

**BOARD OF EDUCATION
SPECIAL MEETING**

MAY 27, 2010

COMMUNITY ROOM

ADMINISTRATION BUILDING

8111 S. WESTNEDGE, PORTAGE, MI

4:00 P.M.

**PORTAGE PUBLIC SCHOOLS
BOARD OF EDUCATION
COMMUNITY ROOM - ADMINISTRATION BUILDING
MAY 27, 2010, 4:00 P.M.
AGENDA**

CALL TO ORDER AND PLEDGE OF ALLEGIANCE

CLOSED SESSION

COMMENTS OR COMMUNICATIONS

1. BY CITIZENS

DISCUSSION ITEMS*

1. 2010/11 FINANCIAL DISCUSSION
2. OTHER

*** CITIZENS WISHING TO COMMENT ON DISCUSSION ITEMS WILL BE ALLOWED TO DO SO AFTER THE BOARD'S DISCUSSION.**

PORTAGE PUBLIC SCHOOLS MISSION STATEMENT

Portage Public Schools will shape the future by empowering every student to contribute intelligently and ethically in an information rich, global society.

**PORTAGE PUBLIC SCHOOLS
BOARD OF EDUCATION
COMMUNITY ROOM - ADMINISTRATION BUILDING
MAY 27, 2010, 4:00 P.M.**

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Closed Session

Recommended Motion:

Motion offered by _____, supported by _____, that the Board of Education move into closed session for the purpose of discussing collective bargaining strategy [Section 8 (c) of the Open Meetings Act]. [Roll Call Vote]

**PORTAGE PUBLIC SCHOOLS
BOARD OF EDUCATION
COMMUNITY ROOM - ADMINISTRATION BUILDING
MAY 27, 2010, 4:00 P.M.**

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Discussion Items

1. 2010/11 Financial Discussion
 - a. State Revenue Forecast and District Implications

PORTAGE PUBLIC SCHOOLS
2009/10 AMENDED BUDGET
COMPARISON BY MAJOR CATEGORIES AND FUND BALANCE INFORMATION

	<u>ACTUAL</u> <u>SY 07/08</u>	<u>ACTUAL</u> <u>SY 08/09</u>	<u>ADOPTED</u> <u>BUDGET</u> <u>SY 09/10</u>	<u>AMENDED</u> <u>BUDGET #1</u> <u>SY 09/10</u>	<u>ADOPTION</u> <u>REQUEST</u> <u>SY 10/11</u>	<u>CHANGE</u>
Revenues						
Not Program Related	65,673,874	65,607,136	65,402,935	63,555,340	62,576,416	(978,924)
Program Related	11,334,315	11,672,464	12,804,007	12,517,504	11,482,810	(1,034,694)
Total Revenues	77,008,189	77,279,600	78,206,942	76,072,844	74,059,226	(2,134,098)
Expenses						
Salaries	43,491,855	44,429,110	45,075,558	43,721,555	40,249,318	(3,472,237)
Fringe Benefits:						
FICA*	3,205,961	3,315,323	3,358,479	3,247,930	2,963,083	(284,847)
Retirement*	7,299,198	7,336,780	7,560,595	7,309,059	7,618,148	309,089
Health Insurance	8,585,647	7,993,404	7,902,724	6,243,897	6,536,983	293,086
Other Insurances:						
Dental	627,696	621,755	622,029	533,450	561,399	27,949
Vision	136,301	129,642	129,589	106,861	111,258	4,397
Long-Term Disability	242,341	209,641	201,548	167,611	124,621	(42,990)
Life	49,876	40,334	40,496	36,713	34,424	(2,289)
Other fringes	486,697	491,357	476,749	400,707	1,349,257	948,550
Total Fringes	20,633,717	20,138,236	20,292,209	18,046,228	19,299,173	1,252,945
Purchased Services	6,416,474	7,049,105	6,335,312	7,711,677	7,668,948	(42,729)
Supplies, Materials, Other	4,464,669	4,355,973	5,750,135	4,918,306	4,451,977	(466,329)
Capital Outlay	758,294	221,843	80,400	438,131	233,332	(204,799)
Debt Service	416,071	331,970	267,156	266,925	190,759	(76,166)
Outgoing Transfer to Athletic Fund-Net	1,110,309	1,153,790	1,181,009	1,185,540	775,282	(410,258)
Total Expenses	77,291,389	77,680,027	78,981,779	76,288,362	72,868,789	(3,419,573)
Income (Deficit) Projected	(283,200)	(400,427)	(774,837)	(215,518)	1,190,437	1,405,955
Total Fund Balance Information						
Total Fund Balance - Beginning	7,061,546	6,778,346	6,377,919	6,377,919	6,162,401	
Income(Deficit) - Allocated to Unreserved	(283,200)	(400,427)	(774,837)	(215,518)	1,190,437	
Total Fund Balance - Ending	6,778,346	6,377,919	5,603,082	6,162,401	7,352,838	
As Percentage of Budgeted Expenditures	8.77%	8.21%	7.09%	8.08%	10.09%	

