

SCHOOL DISTRICT OF SOUTH ORANGE AND MAPLEWOOD, NEW JERSEY
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MEMORANDUM

TO: Members, Board of Education

FM: Peter P. Horoschak, Superintendent

DT: February 2006

RE: BUDGET ANALYSIS #2 – CUSTODIAL SERVICES

The Board of Education requested a report on the effectiveness and cost savings of outsourced **custodial services** and a recommendation as to whether we should expand, reduce or maintain the scope of the effort.

The district is committed to providing students and staff with an environment that is clean, safe and conducive to learning and doing so in a financially prudent manner. The analysis performed in 2003 for the 2004-05 budget revealed that there was a need for additional staffing, training and supervision to meet our standards for cleanliness in the district's buildings. The most cost effective way to meet these additional needs was through contracted services.

DELIVERY OF SERVICES IN 2004-05 and 2005-06

The original custodial services analysis, reported on December 29, 2003 for the 2004-05 budget development identified a number of areas that needed to be addressed that could result in both improved efficiency and higher cleanliness of the buildings. The observations about the delivery of services in 2003-04 included:

1. The most efficient cleaning is done in the evenings when the buildings are empty.
2. In most buildings, the Head custodian is on duty primarily before and during school hours. In some cases, the Head custodian's day ends before the school day is over because it begins so early. This does not provide time for briefing before the night crew begins to clean without incurring overtime expenses.
3. At several schools, the night cleaning crew's shift begins long before school ends. This is necessary because mid-day custodial assistance is needed at the middle and elementary schools for cafeteria clean-up. Other than the cafeteria, it is difficult to provide efficient cleaning while the building is fully occupied.

4. While the average square footage per total number of custodians is in line with the industry average, the number of custodians available to clean during the hours when the buildings are not occupied is limited by school usage and far exceeds the industry average.
5. Most cleaning shifts do not extend beyond 9:00 p.m.
6. There is no evening supervision. The Director occasionally visits buildings after hours but he is also responsible for Transportation. It makes a very long day for him to observe both early morning bus runs and evening custodial shifts.
7. School administrators prepare evaluations with input from the Director. School administrative support is limited.
8. Support services (1 FTE secretary) are shared among custodial services, transportation services, and maintenance services.
9. Supplies and equipment are purchased through competitive bids on the open market.
10. The current custodial program is understaffed, under-trained and under-supervised.
11. Increased training, supervision, supplies and equipment are necessary to increase productivity.

A March 1, 2005 budget analysis prepared for the 2005-06 budget development provided details about the original plan for delivery of custodial services to address the concerns, the implementation process to identify a contractor to deliver services, an assessment of the initial performance of the contractor and options for expanding contracted services for the 2005-06 school year. Copies of the December 29, 2003 and March 1, 2005 reports are available on-line and provided as attachments to this report.

There was a good-faith attempt to implement the transition to contracted services only as the district experienced attrition of current custodial staff. The original plan provided for the retention of 34 of 55 district employees to staff the high school and day services at all other schools and the discharge of 21 custodians lacking a black seal license. As things worked out, 14 of the 21 district employed custodians were retained: 3 requested to work one additional year in order to retire on June 30, 2005 and 11 obtained the required black seal license by June 30, 2004. Of the seven who were let go, three were hired by ARAMARK (two continue to work in the district as ARAMARK employees), and four relocated.

As a result of the retention of district employees, the scope of work contracted for custodial services the initial year was greatly reduced. Four facilities were supported in

part or in whole by ARAMARK – South Orange Middle School (evening only), Maplewood Middle School (evening only), Montrose and the Administration Building.

