

*“The Process of Doing Business as a
CRP, Corporate Entity or
Entrepreneur: Seven Steps to Insure
a Successful Business Model”*

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Licking/Knox Goodwill Industries, Inc.

Seven Steps to Insure You Have In Place

A Successful Business Model For Contract Services

- 1. Business Acuity—Know your overhead costs, the competition, financial ability, the strengths and weaknesses of your agency and how this relates to getting new or keeping business. Do your homework!*
- 2. Sales Plan—The tools and processes needed to bring business to you.*
- 3. Sales Pitch—How to approach the customer using actions that insure your success. What the customers want to hear and how to sell your company. Stand out from the rest.*
- 4. Costing Models—How to incorporate your expenses into your costs, how to accurately predict labor hours, wages, supplies, equipment, and how to know your price is right for the market place.*
- 5. Statement of Work—How to read one and use the data to make your business work. How to develop a Scope of Work if the customer does not supply one.*
- 6. Delivering the Proposal—Salesmanship techniques that most people know but forget to use.*
- 7. Contract Award—Now the work begins. How to make certain you and your customer jell from the start.*

Customers buy based on the best price for quality services and on time delivery.

Feeling good about doing the right thing to support YOUR cause becomes important to the customer after the sale.

LICKING/KNOX GOODWILL INDUSTRIES, INC. CONTRACTS OPERATION CONSIDERATIONS 2009

Yes, you still have Homework!

EVALUATE THE GOALS AND IMPACT OF CONTRACTS OPERATIONS

You and your board should evaluate the reason for starting a contracts operation in conjunction with the mission and overall goals of the agency. Will your contract area be conducted as a business or under the workforce development umbrella? You may need to assess how the way you will do business matches the mission and goals of your agency. Each time you think about expanding or adding a new contract, you must evaluate the effect of this on your current business. You must also evaluate how the new contract will further the mission and goals of your company.

You will need to examine the structure of your organization and identify whether you can meet the job requirements. In addition, your agency must maintain regulatory body guidelines.

Other crucial considerations are business systems, processes and facilities. In order for the contracts area to operate efficiently and profitably, it needs to be structured like a business. You will need to evaluate your systems and processes. They must support your current business and future growth. The amount of additional space required to provide a good workflow is also an important consideration.

Examine the financial impact of starting up a new contract or expanding the contract division. The cost of creating a work environment that is suitable for facility-based contracts must be considered. It is important to realize that contracts do not provide the same profit margins as other businesses. Therefore, contracting does not provide the “quick fix” that other businesses can. The revenue generated from a contract may not be received for 30-90 days from the billing date. This can create a major financial burden on the agency.

You must also evaluate the customers/vendors that you plan to use as business partners and associates. It is critical to know the financial standings of these companies well. You can acquire a Dun & Bradstreet Report that will provide a significant amount of background information and history on a company that you plan to be associated with. It will provide information regarding the length of time a company has been in business, the size of the business, their debt and payment history, and background on the top officials within the business. In addition, you need to inquire about the company goals and why and how they selected your company. Some of this information can be collected through your local Business Bureau.

EVALUATE YOUR ORGANIZATION'S READINESS

Conduct a brainstorming session with senior management to establish the impact of contracts on the agency. The following exercise will help you determine the extent to which your organization is ready to start contracts operations.

Consider the following questions in light of this scenario:

You have acquired a contract to produce a product or provide a service for a defined period of time with 10 employees.

Pre-Contract Evaluation

Do pre-contract and contract financial considerations have to be approved? Will the board of directors or the CEO need to be involved in approval process? If yes, how much lead-time is required?

Is it possible to get samples, make a site visit, or visit other agencies that are doing a similar contract?

Will you need an outside consultant for assistance with contract specifications and establishing the labor requirements?

Will additional staff need to be hired prior to contract start and what is the financial impact?

Evaluate Your Capabilities of Pricing Jobs Correctly

What type of bidding process will you use?

Who will be responsible for assembling the actual bid?

What type of system will you use to monitor profit and loss?

Will the accounting department need to be involved?

Will your bidding process capture all of the real labor requirements such as direct workers, supervision and material handlers, and indirect labor such as management and administration?

Will your bids include all equipment and supply costs including rental and maintenance?

Will you need to use subcontractors for the job? What will they cost?

What benefits (health and welfare, vacation, holiday, sick leave, etc.) will be paid?

What overhead rates should be used in the bid to cover administration, facilities and insurance costs?

What profit margins should be used to remain competitive?

Administrative Considerations

Can you afford to pay contract employees until payment for the job is received?

How will you recruit contract employees? Who is responsible for recruiting them?