PPS Strategic Planning - Goal 3.1 Fiscal Vitality
 Budget Impact Analysis
 Assumptions & Variables

5/26/2010

Best Case 2010-11

ASSUMPTIONS & NOTES

Estimated Fund Balance - July 1, 2010 \$ 6,162,401
 Projected Income (Deficit) 10-11 5-26-2010 \$ 1,190,437
 Includes \$3,799,176 in budget reductions reflected in the projected income

Revenue Factors

Enrollment Change
 Foundation Allowance Reduction
 Categoricals
 Special Education Reimbursement
 KRESA County Wide Enhancement Millage

Based on Stanfred Projections (-104 blended FTE @\$7,151)
Best Case: \$0 Reduction in Per Pupil Funding

Unable to Estimate at this time but would seem negative
 Assuming a 3% county wide TV reduction

Expense Factors

Step Costs
 Flat Salary Increase
 Health Insurance
 Retirement Rate
 Impact of Health Insurance Accrual Adjustment
 Impact of Other 09/10 Budget Items Adding to Structural Issue
 Secondary Staffing Decrease Due to Schedule Change
 VSP Forced Attrition Savings
 VSP Incentive Payment Expense in 10/11

If granted this would be approximately \$961,000 deficit increase
 Will require negotiations but would seem obtainable based on circumstances
 Assumes employee groups would absorb any increase in costs
 2.47 Basis Points or 14.58% rate increase
 Per Karla Colestock's Documentation
 Per Karla Colestock's Documentation

Budget Estimate Revisions

Controlled Outcome - Budget Reductions	\$ -	Identified from Audit and/or Year End Analysis
	\$ -	Refer to Projected Income line above

Income (Deficit) Projection With Budget Reductions \$ 1,190,437

Fund Balance - Ending \$ 7,352,838

Fund Balance - Ending As % of Budgeted Expenditures 10.09%

FY 2010 FISCAL PLANNING

GOALS, PRINCIPLES & GUIDELINES FOR BUDGET DEVELOPMENT & PROGRAM REDUCTIONS

Vision: Portage Public Schools will shape the future by empowering every student to contribute intellectually and ethically in an information rich, global society.

Mission: Through a partnership of school staff, students, parents and community, all Portage Public Schools students will become effective communicators, responsible citizens, self-directed learners and complex thinkers.

Policy 1.0 Global Ends: All enrolled students will have an empowering set of knowledge bases that will enable them to succeed at the next stage of their lives in an increasingly complex and global world, and at a level such that the results justify the costs. Of the different student needs served, there is a priority of focus: 1) curricular academics, 2) co-curricular—activities that are held outside of the school day and are part of the curriculum, and 3) extracurricular.

Therefore, budget development and any potential program reductions will be considered with this focus in mind.

GOALS

1. Ensure high quality educational services in a cost effective way.
2. Ensure a safe, orderly learning environment.
3. Address contractual, state, and federal operational requirements.
4. Maintain fiscal integrity of the district's operations.

PRINCIPLES

1. The Administration will work together with the staff and key stakeholders in budget development and modification. Proposed budget reductions will be developed by the Administration. Staff leaders' role in the process will be to ensure early identification of the impacts of the proposed reductions. It is the responsibility of the Administration to inform the Board of any major program decisions imbedded within the proposed budget that exceeds \$100,000 operationally or would have a substantial instructional, financial or other impact on students or families.

2. A “shared burden” approach will be attempted across programs and departments, protecting as many resources as possible which support student academic achievement.
3. In considering program reductions, attempts will be made to avoid areas that have already been substantially reduced in prior years. Rather than weakening services further, consideration may be given to the elimination of an entire activity or service.
4. An examination will occur regarding the potential for increased efficiencies evenly across all programs and departments. Attrition will be used to increase efficiencies and decrease costs as much as possible.
5. There will be an ongoing focus to enhance revenues and reduce costs:
 - Seeking cost effective innovations
 - Seeking alternative funding sources from the public/private sector
 - Identifying areas for capital or other one-time investments that will lead to reduced net costs in future years.
6. Individuals who may be directly impacted by program reductions will be notified directly by the HR department or Administration in a respectful and timely manner in keeping with the District’s value of its talented staff.

ADMINISTRATIVE GUIDELINES

- Construct a fiscal plan that maintains an undesignated fund balance within the range of 7-10% of the operating budget.
- Minimize administrative costs as much as possible while operating efficiently & effectively.
- Pursue cost saving potential through outsourcing of services, with consideration to providing various means of support to any staff involved in such a transition.
- Structure capital costs effectively.
- Pursue cost savings potential through the management of employee health benefits, such as exploring:
 - The potential impact of caps on premiums
 - The potential of more efficient benefits designs
 - The potential impact of competitive bidding of insurance manager.
- Examine collective bargaining agreements for clauses that limit the District’s ability to respond in a fiscally responsible manner.
- Explore efficiencies in operational or instructional services gained in other districts that achieve high academic results.