The legislative impact of S1701, however, made it necessary to make deep and painful cuts in the 2005-06 school budget in order to conform to the stringent spending limitations imposed by the legislation. The recommendation adopted for the 2005-06 school year required a reduction in force of approximately half of the 48 remaining district custodial staff. Contracted services already provided by ARAMARK in the evenings at the two middle schools were extended to full-coverage at Maplewood Middle, South Orange Middle and Columbia High School

The approach was intended to address many of the concerns identified the previous year by:

1. Significantly reducing operating costs
2. Improving productivity resulting in cleaner buildings
3. Increasing supervision and making more efficient use of Head Custodian time
4. Providing relief from time consuming non-educational duties for building administrators
5. Using a strong, proven management model
6. Increasing communication and response to staff and parent concerns
7. Enabling more flexible scheduling
8. Addressing other concerns identified

This approach resulted in a net savings of approximately \$1,000,000.

The deployment of custodians throughout the district in 2005-06 is as follows:

Building (custodians)	AREA (SF)	Head Custodian	Cleaning Custodian	SF per Custodian
Columbia HS {19}	341,209	{5}	{14}	24,372
Maplewood MS {8}	144,980	{2}	{6}	24,164
South Orange MS {8}	157,112	{2}	{6}	26,185
Clinton (3)	63,071	1	2	31,535
Jefferson (3)	71,293	1	2	35,646
Marshall (3)	53,297	1	2	26,649
Seth Boyden (4)	80,116	1	3	26,705
South Mountain (3)	56,414	1	2	28,207
South Mountain Annex (1.5)	19,930	1	0.5	19,930
Tuscan (3)	67,235	1	2	33,618
Montrose (-) {1}	32,117		{1}	20,000
Underhill Field (1.5)	14,940	1	0.5	14,940
Board Office (-) {2}	27,989	{1}	{1}	27,989
District Floater (2)			1	
	1,122,233	18	43	26,719

The averages exclude district floaters.

{ } These brackets reflect the number of ARAMARK personnel at five buildings.

Supervision has increased to include two full-time, on-site ARAMARK managers, and a full-time district Supervisor of Custodial Services. All supervisors are now housed at Columbia High School. The district Supervisor serves as the liaison among the building administrators, district custodians and the contractor and is responsible for supervising district custodians, monitoring contract compliance, and dealing with complaints in a timely manner and maintaining open communication. Both the on-site ARAMARK managers and the district Supervisor of Custodial Services ultimately report to the Supervisor of Buildings and Grounds who is responsible for the overall program.

ASSESSMENT OF ARAMARK'S PERFORMANCE

Transition to a contracted custodial services program is difficult. It would have been a significant challenge for any company. ARAMARK has risen to the challenge and used its extensive resources to make good on its initial commitments in a timely fashion.

The previous reports describe the process the district undertook to identify the contractor to provide custodial services. ARAMARK is a publicly-traded company with \$5.2 billion in assets and more than 240K employees world-wide that was founded in 1936. The district is fortunate that such a solid, well-respected company with extensive resources was the lowest bidder and awarded the contract to provide custodial services in district's schools.

The following table describes the performance rankings for ARAMARK's first sixteen months of service in those locations and roles covered by the actual implementation plan. Table Key: E = Excellent G = Good A = Adequate P = Poor

Indicators of Performance

Criteria	Central Ofc	MMS	SOMS	Montrose	CHS
Floors:					
Restoration	NA	G	G	G	G
Heavy Cleaning	G	G	G	G	G
Daily Cleaning	A	A	A	A	A
Lavatories:					
Restoration	NA	NA	NA	NA	NA
Daily Cleaning	A	A	A	A	A
Dispenser upgrades	A	A	A	A	A
Timely re-supply	A	A	A	A	A
Supplies quality	G	G	G	G	G
Supplies quantity	G	G	G	G	G
Windows	G	G	G	G	G
Snow Removal:					
Equipment provided	A	A	A	A	A
Timely response	G	G	G+	G	G
Adequate performance	G	G+	G	G	G
Refuse Removal	G	G	G	G	A
Supplies:					
Quality	G	G	G	G	G
Sufficient quantity	G	G	G	G	G
Personnel Reliability:					
Timeliness	G	G	G	G	G
Work quality	G	A	G	G	G
Honesty	G	G	A	G	G
Absence coverage	E	E	E	E	E
Longevity	E	A	G	G	A
Interactions	G	G	G	G	E

In sum, it is my view that ARAMARK has met our expectations and is a reliable vendor with which we can do business. In particular, they are willing to admit shortcomings or mistakes when they occur and demonstrate the management ability and determination to make things right as quickly as possible. It is clear from a number of their efforts that they have the expertise and resources to deliver on what they contractually promise. The move to add responsibility for Columbia High School to their responsibilities was a major step due to its size and challenges. While there is room for improvement, their efforts and determination to do the a good job for the district during this initial first year of transition have been impressive.

