Cornell Facilities Professional Network
Reimagining Cornell
June 10, 2010
Objectives of Facilities/Utilities initiatives – why are we here?

- **Build a true partnership** between units and Facilities Services
  - Establish alignment, accountability and trust through changes in governance and organization
  - Achieve consistent baseline standard of care campus-wide

- **Transition to a more efficient staffing model** that makes appropriate use of contractors
  - Re-focus front-line staff on core activities (e.g. maintenance)
  - Implement better controls for facilities staffing levels

- **Develop a management system that creates the right incentives** for stewardship and cost management
  - Improve budget and billing model, contracting process, and project management

- **Encourage sustainable use of resources** across Cornell
  - Pursue energy efficiency projects
  - Create incentives that encourage increased use of transit

- **Identify specific non-personnel opportunities** to reduce costs
  - Change practices in transportation, mail and operations
The facilities organization (including units) should support and reinforce governance

- The organization should be structured around decisions
  - Reporting structures should reinforce decision roles and create accountability

- Organization design must facilitate strong partnerships between Facilities Services and the units
  - Historically, trust has been an issue
  - Front-line workers must develop allegiances to specific units/zones/buildings

- Units should deploy facilities management resources more consistently
  - Job roles and expectations should be consistent across units
  - Unit staffing levels should scale based on size and complexity of physical plant

- A redesigned facilities organization should result in a leaner management structure and improved service delivery
  - Improved service effectiveness
  - Cost savings (cost neutrality is a minimum requirement)
We propose re-organizing Facilities Services around three zones, each led by a Campus Manager.

**Current organization model:**
- Each facilities director delivers a sub-set of services to each unit
- Services are poorly coordinated; upkeep varies across campus
- Lack of connection between Facilities Services and unit missions

**Proposed organization model:**
- Divide campus into zones, each containing multiple units
- Assign each zone a Campus Manager (from current directors)
- CM works with peer directors to deliver coordinated service
- CM serves as single point of accountability for units

**Note:** Zone 1 may be broken into two zones if necessary during implementation
Organizational changes create new accountabilities across Facilities Services and units

Key Accountabilities

1. **Campus Mgr → VP of Facilities:**
   - Adherence to budget
   - Balance competing facilities needs
   - Quality & cost-effectiveness of work performed across zone

2. **Zone M/C/P mgr → Campus mgr:**
   - Manage zone function needs
   - Cost-effective use of allocated funds
   - Quality of zone facilities work

3. **Crew leads → Zone M/C/P mgr:**
   - Satisfactory execution of work
   - Performance of work crews

4. **VP of Facilities → Dean/VP:**
   - Ultimately responsible for ensuring unit needs are met by Facilities

5. **Campus Mgr → Facilities Dir.:**
   - Ensure high quality, timely, and cost effective facilities services
   - Effective steward of unit needs

6. **Zone M/C/P Mgr → Facilities Mgr.:**
   - Effective management of specific facilities service across zone

7. **Crew Leads → Facilities Managers**
   - Timely, high quality service delivery and high customer service

8. **Facilities Dir. → VP of FS**
   - Ensures unit facilities needs are met within University standards

9. **Facilities Dir. → College Officer:**
   - Effective management of unit facilities needs
   - Leverage zoned facilities services to deliver effective service

10. **Facilities mgr → Facilities Dir.:**
    - Manage daily facilities tasks within assigned buildings
    - Hire zone work crews to complete necessary maintenance tasks
Campus Manager is responsible for all facilities activities within his zone; where appropriate, staff will be dedicated to a zone.

1. Zone maintenance manager and work crews (multi-trade shop and mechanics) are dedicated to a specific zone.

2. Specialty trades are shared campus-wide and assigned to jobs within zones as needed.

3. Project managers assigned to zones on a project-by-project basis; accountable to campus manager during assignment.

4. Building care teams are assigned to specific zones (and specific facilities within zones).

5. Grounds crew based centrally and often work across zones; campus managers set priorities within University standards.
Creating an appropriate budget and billing model is critical to driving desirable behavior

Allocated activities (allocated and tracked)

- Maintenance and stewardship functions should be allocated
  - Ensures consistent base level of service
  - Encourages use of stewardship functions (e.g., contract review)

- Activity based costing should be used to track actual cost for allocated functions
  - Tracking of spending across units/buildings
  - Performance management

- Marginal costs and overheads should be allocated and tracked separately
  - Lumping overheads (including CAM) into rates has reduced transparency historically
  - Covering overhead through cost recovery has created incentives to grow FS (especially PDC)
  - Stronger incentive to contain overhead costs

Cost recovery activities (billed to units)

- Discretionary projects or service above base level should be charged back to the unit
  - Drive desired behaviors (rationing, prioritizing)
  - Allocate costs fairly to end-users
  - Drive service provider to stay competitive

- Charge market rates for discretionary work
  - Encourages efficient use of internal vs. external resources; no strange incentives

- All utility rates should be billed
  - Billed rate should include operating cost (e.g., fuel) and capital cost (e.g., debt service)
  - Rate calculation should be transparent to units

- Facilities Services should not be able to keep any “profit” from billed services
  - Has historically created incentives to grow Facilities Services staff
  - Reserves policy needs to be reviewed

Core facilities services should be provided by allocated funds; overhead allocated separately

Discretionary spending and utilities should be charged back to units based on market rates
Establish a governance structure for facilities functions campus-wide in which decision roles, processes, and accountabilities are clearly defined, and centrally managed capabilities are deployed with local unit management. The VP for Facilities Services has been given the responsibility to define campus-wide facility standards, the base level of services provided to all units, and appropriate staffing levels for facilities functions campus-wide. The VP is expected to work with appropriate unit leadership to define these items.
• Implement a zone maintenance organizational structure with clearly defined structures, staff responsibilities, processes and measures of accountability to ensure appropriate service quality and cost objectives are maintained on an ongoing basis. It is important that the zone organization structure be implemented for all organizations with very few exceptions based only on the unique nature of an activity as determined by the Vice President for Facilities Services.

• Shift Facilities Management Trades shops operations from a construction focused to a predominantly maintenance focused operation.
• Pursue energy conservation savings through operating and capital investments. Specific capital and operating investments will be approved through regular capital and operating budget processes.

• Strengthen the contracting process including certification of project managers, consolidation of project management centers, and the use of job order contracting as standard practice.

• Consolidate fleet and mail-metering operations.

• Work with the VP for Planning and Budget to implement the budget and billing recommendations within the framework of changes to the Ithaca campus budget model.
INITIATIVE IMPLEMENTATION TEAMS

• Kristie Mahoney – Overall Project Manager

- ZONE MANAGEMENT
  ‣ John Kiefer

- CUSTODIAL SERVICES
  ‣ John Kiefer

- ENERGY CONSERVATION
  ‣ Bert Bland

- MAIL, WAREHOUSE AND FLEET SERVICES
  ‣ Joe Lalley

- PROJECT MANAGEMENT
  ‣ Gilbert Delgado

- JOB ORDER CONTRACTING
  ‣ Dave Howe

- GOVERNANCE AND ACCOUNTABILITY
  ‣ Dave Howe & Todd Pfeiffer
COMMUNICATE WITH:

- Initiatives Coordination Office (ICO)
- President and Provost
- Deans and Vice Presidents
- College Officers Group
- Senior Finance Group
- Facilities Directors Roundtable
- CFPN
- SUCF