Will you need to conduct security clearances for the contract? Who will be responsible for them?

Who is responsible for doing the paper work to get contract employees into the payroll system?

Who will provide case management support and document disabilities?
Is there an employee handbook in place and will it require changes or modifications?
Will incorporating contracts operations into your organization affect current policies and procedures? (This is especially true when considering some contracts such as state + federal because of the pay rate, health and welfare benefits, and holiday and vacation policy. These factors are driven by law and may have nothing to do with your current policy.)
What type of administrative support will be necessary for the contract?

Work Measurements

Do you have a current Department of Labor (DOL) certificate in place to pay commensurate rates?
Who is responsible for completing the wage survey to establish a prevailing wage?
Does your staff understand the procedures for conducting time studies/MODAPTS and the documentation required by DOL? Who will conduct time studies?
Are employees going to be paid by piece rate/commensurate wage versus minimum wage or wage determination?
Who will monitor the piece rates of the employees?
What type of system is used to track daily production?
Are standards established and posted for all employees?
Are all levels of management familiar with the systems used and do they understand DOL regulations?

Management Considerations

Who will supervise the crew?
Who is responsible for meeting production goals?
Who is responsible for setting up workflows, establishing standards and setting up the job according to the time studies?
Will employees need to be trained? Who will conduct the training?
Will you need to purchase any additional equipment?
How much lead time will you need to start a contract? Does the lead-time requirement make you competitive?
Who is responsible for shipping, receiving and billing the customer?
Who is responsible for acquiring contracts?
What are transportation requirements for employees to get to work?
Are there any collective bargaining agreements that may be in place and need to be addressed?

Facility Considerations

Is the space adequate and appropriate for the contract?
Where is the work going to be done?
Who is responsible for making any repairs or modifications to the facility?
What is the impact of the contract on the transportation department? Are there enough vans/trucks for delivery/pick-ups?
What is the impact of the contract on the loading dock and forklift requirements?

Is the building secure? What type of security is necessary for the contract?
Is the amount of insurance carried by your facility adequate to cover the customer's product and/or machinery?

Evaluate the Supply and Equipment Inventory Tracking System

Is there an equipment maintenance program in place?
Is there a documented training program (OSHA requirements) in place with an employee sign-off sheet?
Who is responsible for inventory control?

Evaluate the Quality Control Program and Documentation

Would being ISO 9000—compliant assist with getting this contract and maintaining quality?
Does the agency have the staff and available finances to support becoming ISO 9000 compliant?
Is your current quality control plan a working documented plan?
Who is responsible for the quality control?

Evaluate the Safety Program

OSHA requires documented annual blood borne pathogens training, hazard communication and emergency evacuation plans and training. Are these systems in place?
Who is responsible for safety and OSHA regulations?

Business Plan

Who is responsible for creating the business plan?

Marketing

Who is responsible for continuing this process while the other contract startup is occurring?
Do you have appropriate materials for marketing your contracts?

PREPARING FOR CONTRACTS OPERATIONS

KNOW YOUR CONTRACT - *Make it Your Bible*

Carefully review the statement of work or scope of the contract if documentation is available. Be sure to list any questions or concerns you have and contract the appropriate person for answers. For product contracts, obtain samples of the product to give you a better understanding of the job requirements and to complete a time study. For service contracts, site visits are critical in evaluating the scope of work, and, more specifically, determining conditions of the premises prior to accepting the contract. Visitations to agencies doing the same type of work will help to facilitate a smooth transition into the contract.

ESTIMATE LABOR POOL REQUIREMENTS

This is extremely important as you evaluate your capabilities to do the contract. This initial estimate can be determined by doing a time study on materials obtained from the customer if the contract is a product. For service contracts where your agency lacks the expertise in the specific service area, considerations should be given to acquiring staff amount of labor, an experienced person should tour the project premises and review the scope of work required. See costing models + estimating guidelines.

DETERMINE STAFFING REQUIREMENTS

One of the most critical decisions in staffing is the selection of the project manager. This individual is the key to the success of the contract by providing the necessary direction, desired performance, and financial standards. A job description should be created that identifies required skills, experience levels, and major responsibilities for this position. The organization also needs to determine if a candidate is available internally or an external recruitment is required. Candidates for this position must demonstrate the required experience and knowledge in the particular business or service that the contract requires. Be cautious in the selection process for the Project Manager to ensure that the candidate's expertise fits the position. This will be key to the success of your contract operation. The right mix in terms of productivity is critical, since the costing requirements need to be competitive. As such, CRPs (Community Rehabilitation Programs) that are successful with service contracts generally have productivity levels above 70 percent for staff with disabilities. HR assistance in recruitment and staffing for the contract is critical to the startup process.

