

Merrett R. Stierheim, Superintendent of Schools

SUBJECT: AGREEMENT WITH UNICCO SERVICE COMPANY

COMMITTEE: BUSINESS AND FINANCIAL SERVICES

Introduction

At its meeting of April 14, 2004, The Board authorized the Superintendent to:

1. Negotiate an amendment to the existing contract that will reduce UNICCO's project cost and clearly spell out measurable deliverables as defined in the existing contract and/or other documents over the next five or six months and thereafter; and
2. Bring back an item to the Board with the amended contract for the meeting of May 19, 2004.

Since then, the Chief Business Officer, senior members of the Maintenance/Operations Department, and the UNICCO onsite team performed a comprehensive review of the current contract and formulated the action plan recommended in this Board item.

Background

The original contract with UNICCO was designed assuming a 6-month assessment period followed by 18 months of implementation. During this 2-year period, UNICCO was to act as both consultant and as the Facilities Maintenance Officer for the District. In February 2004, the Board approved the recruitment of a qualified professional to lead the Maintenance Operations Department as the District's Facilities Maintenance Officer. Subsequently at the March 2004 meeting the Board approved an upgrade to the position to assist in recruiting the best possible talent. The job advertisement closed on May 10, 2004 and the candidate review process is on-going. This action will ultimately change management control of the Maintenance Operations Department from private management to District-based management and UNICCO's role to that of a consultant.

Measurable Deliverables

Based upon the four major management initiatives in the contract and the sixteen outcomes previously proposed by UNICCO, we have refined completion dates and the expected output (e.g. improved process, a report, improved performance, etc) for the approximate 200+ activities. The deliverables will be forwarded in the Supplemental information. A procedure has been established to jointly review the status monthly and forward a report detailing progress to the Board. The first report will be as of April 30th.

REPLACEMENT

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It was also agreed that UNICCO would hold regularly scheduled labor/management meetings with union leadership to ensure that pending process and procedural changes are discussed and any issues are resolved prior to implementation. The first meeting was held on May 6, 2004.

Contract Modification

The second year of the existing contract for the period March 2004 to March 2005 is for a fixed price of \$1,661,304. For purposes of renegotiating the contract, UNICCO provided the following breakdown:

Resident Wages	\$ 529,896
Tax, insurance, health, miscellaneous	\$ 140,268
Professional Liability Insurance	\$ 34,340
Facilities Condition Index Initiative	\$ 397,000
Training, Organizational Development, etc consultants	\$ 159,800
Management Fee	\$ 400,000
Total	\$1,661,304

Our first approach was to reduce the contract cost by \$500,000 however when we achieved that objective the School District would be required to assume significant responsibilities which diluted UNICCO's accountability.

After extensive deliberations, the following modifications to the contract were negotiated and agreed upon subject to Board approval. These modifications would achieve an immediate cost reduction to the District of \$245,000 and provide an opportunity for further reductions at District discretion of up to an additional \$339,300. Below is a breakdown.

1. UNICCO will mentor and assist the new Facilities Maintenance Officer and by October 2004 the Facilities Maintenance Officer responsibilities will shift from UNICCO to the District's Facilities Maintenance Officer. The contract cost reduction for this is \$70,000;
2. The \$400,000 management fee (includes corporate overhead, profit, etc) was renegotiated with the new fee being \$225,000, a reduction of \$175,000; and
3. A total of \$339,300 for nonresident resources is retained in the contract. However, the contract terms will change to require prior approval from the Chief Business Officer to use the resources. Payment to UNICCO will be based on invoicing for the approved nonresident resources. This option could reduce the contract cost within a range of \$1,077,004 (no nonresident resources approved) to \$1,416,304 (\$339,300 nonresident resources approved). The Superintendent and the Board would be kept apprised of the use of non-resident resources on a monthly basis.

RECOMMENDED:

That The School Board of Miami-Dade County, Florida, authorize the Superintendent to execute an amendment to the contract between the School Board and UNICCO Service Company that:

1. Includes measurable deliverables in the contract;
2. Reduces the contract by \$70,000 in recognition of the planned full management transition from UNICCO to a District-based Facilities Maintenance Officer by October 2004;
3. Reduces the management fee by \$175,000; and
4. Provides for possible further reductions of up to \$339,300 for non-resident resources. The use of these resources shall be subject to the approval of the District's Chief Business Officer, on a case by case basis.

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