**PORTAGE PUBLIC SCHOOLS
BOARD OF EDUCATION
COMMUNITY ROOM - ADMINISTRATION BUILDING
MAY 27, 2010, 4:00 P.M.**

Note Page

Discussion Items

1. 2010/11 Financial Discussion
 - b. Revised 2010/11 Budget Proposal Overview

Proposed 10/11 Budget Adjustments

Area	FTE	Description	Subtotal	Academic Impact	Potential Benefits	Potential Negative Consequences
Admin/Tech Exempt	0	Health Insurance-Change in Carrier (continuation for 1/2 year from 9/10)	110,000	None	Cost savings to general fund	Goodwill amongst employees
Admin/Tech Exempt	0	Health Insurance-Increase in Employee Contributions (continuation for 1/2 year from 9/10)	31,200	None	Cost savings to general fund	Goodwill amongst employees
Admin/Tech Exempt	0.5	Cut 1.0 Technology Administration (continuation from 9/10 implementation)	81,530	None	Cost savings to general fund	Administratively, we are already stretched thin...some important, but not urgent, projects will get less attention than they deserve.
Athletics and Non-Athletics	0	Additional reductions and/or revenue enhancements (includes extracurricular activity fee of \$315,000)	350,000	None	Cost savings	Athletics has a strong support group that will likely challenge reductions to programs or increased costs.
Athletics	0.6	Eliminate MS Athletic Coordinators (part of Student Services reorganization)	52,000	Athletic coordinators bump into classroom for .2 fte (1 class)	Cost savings to general fund	Additional responsibility for the assistant principals for coordination of athletic events.
Instruction	0	Renegotiate Teacher/Team Leaders Sch B-5% or restructure positions	18,000	None	Cost savings for general fund	Resignations and turnover in teacher leadership.
Instruction	0	Renegotiate Sch B/C contracts-5% reduction or restructure positions	50,000	Cocurricular & Extracurricular activities	Lower priority	Educational experience gone.
District	0	Additional rental fees-increase by 50%; Charges for outside field use	25,000	None	Increased revenue	Community groups will pay more for services. In some instances (City, Rocket Football) will pay for 1st time.
Maintenance & Custodians	0	Renegotiation of insurance package-continuation	12,500	None	Cost savings	
Secretaries	0	Renegotiation of insurance package-continuation	14,000	None	Cost savings	
Bus Drivers	0	Renegotiation of insurance package-continuation	22,000	None	Cost savings	
District	0	Insurance dependents review	25,000	None	Cost savings	Goodwill amongst employees

Area	FTE	Description	Subtotal	Academic Impact	Potential Benefits	Potential Negative Consequences
Instruction		Instructional Materials-Additional reduction from amendment #1 amount	50,000	Fewer classroom resources for teaching	Potential for analysis of what is used and how, create efficiencies, only copy what is necessary.	Tendency to not create handouts, learning tools that may be effective.
Instruction Staffing	2.0	Combining Elementary Physical Education	130,000	Less individual attention	Cost savings, more like middle & high PE; ability to introduce team activities	Possible safety concerns; decreased direct student-teacher contact
Instruction Staffing	0.4	Reduce MS & HS Band Instructions	26,000	None	Cost savings and efficiency	Band instructors will bump other music teachers
Instruction Staffing	1.5	Reduce Special Ed based on caseload sizes	97,500	None	Cost savings	
Instruction Staffing	(4.0)	Add paraprofessionals to cover Specials	(70,000)	Lower level of instructional support	Can provide support in the classroom under the leadership of teacher, efficient	No assurance of professional certification and ability
Instruction Staffing	32.3	Implementation of Secondary teachers teaching 6/7 hours	2,099,500		Cost savings	
Instructional Support	0.8	Restructure IB Coordination	74,500	Shift in responsibility will require guidance adaptation	Cost savings, added efficiency	Guidance office personnel opposition.
Instructional Support	4.0	Reduce/Restructure Elementary Media Specialists	260,000	The direct impact to instruction is minor, as paraprofessionals would be able to deliver instruction as created by the remaining media specialists. However, it is likely that other educational opportunities in media and technology would be lost.	Saves \$\$\$ while maintaining basic media operations.	The media specialists often serve in a leadership capacity for technology based learning and media experiences. Losing the specialists would negatively impact the richness of our program as a whole. Possible loss of services and delivery efficiencies.
Instructional Support	2.0	Reduce Elementary Counselors	112,542	Fewer classroom supports, some cover specials	Cost savings, added efficiency	Less affective support, fewer support resources in the buildings

Area	FTE	Description	Subtotal	Academic Impact	Potential Benefits	Potential Negative Consequences
Media Services	0	Reduce Media Supply Budgets	16,654	Minor	None anticipated other than budget savings	None
Instructional Support	(4.5)	Hall/Cafeteria supervision at MS due to Secondary Scheduling Change	(78,750)	None		
Instructional Support	0	At Risk-Funding for Police Liasons (2)	5,000	None		
Operations	19.0	Outsourcing 1st shift custodial services	250,000	Loss of familiar staff in bldg	Larger outsourced contract may mean additional savings	Security concerns, training, contract administration, bidding issues
Operations	0	Transportation-Secondary Stop Consolidation	35,000	None	Cost savings-reduced hours and fuel	
Total	54.6		3,799,176			

**PORTAGE PUBLIC SCHOOLS
BOARD OF EDUCATION
COMMUNITY ROOM - ADMINISTRATION BUILDING
MAY 27, 2010, 4:00 P.M.**

Note Page

Discussion Items

1. 2010/11 Financial Discussion
 - c. Proposed Budget Detail and Key Elements
 - i. Extra-curricular Activity Fee Proposal

[Optional]

Recommended Motion:

Motion offered by _____, supported by _____, that the Board of Education approve the recommended version _____ extra-curricular activity fee structure established for the 2010/11 and 2011/12 school years, as presented.