DEVELOP AN OPERATIONS PLAN TO MONITOR FINANCIAL OBLIGATIONS

It is critical to a CRP to fully comprehend the scope of work and how it relates to the financial performance of the project. To assure a positive financial outcome, key staff should review a

financial pro forma. Systems of monitoring contract performance should be fully established for review of key cost elements quality control, and most importantly, customer service/satisfaction. A key factor in the success of the contract lies in the ability to control direct labor, which accounts for the majority of cost. Scheduled “communications meetings” with the customer should be a part of a well thought out Operating Plan.

UNDERSTANDING PERFORMANCE-BASED CONTRACTING

Government procurement of services has been changing dramatically in light of reduced fiscal budgets. Many contracts have been under extreme pressure in the costing model to be compared to “competitive private sector” counterparts. A clear understanding by key staff of the performance based contracting format is critical to the success of the contract. Performance-based contracting is a concept that establishes a standard level of cleanliness without specifying frequency requirement. It allows for flexibility and innovations in the methodology of cleaning and self-determination in the requirement to perform services. As defined by the government, *“PBC emphasizes that all aspects of an acquisition be structured around the purpose of the work to be performed as opposed to the manner in which the work is to be performed or broad, imprecise statements of work which preclude an objective assessment of contractor performance. It is designed to ensure that contractors are given the freedom to determine how to meet the Government’s performance objectives, that appropriate performance quality levels are achieved.”* Ultimately, it is the satisfaction of the tenants and the perceived “cleanliness” of the facility that will determine how happy the customer will be.

KNOW HOW TO PARTNER

Partnering with the customer to resolve issues and discuss satisfaction is the key to succeed in this new contracting environment.

EVALUATE SUPPORT STAFF

The size of the new contract can have a major impact on all departments within your organizational structure. It is extremely important that the support systems for payroll, billing, purchasing, regulatory compliance, and human resources have an understanding of what will be required to ensure the success of the contract.

EVALUATE NEED FOR SECURITY CLEARANCES

When security clearances for your employees are a contract requirement, it is important that your organization obtain them as early as possible. It is important to coordinate directly with the required activity security officer to ensure that you are following the correct procedures for submitting information for the clearance request. Additionally, this individual can be instrumental in helping to expedite the clearance and in providing and approving interim clearance where required. Remember, start as early as possible and continue tracking progress. At the beginning of the contract, you may need to identify certain employees from a previous contract because they have high-level security clearances. You may want to retain these employees to provide continuity of service.

UNDERSTAND COLLECTIVE BARGAINING AGREEMENTS

The National Labor Relations Act establishes two key rights for your employees: the right to organize, and the right to bargain collectively for wages and working conditions. If you inherit a collective bargaining agreement (unionized labor force), many special considerations need to be addressed. This is done on a case-by-case basis, depending on the terms of the specific agreement in place. Your organization will need a labor attorney to deal with an existing collective bargaining agreement, and to review your options. This may be a time to consider just saying “No” to a contract involving the Union.

PRICING CONTRACTS

PRICING FACILITY CONTRACTS

In order to effectively compete in the industrial contract market, it is necessary to have accurate and detailed financial information concerning the cost of providing each and every job under consideration by the agency. Quite often, a difference of one hundredths of a cent, on a unit basis, will be the deciding factor in obtaining the job, or in having a profit or loss once the job is retained. Prior to pricing, you must obtain a firm understanding of the job requirements. For a small job, this can be completed on a basic form. A statement of work or specifications should accompany large and small jobs.

Pricing the Contract

The bidding process/system that is used should be one that captures all of the cost associated with completing the task as described in the statement of work or job specifications (see SOW). There are several software packages available on the market. However, a simple spreadsheet program will do the job.

Pre-contract Financial Considerations

Prior to defining the basic contract cost, there are financial considerations that must be reviewed to allow your CEO and Board to have a clear understanding of contract start-up costs. The three major areas for financial considerations are start-up costs, cash flow and sources of capital.

Start-up Cost

Start-up cost requirements will include initial costs for supplies and equipment, labor costs/payroll to cover a period of up to 90 days, advance hiring of the project manager, administrative costs associated with the start-up of this contract, and possibly some capital funds for major equipment purchases.

Cash Flow

Your next consideration is cash flow. The purpose of this analysis is to identify additional cash requirements that are necessary to cover cash flow shortfalls, if any, during the initial phase of service performance.

Sources of Capital

Once you have identified your start-up costs, identify your sources for capital. If there is a gap in your business plan regarding capital expenditure planning, traditional sources include your bank, your line of credit, or the Small Business Administration Loan Program.

