

Merrett R. Stierheim, Superintendent of Schools

SUBJECT: UPDATE ON RELEASE OF P.E.C.O. FUNDS

Introduction:

At its meeting of December 10, 2003 the School Board discussed a letter prepared and submitted by the Chair of the Miami-Dade Land Acquisition and Facilities Maintenance Operations Advisory Board, which outlined points for the School Board's consideration (Attachment A). Following considerable discussion, a motion was made by School Board Member Mr. Agustin J. Barrera to recommend the following five items, which motion was subsequently approved by the School Board:

1. That staff formulate a plan of action to accelerate implementation of the FMI Assessment, specifically as it pertains to workforce reduction;
2. That the District continue to comply with State Statutes as it pertains to cost per student station caps, irrespective of funding source;
3. That staff review project delivery timelines and identify streamlining opportunities;
4. That staff provide detail on current maintenance costs, and how and by when the dollar per square foot reduction can be achieved; and
5. That staff provide an update on the implementation status of the Advisory Board's recommendations.

Additional Information

Following the December 10, 2003 meeting and in keeping with School Board action, staff formulated a plan of action which addresses the first four points (see below). A response to #5 will be provided to the Board not later than the January 2004 meeting.

Response to #1:

- Reduce abated charges to capital program by equivalent of 10 positions between February 2004 and June 2004. Estimated annual cost reduction by June 2004 of approximately \$575,000.

Note: FMI Assessment recommended a reduction in abated charges by equivalent of 10 people per year over a three-year period.

- By February 2004, begin desk audit of remaining abated positions to determine actual costs as part of year 2 and year 3 reductions proposed in FMI Assessment (services provided to be billed to Construction Department @ actual time cost).

REVISED REPLACEMENT

Estimated annual cost reduction beyond June 2004 to be determined based on desk audit.

- By February 2004, begin time accounting for Construction Department personnel to allocate costs for direct, indirect, and overhead tasks being performed;
- By February 2004, eliminate 20 open authorized positions in the Construction Department for an estimated annual cost reduction of approximately \$970,000.
- By February 2004, eliminate an additional 7 positions for an estimated cost reduction of approximately \$467,000.
- By June 2004, eliminate an additional 8 positions in the Construction Department for an estimated cost reduction of approximately \$371,000.
- By September 2004, eliminate 2 additional positions for an estimated annual cost reduction of approximately \$130,000.

Estimated workforce reduction costs:

By February 2004	\$ 1,437,000 (Approximate)
Cumulative through June 2004	\$ 2,383,000 (Approximate)
Cumulative through September 2004	\$ 2,513,000 (Approximate)

Response to #2:

The District will continue to meet cost per student station caps set by state statutes for all Florida school districts. The District will also track costs per square foot and attempt to reduce costs while maintaining standards.

Response to #3:

REVISED [The District will review current timelines based on design/build delivery method, from design commissioning to construction.

- Elementary Schools 18 to 20 months (from current average of approximately 30 months)
- Middle schools 26 to 28 months (from current average of approximately 36 months)
- Senior High Schools 34 to 36 months (from current average of approximately 42 months)

ADDED [The above preliminary timelines are proposed. Staff will provide definitive recommendations no later than February 2004.

Response to #4:

This response includes discussion of three related topics:

1. The definition of and cost history for maintenance.
2. The definition of for cost history for operations.
3. The results of a comparative study of privatization of the custodial functions in 35 schools.

Since fiscal year 2000-2001, maintenance costs for the normal repair and upkeep of the district's facilities have been reduced from \$2.90 per sq. ft. to \$2.13 per sq. ft. by the end of the fiscal year 2002-2003. This represents a 77 cent per sq. ft. reduction in cost and in absolute terms equals an improvement of more than \$23 M. These reductions in cost were achieved in the following areas:

- a. Actual payroll reductions of 113 people representing approximately \$7M;
- b. Overtime costs by \$3M;
- c. Material and service reductions of \$10M, inclusive of expenses charged to other school district organizations for services provided by the maintenance department.