Richard Perry, Ed.D., Assistant Superintendent of Instruction

8111 S. Westnedge, Portage, MI 49002

Phone: 269-323-5161, Fax: 269-323-5001

Web Site: www.portageps.org

To: Marsha Wells, Superintendent
From: Ric Perry, Assistant Superintendent for Instruction
Date: May 5, 2010
Subject: Extra-curricular Activity Fee Recommendation

HISTORY

Since 2005-2006, PPS high school athletes have paid a \$30 fee to fund athletic trainers at both Portage Central and Northern High Schools. The fee has provided funding for Western Michigan University graduate students to serve as athletic trainers. In addition to the trainers fee, the District has made numerous reductions in the athletic budgets by reducing the amount of transportation, changing activities (e.g. not sending cheerleaders to away events), outsourcing non-teaching PPS employees who coach, and only introducing new sports if the activity is self funded (e.g. lacrosse, men's water polo, and bowling). In non-athletic activities, such as debate, forensics, and play productions, students have sometimes paid a fee to assist in funding the activity. In addition, booster clubs and students have provided funds to supplement activities. These fees have contributed to uniform purchases, t-shirts, warm-ups, costumes, transportation, additional coaches, ice time, etc.

Often the expenses to participate on a team are extensive. For example, a hockey player contributes well over \$1,000 to be a member of the team and debaters pay for air-fare and other travel and lodging expenses. For self-funded activities, such as lacrosse, it is typical for participants to pay around \$500 to cover the cost of the activity. For the majority of activities the fees have provided enhancements to the program. In addition to the fees, participants are usually responsible to purchase items such as shoes and other equipment that are necessary for the activity.

SURVEY DATA

According to the last participation fee survey conducted by the Michigan High School Athletic Association (MHSAA) in 2007, **239 of 554 (43%) schools were collecting a participation fee. Another 202 (85%) were evaluating the implementation of a fee.** With the deterioration of school funding and increasing costs, the Athletic Council suspects many more schools will be collecting fees and increasing fees that are collected.

The 2010 PPS Pay to Participate (PTP) survey, completed by 768 individuals, was useful in providing direction in developing a framework for potential fee collection. The survey revealed that the participants were proud of the PPS extra-curricular programs (88%), believed that extra-curricular programs are an important part of high quality education (96%), and believed that we should charge a fee to maintain programs (84%-an additional 7% were neutral). The survey revealed less decisiveness regarding whether there should be a one time annual fee or if each activity should carry a separate fee (36% in favor of an annual fee with 20% neutral and 42% in favor of a separate fee with 16% neutral). The question of whether athletic and non-athletic extra-curricular activities should be assessed the same fee were less decisive (52% agreed and 19% were neutral). In addition, 87% of 1788 respondents from the budget survey taken

November of 2009 were in favor of the District implementing PTP. The complete survey results including written comments are available on-line at www.portageps.org

RECOMMENDATION

The Administration, after considering the survey and consulting with the Athletic Council and numerous other staff, parent, and community leaders in these related areas, recommend that an extra-curricular activity fee structure be established for the 2010/11 and 2011/12 school years. Details are provided as follows:

- Institute a one time annual fee for a high school of \$175 (52% considered \$175 acceptable, and 76% considered \$150 acceptable)
- Institute a one time annual fee for grades 7-8 of \$100 (60% of respondents considered this amount acceptable and 86% considered \$75 acceptable)
- Institute a one time fee for grade 6 of \$50
- Students that qualify for reduced lunch as defined by federal guidelines 50% (\$85 for high school, \$50 grades 7-8, \$25 grade 6. Free lunch students 25% \$45 for high school, \$25 grades 7-8, and \$15 grade 6)
- Cap fees at \$400 for middle and high school student families (59% of respondents considered this amount acceptable)
- Cap fees at \$150 for middle school student families with no high school students (70% considered \$150 acceptable)
- Limit gratis passes to the staff member only
- Continue to provide senior citizen Gold Passes for residents of PPS that are 65 or older
- Establish middle school ticket prices of \$3 for adults and \$1 for K-12 students. Fees would be collected at athletic events where feasible and appropriate
- Continue the \$5 per event high school ticket price, adjust some of the package ticket prices (proposal to follow at a later date). Collect fees at athletic events where feasible and appropriate
- Eliminate gymnastics with the option to continue as a self-funded activity (currently 8 students on the team with a \$12,000 cost to the District)
- Activities that retain their ticket revenue would be limited to: play productions, band/choir/orchestra concerts, and hockey. Self funded activities water polo and lacrosse would *not* retain their ticket revenue

CONCLUSION

It is understood that PTP is a step that should not be taken without a great deal of consideration. However, Board Policy 1.0 Global Ends, clearly establishes the District's priorities in order as, academic, co-curricular, and then extra-curricular. Given the abrupt loss in state funding of public education, enacting a fee structure such as this recommendation is necessary. This recommendation is designed to be fair and considerate of families, yet keep our students actively and constructively engaged in after school activities.