RESPONSES TO QUESTIONS AND CONCERNS

The transition from district-employed custodial services to contracted services is a major undertaking that, in any district, would be met with a great deal of skepticism and some opposition. Some of the most frequently asked questions that continue to be asked are addressed in the following question and answer format.

Q. Has a background check and fingerprinting been performed on all ARAMARK employees?

A. ARAMARK management has assured the district that security is as important to the company's operations as job performance. The hiring process used by ARAMARK mirrors the district's hiring process. Job candidates submit an application to ARAMARK which includes an affidavit statement that they have not committed any crime. Employment and personal references are checked by ARAMARK management. An initial computerized criminal background check using a system known as Dataquest is made before a job is offered. Immediately upon hiring, two forms are completed and submitted to the district's human resources office. These are the Authorization and Certification form (A&C form for criminal history) and the fingerprinting application form (Sagem Morpho, Inc.). These forms are submitted to the State of New Jersey for authorization to work in a public school system. This is the same procedure used for new employees in the district. If an applicant is found to be "disqualified from employment in a school district" by the State of New Jersey, ARAMARK agrees to immediately remove the employee from working in the district. The district human resources department maintains files on all ARAMARK employees. The written procedures for this process have been developed and accepted by ARAMARK.

Q. Has there been turnover among ARAMARK staff? It is alleged that contractor firms often rotate employees among job sites to avoid having to perform background investigations which can be costly.

A. Bid specifications required that ARAMARK provide a competitive wage (above local average) to their hires in order to attract and retain the best workers. Nine of the 13 original employees hired by ARAMARK in August remain employed in the district. Among the four who left, two were former district employees, hired by ARAMARK, who chose not to continue, one was dismissed for performance and one was dismissed when observed by district surveillance for improper behavior (theft). In addition to immediately dismissing the employee, ARAMARK agreed to repay the district for the stolen items.

Q. Are the supplies provided ARAMARK custodians of high quality and in sufficient quantity?

A. Bid specifications detailed district expectations for the standard of supplies. The district Supervisor of Custodial Services monitors the contractor to ensure compliance

with specifications. New dispensers for paper towels, soap and toilet paper have been installed throughout the district increasing the availability of these products.

In summary, it is premature to fully assess the impact of ARAMARK services in “drastically” improving the cleanliness of the buildings as originally envisioned. The transition has had some successes and some stumbles along the way. However, there are a number of metrics that indicate that the potential exists for a very high-quality program once fully implemented.

- The anticipated savings of \$1,000,000 was realized due to the reduced scope of contracted services, increased district management of resources and overtime.
- The schedule was met so that the contractor was in place and schools were ready for opening day.
- The average number of square feet per custodian assigned during actual cleaning time was reduced by 22% (from 33,000 sq. ft. to 27,000 sq. ft.).
- More than 300 hours of individual and group training has been conducted to date.
- Controls have been implemented to effectively monitor both the in-house and contracted custodians. A standards manual is in final draft form and nearing production.
- Equipment such as the Tennant 7100 Ride-on floor machine that can process up to 30,000 sq feet per hour has increased efficiency. It would not have been possible for the district to purchase such equipment.
- A floor care program has been instituted resulting in refinishing 43 classroom floors, sanding and refinishing wooden floors in 5 classrooms and resurfacing of 2 gym floors.
- A program for carpet care which utilizes the appropriate process (bonneting vs. extraction) for different types of carpet that is expected to extend the life of the carpet for at least 3 years.
- Windows on all floors in four buildings were washed inside and out -- an event which had not occurred for at least 15 years.
- Documented meetings were held with building administrators and SOMEA Health & Safety Committee with follow-up.

