13,525 |
| # of total routes or buses | 956 | -299 |
| Avg annual miles | 19,125,360 | -6,074,640 |

CMS Student Transportation Operation

How We Define and Measure *Quality Transportation Services* That Support Academic Achievement

Timely & Reliable

Safe

Effective

Efficient

Compliant

CMS Student Transportation Operation

How We Define and Measure *Quality Transportation Services* That Support Academic Achievement

Timely & Reliable



- **Bus Arrival Times:** *Benchmark* = 95%
CMS: 2011/12 Q1=95.4%
- **Bus Driver Staffing Levels:** *Benchmark* = 98-100%
CMS: consistently 100%
- **Attendance Levels:** avg 95%

Safe

Effective

Efficient

Compliant

How We Define and Measure *Quality Transportation Services* That Support Academic Achievement

Timely & Reliable

Safe



- **Preventable Accident Rate/million miles:**
Benchmark = 15-20 CMS: 2011/12 Q1=6.5
- **Avg. Age of Fleet:** *Benchmark = 7.3 years*
CMS: 2011/12 Q1=5.8

Effective

Efficient

Compliant

CMS Student Transportation Operation

How We Define and Measure *Quality Transportation Services* That Support Academic Achievement

Timely & Reliable

Safe

Effective



- **% PreK-12 Students Transported:** *Benchmark = 49%*
CMS: 2011/12 Q1=63%
- **Avg. Ride Time:** *Benchmark = 47 minutes*
CMS: 2011/12 Q1=13

Efficient

Compliant

CMS Student Transportation Operation

How We Define and Measure *Quality Transportation Services* That Support Academic Achievement

Timely & Reliable

Safe

Effective

Efficient



- **Cost as % of District Budget:** *Benchmark* = 4-7%
CMS: 2010/11=5.0%
- **Cost/Student :** *Benchmark* = \$1,055 CMS: 2010/11=\$683
- **Daily Bus Runs/Route:** *Benchmark* = 3.79
CMS: 2011/12 Q1=6 (higher is better)

Compliant

CMS Student Transportation Operation

How We Define and Measure *Quality Transportation Services* That Support Academic Achievement

Timely & Reliable

Safe

Effective

Efficient

Compliant



- ***Fleet Audit*** : 2010/11 Benchmark = 35.35
CMS: 2010/11= 25.72 (lower is better)
- ***Fleet In Service***: Benchmark = 90-96%
CMS: 2011/12 Q1=92.3%

CMS Student Transportation Operation

Transportation Operations Governance

Local level

board-approved student assignment policy determines transportation eligibility for original assignments, transfers & reassignments

State level – *primary governance*

transportation funding and proper use of dollars
bus specifications, bus capacities, and bus maintenance guidelines
scheduling and routing parameters
purchasing guidelines
capital replacement
tort insurance claims and settlements
commercial driver license requirements and driver training

Federal level




National Highway Traffic Safety Administration (NHTSA)
No Child Left Behind/McKinney Vento
Individuals with Disabilities Education Act

Governed Parameters Which May Pose Potential Challenges with Outsourcing Considerations

- State funding formula and the resulting amount of state funding the district receives
- State fleet – specifications, utilization and proper use of funding
- Compliant and required reporting
- Contract purchases – eg., fuel (excise tax), tires and specified parts
- State tort claim insurance coverage and funding
- Capital replacement of state fleet (buses and service fleet)
- Commercial Drivers License training and renewals
- Fleet maintenance compliance schedules and inspections
- State employee wages and benefits
- “Unchartered Territory” – if change or adjustment to the local/state relationship



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| MONEY |  | | | | |
| SERVICE | | | | | |
| RISK | | | | | |
| MEASUREMENT | | | | | |

Assessment of each
criteria by option

Transportation Services Preliminary Outsourcing Assessment

| <u>Committee Defined Selection Criteria</u> |  <u>Magnet Transportation</u> |  <u>Special Needs Transportation</u> |  <u>Fueling Buses</u> |  <u>Bus Driver Labor Only</u> |  <u>Full STO Outsourced</u> |
|---|---|--|---|---|---|
| PEOPLE result in CMS employee RIF, salary, benefits; affect significant # employees at scale |  |  |  |  |  |
| MONEY result in return of ongoing net savings to CMS Op. Budget | ? | ? | ? | ? | ? |
| MONEY result in substantial savings at scale |  |  | ? | ? | ? |
| SERVICE negative impact on service levels and service quality |  |  |  |  |  |
| RISK result in significant risk to CMS: student achievement |  |  |  |  |  |
| RISK ability to return the service in-house |  |  |  |  |  |
| MEASUREMENT can be measured/evaluated |  |  |  |  |  |

Summary Discussion & Next Steps

Guy Chamberlain

Associate Superintendent for Auxiliary Services

CMS Auxiliary Services

Some Things To Consider As We Move Forward Together

- Many of the less complex and less risky outsourcing opportunities have already been pursued
- Our preliminary assessment of additional, potential areas suggests that most represent a higher level of risk to CMS than current outsourcing efforts
 - *a careful, thoughtful approach is warranted*
- Some of these areas represent uncharted territory for CMS
 - *complexities may require time-intensive collaborative work with governing bodies such as NCDPI and/or monetary investment in research or consultancy work to fully assess viability*
- Alignment with this Committee is crucial given the potential scope and cost of additional assessment work

Understanding the Goal

To recommend to the BOE -- *on Feb 14, 2012* – additional outsourcing opportunities within key areas of CMS that deliver on the following criteria:

- **People** – minimize negative impact to CMS employees -- reduction in force/salary/benefits, shifting of work responsibilities
 - *Privatization or managed competition?*
- **Money** - return of substantial, ongoing net savings to the CMS Operating Budget when brought to scale
 - *how does the committee define substantial?*
- **Service** – maintain or exceed current service levels and service quality to key stakeholders in support of student achievement
 - *any limitations on types of services to explore? Any considerations for services with direct access to CMS students?*
- **Risk** – minimize scope of risk to CMS – ease of returning service in-house
- **Measurement** – ability to reliably project and measure the most critical aspects of the outsourced effort – \$ savings, service quality, etc.

Other Questions

- *Are the above considerations in priority order?*
- *How will the Committee determine the right opportunities to pursue for 2012-13?*
- *Will there be a community vetting process for Committee-recommended opportunities?*