In addition, we have identified opportunities to further improve maintenance costs by \$3-5M by optimizing the related procurement and logistics functions. The impact of streamlining procurement and logistics will allow the existing workforce to complete an additional \$8-15M of work annually.

Operations costs as reported to the State under the accounting description of function 7900 include the following categories of expenditures. Specifically: Custodial Operations, Security (including Police), Utilities, Rentals, Property Insurance, and Miscellaneous.

In the three-year period between fiscal year 2000-01 and 2002-03, the aggregate cost of function 7900 has increased by approximately \$14.49 M or on a cost per sq. ft. basis from \$5.06 to \$5.27. This entire function must be analyzed, however, to isolate the related and **REVISED** controllable activities. The district has experienced dramatic increases in the following categories:

- Property Insurance \$ 12.0 M
- Utilities \$ 3.5 M **REVISED**
- Security \$ 2.7 M

Excluding the above items the District's real costs for the controllable categories has decreased by approximately \$.14 per sq. ft. The majority of this reduction is the result of **REVISED** tighter controls on hiring and overtime.

RECOMMENDATION: That The School Board of Miami-Dade County, Florida:

1. receive this report;
2. approve the above outlined Plan of Action;
3. transmit the Plan of Action to the Miami-Dade Land Acquisition and Facilities Maintenance Operations Advisory Board for consideration; and
4. request that the Miami-Dade Land Acquisition and Facilities Maintenance Operations Advisory Board hold a meeting to consider the School Board's Plan of Action as soon as possible but no later than January 9, 2004.

ATTACHMENT A

TO: Dr. Michael M. Krop, Chairperson, Miami-Dade County School Board

FROM: Edward W. Easton, Chairperson, Miami-Dade Land Advisory Acquisition and Facilities Maintenance Operations Advisory Board

DATE: December 12, 2003

RE: Recent Events

Listed below are the recommendations made by me at the School Board meeting on December 10, 2003. Immediately following I've added for comparison School Board recommendations, from as yet unofficial minutes, we are still worlds apart. We need to keep talking to get this resolved as soon as possible.

Recommendations

By Chairperson Easton

1. That the School Board vote and implement prior to February 1st to immediately reduce the total payroll for construction noted in the OPPAGA recommendations of 2001 and more specifically outlined in the F.M.I. report of 2003.

By the School Board

1. That the School Board provides prior to January 14, a report on how to accelerate the implementation of the FMI Report to reduce overhead.

By Chairperson Easton

2. That the School Board vote to build schools in the future at a cost that will not exceed an average of \$125 per square foot not including off site costs and unusual soil conditions setting that as a firm requirement.

By the School Board

2. That the District comply in its own judgement with State Statutes for cost per student station regardless of funding source.

By Chairperson Easton

3. That once the School Board determines that a school will be built on a specific site that within 6-months from that date all planning, design, bidding and awarding will be completed and within an average 18-month time frame the school will be ready for occupancy.

By the School Board

3. MDCPS would provide the timeline of what we spend today on projects (elementary, middle, and high school), with a recommendation of how we can expedite the process and present to the Advisory Board for review.

By Chairperson Easton

4. That the School Board immediately implement the maintenance cost requirements they voted upon and formally approved on May 15, 2002. The School Board will prepare a cost breakdown comparing Maintenance done prior to 2002 versus costs since 2002 and if significant costs reductions have not been achieved then they will direct - Unicco to take whatever measures are necessary to achieve the objective of the resolution of May 15, 2002.

By the School Board

4. MDCPS provide detail and backup for where we are today on the cost of maintenance and how we could get to the dollar and by when.
5. Provide a Matrix on Advisory Board recommendations

I am looking to you to have the Administration understand that this needs to be resolved for the benefit of the children of Dade County. There is no basis for any further delay.

Cc: Advisory Board Members
School Board Members
Merrett Stierheim, Superintendent