In addition to these fees, we are actively seeking other means to reduce costs for extra-curricular activities that would benefit the budget in a positive manner. We also recommend that a fee structure be determined so that students and families can prepare for these additional expenses for the 2010-2011 year. We will also encourage coaches and others to limit additional fees that may currently be a part of participation in certain activities. Additionally, as suggested numerous times on the survey, PPS needs to create a fund to support low-income families and families that may have a temporary financial setback.

Richard Perry Ed.D., Assistant Superintendent of Instructional Services

8111 S. Westnedge, Portage, MI 49002

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Web Site: www.portageps.org

Version #1

	Cap	MHSAA	Middle school intramural & athletic club	Extra-curricular non-athletic	Co-curricular
HS-\$175 annual Reduced lunch \$85, Free lunch \$45	\$400 per family includes middle school students	All high school sports (includes men's water polo, non-MHSAA)		Musical, forensics, drama	
Grades 7/8-\$100 annual Reduced lunch \$50, Free lunch \$25	Middle School (no high school participation) \$150	Basketball, wrestling, football, volleyball, and track	Cross country, swimming, cheerleading, all intramural	Musical, forensics, drama	
Grade 6 \$50 annual Reduced lunch \$25, Free lunch \$15			Cross country, swimming, cheerleading, all intramural	Musical, forensics, drama	
No fee activities				Science Olympiad, class of 20xx events	Debate, forensics, marching band, choir, orchestra (if part of a related class), yearbook, newspaper, student government, DECA, BPA,



Richard Perry, Ed.D., Assistant Superintendent of Instruction

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To: Marsha Wells, Superintendent
From: Ric Perry, Assistant Superintendent for Instruction
Date: May 26, 2010
Subject: **Version #2** of Pay to Participate

The following information provides another option for the consideration of the BOE for Pay to Participate:

- Adjust the one time annual fee for a high school to \$150 (considered by 76% of survey respondents as acceptable)
- Institute a one time annual fee for grades 7-8 of \$75 (considered by 86% of survey respondents as acceptable)
- Institute a one time fee for grade 6 of \$40
- Students that qualify for reduced lunch as defined by federal guidelines 50% (\$75 for high school, \$40 grades 7-8, \$20 grade 6. Free lunch students 25% \$35 for high school, \$15 grades 7-8, and \$10 grade 6)
- Cap fees at \$350 for middle and high school student families (59% of respondents considered \$400 acceptable, we did not survey impressions of \$350)
- Cap fees at \$120 for middle school student families with no high school students (70% considered \$150 acceptable, we did not survey impressions of \$120)

The remainder of the PTP would remain the same as Version #1. The result of the reductions projects to a \$55,000 decrease in revenue. The chart that follows illustrates Version #2

Richard Perry Ed.D., Assistant Superintendent of Instructional Services

8111 S. Westnedge, Portage, MI 49002

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Web Site: www.portageps.org

Version #2

	Cap	MHSAA	Middle school intramural & athletic club	Extra-curricular non-athletic	Co-curricular
HS-\$150 annual Reduced lunch \$75, Free lunch \$35	\$350 per family includes middle school students	All high school sports (includes men's water polo, non-MHSAA)		Musical, forensics, drama	
Grades 7/8-\$75 annual Reduced lunch \$40, Free lunch \$15	Middle School (no high school participation) \$120	Basketball, wrestling, football, volleyball, and track	Cross country, swimming, cheerleading, all intramural	Musical, forensics, drama	
Grade 6 \$40 annual Reduced lunch \$20, Free lunch \$10			Cross country, swimming, cheerleading, all intramural	Musical, forensics, drama	
No fee activities				Science Olympiad, class of 20xx events	Debate, forensics, marching band, choir, orchestra (if part of a related class), yearbook, newspaper, student government, DECA, BPA,

**PORTAGE PUBLIC SCHOOLS
BOARD OF EDUCATION
COMMUNITY ROOM - ADMINISTRATION BUILDING
MAY 27, 2010, 4:00 P.M.**

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Discussion Items

1. 2010/11 Financial Discussion
 - c. Proposed Budget Detail and Key Elements
 - ii. Custodial Services Bid Proposal

[Optional]

Recommended Motion:

Motion offered by _____, supported by _____, that the Board of Education accept proposal of Grand Rapids Building Services, Inc., for 1st shift custodial services effective June 28, 2010, at the fixed yearly cost of \$743,688.00 and one month pro-rated of \$61,974.00. This contract would expire on July 31, 2012. Furthermore, that the Assistant Superintendent of Operations is authorized to negotiate and execute a contract for these services, as presented.