OPTIONS FOR 2006-07 SCHOOL BUDGET

The initial plan for moving to contracted services throughout the district was to make a slow and deliberate move in that direction as attrition of custodians occurred. The concentration was initially on the secondary schools. Once the service provider had demonstrated that the program could be successful, it would be expanded to additional schools at the elementary level. The budget impact of fiscal constraints caused by S1701 was to force the district to accelerate the move to contracted services more quickly than planned as cost saving measures. As discussed above, the district was fortunate to contract with a service provider that was large enough and with considerable resources to be able to take on the challenge of Columbia High School. The preferred approach would be to allow the contractor additional time to more fully establish the program at

Columbia High School before expanding to elementary schools. However, the contractor has demonstrated its ability to successfully implement its program, and it is estimated that a net savings of nearly \$500,000 could be realized by extending contracted custodial services to the elementary schools. A breakdown of custodial contracting costs for the three years of the program is provided as an attachment.

A total of 23 district custodians were retained to staff the elementary schools, Underhill Field and district driver. See the chart that follows for more detail on how they are currently deployed.

	# of Custodians	# of Head	# of Night	# of Day
Clinton Elementary	3	1	2	
Jefferson Elementary	3	1	2	
Marshall Elementary	3	1	2	
Seth Boyden Elementary	4	1	3	
South Mountain Elementary	3	1	2	
South Mountain Annex	1.5	1		0.5
Tuscan Elementary	3	1	2	
Underhill Field House & Fields	1.5	1		0.5
Floater/Driver	1			1
TOTAL DISTRICT CUSTODIANS	23	8	13	2

These 23 district custodial positions would be replaced with an equal number of contracted custodial services.

PROS:

- \$0.5 million savings to the district at a time when budget cuts are necessary
- Provides contractor with a large enough contract to realize economies of scale and increase major investment opportunities in the district (i.e., additional on-site manager, additional equipment, etc)
- Large, state-of-the-art equipment available for better cleaning at elementary schools
- Increased supervision/management possible through contracted services
- Additional savings beyond those projected are likely due to reduced overtime payments to district personnel to cover vacations, sick days, compensatory time, uniforms, etc. ARAMARK assumes these costs for its personnel within the scope of its contract. Additionally, the scheduling flexibility afforded us by the vendor will also reduce overtime by scheduling some normal work shifts at later hours.
- Control of future cost increases through contract renewals
- Reduces custodial supply requirements funded from district's operating budget

CONS:

- District unable to keep commitment to continue transition to contracted services through attrition of district employed custodians
- The reduction to get to the 23 custodians to be retained was based strictly on seniority. One custodian, (0.5 at South Mountain Annex/0.5 at Underhill) has since resigned leaving a total of 22 very seasoned and loyal district custodians in the elementary schools. The following is a summary of their status:

Average Age is 56.59 years.

8	60+
6	55-59
6	50-54
<u>2</u>	45-50
22	

Service Years:

6	20+ years
9	15-19 years
3	10-14 years
<u>4</u>	less than 10 years
22	

Pension Eligibility:

8	Retirement eligible (aged 60+)
11	Pension vested (10+ years)
	3 have 20+ years (25 years needed for full medical benefits)
	7 have 15 to 19 years
	1 has 10 to 14 years
<u>3</u>	Not yet vested (each needs 2 years to vest)
22	

FUTURE CONSIDERATIONS

The original plan included a number of other items that still have not been possible due to the funding constraints but the need for these items remains valid to fully address the concerns identified in previous analysis.

- Addition of clerical support. One FTE is currently shared among custodial services, transportation and property services.
- Dedicated grounds personnel
- Addition of an 11:00 pm to 7:00 a.m. shift at CHS

- Addition of four new maintenance positions to provide some of the services that are currently provided by vendors, such as preventive maintenance, painting and landscaping.