Thomas Noverr, Assistant Superintendent for Operations
www.portagesps.org

8111 South Westnedge Avenue
Portage, MI 49002
(269) 323-5182 (voice) (269) 323-5158 (fax)

To : Marsha Wells, Superintendent
From : Tom Noverr, Assistant Superintendent for Operations
Date : May 4, 2010
Subj : Custodial Services Contract Award

RECOMMENDATION

That the Board of Education accept the proposal of Grand Rapids Building Services, Inc. for 1st shift custodial services effective June 28, 2010 at a fixed yearly cost of \$743,688.00 and one month pro-rated of \$61,974.00. This contract would expire on July 31, 2012. Furthermore, that the Assistant Superintendent for Operations is authorized to negotiate and execute a contract for these services.

BACKGROUND INFORMATION

In conjunction with the budget development process and our long-term financial forecasts, the District's administration started a detailed and extensive process to receive proposals for the complete outsourcing of custodial services that occur on our 1st shift. Since last summer the District has outsourced all 2nd and 3rd shift custodial services. Extremely challenging budget circumstances dictate that this undesirable cost saving option be implemented.

Based on best and worst case scenarios presented to the Board of Education during the winter months, the administration began developing our request for proposal. This is a critical document that serves as a cornerstone for the expectations and responsibilities of the contractor. This document, along with the proposals received, are specifically included as part of the written contract with the successful organization. Our RFP, Grand Rapids Building Services proposal, and the final contract will serve as critical tools for the administration to daily monitor the performance of these important services. The steps we used in the develop process of the RFP included:

- Review of 2006 and 2009 RFP documents and process.
- Discussion with Michigan School Business Officials on RFP process.

- Review of Custodial Services RFP's as issued by other school districts via personal contacts and MSBO web site.
- Offered potential contractors the opportunity to review and comment on a draft RFP.

By March 22, 2010 our RFP was developed. This 65+ page document (including exhibits and appendixes) is what could be described as addressing the "devil in the details" and was distributed at a mandatory pre-bid meeting on March 24th. I've attached a copy of the table of contents in order to give you and the Board of Education a feel for the extensive nature of this document. Of particular note, the detailed job descriptions for head and assistant custodians along with PPS definitions of what constitutes "clean" address in detail the expectations that PPS will have for the successful contractor.

Fifteen companies attended the mandatory pre-bid meeting. Building walk throughs were offered by Mr. Bob Small, Facilities Manager. Bidder inquiries were encouraged through April 5th and this resulted in three addendums to the RFP that were sent to all companies attending the pre-bid meeting.

Five proposals were opened on April 9th. Our selection committee, composed of myself, Bob Small, David Babcock (CMS Principal), Mary Daoust (Amberly Principal), and Karen Witvoet (Angling Road Principal) reviewed all proposals and alternates based on the evaluation criteria outlined in our RFP document. All companies, including the custodial union represented by the Michigan Education Association, were allowed presentations on either April 22nd or 26th. The selection committee met again on April 29th to discuss the proposals and presentations. A bid tabulation sheet for all five proposals is attached.

It is the unanimous opinion of the selection committee that a contract should be awarded to Grand Rapids Building Services, Inc. Our rationale for this recommendation includes:

- Our experience over the last year with them including a successful re-start of school last fall after a late transition on August 1, 2009.
- Consistency between all custodial operations will minimize performance disputes and allow building principals to focus on student instruction rather than serving as mediators for disputes. This would also minimize the time that other administrative staff have to spend on contract management issues. Consistency in contractors will eliminate the likely disputes related to supply usage and equipment damage. The fact that we required a 25 month contract in order to ultimately bid the entire custodial operations at the same time is an acknowledgment of the likely difficulties we'd encounter with multiple vendors.

The selection committee felt this advantage outweighs the potential of a competitive situation between the contractors.

- Extensive additional experience in K-12 school districts like Howell, Hartland, Garden City, Holland, Fremont, Albion, Midland, Harrison, Lakeview, Comstock Park, Comstock Schools, Cedar Springs, to name just a few.
- A management structure and systems that include quality assurance programs that insure excellent service at dramatic savings for our taxpayers.
- A communication and problem resolution system that insure that performance issues are quickly addressed with prompt follow up to the staff person that initiated the concern.
- A market competitive wage and benefit package that has the best opportunity for attracting and retaining staff. While PPS would likely save additional funds by using a contractor that pays less per hour and pays a smaller percentage of employee health insurance, our selection committee saw concerns with the quality of staff that would be hired and ultimately retained. In one particular contractor situation the District experienced significant performance issues. Finally, GRBS has clearly set salaries for the supervisor and building leads at the secondary level with the hope of attracting current 1st shift PPS employees.
- A pre and post employment screening process that exceeds PPS and State of Michigan current standards.
- Customer service training that assists employees in communication and service methods to gain professional respect from our staff and community.
- The selection committee reviewed all alternates proposed and determined that significant service issues would likely develop under these proposed scenarios.

I appreciate this isn't an easy decision for those charged with making and approving the recommendation due to the negative impact on nineteen long term employees. Unfortunately the financial circumstances warrant this action. Actual cost savings will be over \$250,000 on a yearly basis. Since this contract is fixed for 25 months, the yearly savings in year two and the 25th month will be even greater when you safely assume that fringe benefit costs will continue to rise.

It would be difficult to justify this action if the District still had less painful budget reductions that could be implemented. As Board members have recently seen, extensive cuts have been made since 2002/03 and PPS is currently in the lowest 10% of administrative costs in the State of Michigan.

In order to implement this recommendation effectively by the end of June it is necessary to award this bid at the May 24th Board meeting.

The selection committee would be happy to answer any questions that you or Board members may have on this recommendation.

Portage Public Schools
 Day Shift Custodial Bid Responses
 April 9, 2010 --- 2:00 PM

Service Master of Kalamazoo

Vendor Name:	Hi-Tec	CSM	Kalamazoo	GRBS	MEA *
Familial (Y/N)	Yes	Yes	Yes	Yes	
Bid Bond	Check	Yes	Yes	Check	
Year 1	\$ 573,000.00	\$ 652,160.00	\$ 782,772.00	\$ 743,688.00	
Year 2	\$ 573,000.00	\$ 652,160.00	\$ 806,255.00	\$ 743,688.00	
25th Month	\$ 573,000.00	\$ 54,346.66	\$ 108,534.00	\$ 61,974.00	

Hi-Tec proposal for 25th month as submitted. Upon request for clarification they later indicated 25th month would be \$47,750.00

also submitted an alternate proposal *Proposal submitted

REQUEST FOR PROPOSAL
DAY-TIME CUSTODIAL SERVICES CONTRACT
DUE: April 9, 2010 2:00pm

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Thomas Noverr, Assistant Superintendent for Operations
www.portageps.org

8111 South Westnedge Avenue
Portage, MI 49002
(269) 323-5182 (voice) (269) 323-5158 (fax)

To : Marsha Wells, Superintendent
From : Tom Noverr, Assistant Superintendent for Operations
Date : May 4, 2010
Subj : Report on 2nd and 3rd Shift Custodial Services

Connected with the Board recommendation to outsource the 1st shift custodial operations I thought it would be helpful to provide you with a report on the positive budget impact and service level of the outsourcing of 2nd and 3rd shift custodial services to Grand Rapids Building Services (GRBS). You may recall that this contract became effective on August 1, 2009.

Positive Budget Impact

I'm pleased to report that **the calculated savings of over \$600,000 annually has in fact materialized.** Billings from GRBS have agreed with the Board of Education approved contract with the only exceptions being two minor bills (under \$5,000) related to emergency cleaning necessary to get NHS operational for school last fall. It should be noted that these additional costs were less than what we would have had to pay in overtime and fringe benefits if we had to use our employees.

Since the District is currently projecting a 09/10 deficit of over (\$200,000) the positive budget impact on the savings from 2nd and 3rd shift custodial operations was critical. Had this painful, but necessary reduction not been made, the District would have likely seen instructional layoffs and/or attempted to absorb the deficit through fund balance even though it would have pushed us below 7%.

Service Level Impact

In spite of a challenging implementation date of August 1, 2009 to take over the summer cleaning responsibilities, GRBS did an outstanding job of getting our facilities ready for instruction on September 7th.

Related to daily housekeeping once school began there was a period of learning the expectations of staff and security procedures in each building. This also occurred before outsourcing when a new PPS staff member was assigned to a building. As was expected, the wholesale change associated with outsourcing made this seem even more pronounced. In our weekly meetings with GRBS it appears this has diminished as regular GRBS have been assigned and then stayed at their respective buildings.

Two service areas that we continue to work with GRBS on both relate to substitute staffing. Incidents of cleaning performance and security procedures (windows left open, doors unlocked) typically relate to a GRBS substitute coming into the building and not knowing where everything is located and staff expectations. GRBS supervisory staff are diligently working on these situations and we have seen improvement on these type of issues. It should be noted that the District would experience similar performance issues before outsourcing when we would send substitutes into the buildings.

One area of significant improvement that outsourcing has brought to the District is a single point of contact for our staff. You may recall that before GRBS was awarded our contract that we had a mix of PPS and outsourced (Hi Tec) personnel. This made it very difficult when the inevitable performance issue came up with identification and assignment of the problem, who should be contacted, and who was responsible for follow up. **Both Mr. Bob Small and I have been very pleased with GRBS supervisory staff efforts at quickly resolving issues. We have also been pleased with the active role that the regional manager and the executive vice president of GRBS have taken with our account.**

In summary, while the District has experienced minor performance issues, we don't see these as being all that unique from those we experienced before outsourcing was implemented. Since all expected savings have materialized, especially considering these very challenging financial circumstances, it's the administrative consensus that this difficult decision was necessary in order to provide valuable resources to our instructional mission.

I would be happy to answer any questions that you or Board members may have on this report.

**PORTAGE PUBLIC SCHOOLS
BOARD OF EDUCATION
COMMUNITY ROOM - ADMINISTRATION BUILDING
MAY 27, 2010, 4:00 P.M.**

Note Page

Discussion Items

1. 2010/11 Financial Discussion
 - c. Proposed Budget Detail and Key Elements
 - iii. Human Resources Staffing Update
 1. Anticipated Lay Offs

**PORTAGE PUBLIC SCHOOLS
BOARD OF EDUCATION
COMMUNITY ROOM - ADMINISTRATION BUILDING
MAY 27, 2010, 4:00 P.M.**

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Discussion Items

1. 2010/11 Financial Discussion
 - c. Proposed Budget Detail and Key Elements
 - iii. Human Resources Staffing Update
2. Process for Certified Staff Replacements

**PORTAGE PUBLIC SCHOOLS
BOARD OF EDUCATION
COMMUNITY ROOM - ADMINISTRATION BUILDING
MAY 27, 2010, 4:00 P.M.**

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Discussion Items

1. 2010/11 Financial Discussion
 - d. Other Factors for Consideration
 - i. Future Budget Reduction Options

FUTURE OPTIONS FOR CONSIDERATION

Area	FTE	Description	Subtotal	Academic Impact	Potential Benefits	Potential Negative Consequences
Athletics	0	Eliminate Middle School Athletics	110,756	TBD	TBD	TBD
Building Administration	3	Do not replace retiring principals and athletic director	340,000	TBD	TBD	TBD
District	43	Outsourcing remaining secretaries	614,000	Secretaries know buildings and programs	Cost savings	Training for new workers, displacing long-time employees that live in the community, loss of significant institutional knowledge.
District	0	Close all but 2 buildings during the summer months	TBD	None	Cost savings	Impact to families who utilize the summer fun and drama programs for their children.
District	0	Utility surcharge for WMS Drama Camp operated by the City	TBD	None	Cost savings, and facility use fees will reflect more realistic costs.	Fee likely passed on to users
District	0	Close Administration Building and move to CEC and NMS; plan to be out of Admin Building for 1/1/12	TBD	Disruption to programs at CEC and NMS	Cost savings-Energy savings of \$80,000	Additional moving expense, NMS stakeholders will be protective of their school.
Instruction	0	IB and AP testing fees-charge parents the remainder of the fee not already paid for by them.	20,000	None	Revenue enhancement	TBD
Instruction	2	Eliminate Gifted and Talented Program	156,000	TBD	TBD	TBD
Instruction	0	Eliminate KAMSC option	142,140	TBD	TBD	TBD
Instruction	0	KAMSC-foundation grant recovery	275,320	TBD	TBD	TBD
Instructional Support	2.5	Eliminate Elementary Counselors-remainder	189,302	TBD	TBD	TBD

FUTURE OPTIONS FOR CONSIDERATION

Area	FTE	Description	Subtotal	Academic Impact	Potential Benefits	Potential Negative Consequences
Instructional Support		Eliminate Elementary Media Specialists-4 remainder	376,000	TBD	TBD	TBD
Instructional Support	1.5	Eliminate Middle School Media Specialists-remainder	119,000	TBD	TBD	TBD
Instructional Support	(4.0)	Add 4 Elementary Media Secretaries	(70,000)	TBD	TBD	TBD
Instructional Support	1.0	Reading Consultant reduction; 1 per building except for Title 1 buildings	65,000	Increased number of students not reading at grade level.	Cost Savings	Early reading intervention is critical to students' success in all subject areas.
Instructional support	9.3	Eliminate All Reading Consultants	604,500	Increased number of students not reading at grade level.	Cost Savings	Early reading intervention is critical to students' success in all subject areas.
Operations	13	Outsourcing transportation services-Special Education-20% of budget	100,000	None	Cost Savings	TBD
Operations	37	Outsourcing transportation services-Regular Education-20% of budget	300,000	Loss of familiar first staff seen in day	None anticipated other than budget savings	Loss of decision making, training, contract administration
Operations	Reduced hours	Eliminate secondary school bus runs	370,000	None	None anticipated other than budget savings	Student safety, availability of parking
Operations	Reduced hours	Adjust mid-day transportation runs for implementation of all day every other day kindergarten	202,259	TBD	TBD	TBD
Operations	0	Sell S. Westnedge Land	TBD	None	TBD	TBD
Operations	Unknown	Southern Service Area Consolidation of Transportation	TBD	None	TBD	TBD
Tech Exempt/Administration	0	Contribute 10% towards health insurance premiums	83,000	None	Cost savings	TBD

**PORTAGE PUBLIC SCHOOLS
BOARD OF EDUCATION
COMMUNITY ROOM - ADMINISTRATION BUILDING
MAY 27, 2010, 4:00 P.M.**

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Discussion Items

1. 2010/11 Financial Discussion
 - d. Other Factors for Consideration
 - ii. Potential Future Liabilities

**PORTAGE PUBLIC SCHOOLS
BOARD OF EDUCATION
COMMUNITY ROOM - ADMINISTRATION BUILDING
MAY 27, 2010, 4:00 P.M.**

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Discussion Items

2. Other