Evaluating Labor Requirements

There are two types of labor that must be considered when evaluating cost. They are direct and indirect labor costs. If you are not familiar with the type of work that you are evaluating acquire an expert in this area. Labor is the major monetary part of the contract and needs to be costed correctly for your success. Complete time studies for product contracts. However, it is extremely important that once the time study is complete for direct labor, you will also need to incorporate the material handlers, quality control, and supervisor's time (indirect labor). The indirect labor costs are frequently forgotten and can be quite expensive.

Direct labor is defined as all work required for the preparation, processing and packaging of a commodity, or work directly related to the performance of a service.

Direct labor does not include:

Supervisors
Administration
Material handling
Shipping
Quality control

All employees performing direct labor are included in this definition whether full-time or part-time, disabled or non-disabled, and whether they are paid on an hourly or piece rate basis.

Indirect labor costs are generally more difficult to represent in the job costing process. It is unfair, however, to establish an arbitrary figure to meet overhead needs. The value of the often-mentioned "2½ times direct labor" is limited at best. The use of such an approach has, on more than one occasion, caused an agency to either lose a contract opportunity or incur financial losses once the contract has been retained. The overhead rate will vary from contract to contract and agency to agency. Individual judgment related to specific indirect costs is required for each job costing effort. The level of special overhead costs, such as occupancy or transportation, can vary significantly from one job to the next. The degree of negotiation on any line item, therefore, must be determined on an individual job related basis.

Evaluating Other Indirect Costs

Indirect costs are often overlooked when pricing a contract are building space or equipment (if it has already paid for or purchased under a grant, etc.). These items should be included, as maintenance and replacement factors still exist.

Listed below are the most common indirect expenses, with an explanation of how they can be calculated. Your agency's line items should be designed to meet your operating needs.

- Occupancy: All occupancy charges distributed according to square footage allocation.
- Transportation: All transportation charges that are contract activity as determined by distribution according to drive logs, i.e. pick-ups and deliveries.

- Administrative and Support: All charges, distributed on the basis of direct costs, for-executive department, controller and accounting to include payroll, public relations and human resources, miscellaneous management, indirect administration.
- Depreciation: Booked depreciation for general department equipment, as well as special consideration for large equipment purchases required for a particular job.

Equipment and Supply Costs

Assembling quantities and price quotes for supplies and equipment provides a good opportunity to form a partnership with your suppliers. They have the capability and resources to recommend the most efficient methods, materials, and equipment to help you deliver the best value. When evaluating suppliers, there are several key areas to consider in addition to price:

Technical support
 On-site training
 Loaner equipment
 Maintenance support
 Availability and timely delivery
 Billing and finance terms
 Quantity and payment discounts

Equipment

Create a list of all equipment necessary for the job requirements. When evaluating equipment, consider its cost in use. It is usually more economical to buy commercial-grade equipment that will stand up to the rigorous demands of daily use. You may want to consider leasing or renting equipment rather than buying equipment. For instance, a major piece of equipment needed only twice a year would be an ideal candidate for rental.

It is important that the quality is part of the specifications on the bids. It is a false economy to buy cheap equipment that will break and under perform. You may be able to buy an upright vacuum cleaner for \$99, but it is no bargain if it needs frequent repair or does a poor job. Most of the expenses in producing a service are labor. Spending money on machinery that can help you save labor is a wise investment. You must carefully specify the quality of the equipment in the original bid process; otherwise, you can be left with the \$99 vacuum because it was low bid. Expect to pay \$500-600 for an upright vacuum.

Equipment is purchased to achieve labor efficiency, but it must be running and in good condition. To achieve a reasonable up time, a schedule for maintenance should be created and followed. All manufacturers provide, as part of their initial documentation, suggested maintenance items and frequencies. At a minimum, the manufacturer's recommendations should be followed and documented. As part of this maintenance plan, the availability of repair parts should be considered. If parts are not readily available, there should be an on-hand inventory of spare parts.

Major equipment should be listed just like the suppliers. Again this an opportunity to partner with your suppliers to help you estimate the quantities that you will need.

Major equipment is the category that includes items such as auto scrubbers, tractors, vehicles, etc. Obtaining three bids ensures the best possible price. Examine the maintenance costs usually associated with major equipment, and factor this into the overhead costs, if necessary.

Supplies and Materials

Create the list of supplies/materials based upon the task you are performing or the product you are producing. Often, you can have the customer purchase some of all of the materials needed to do the job. Begin by listing these items by generic name, such as window cleaner, disinfectant, all-purpose cleaner.

The second step is to estimate the quantity of each item required for the year or contract. If you are pricing a service contract, you need to know the occupancy of the facility. The quantity of many supplies, such as toilet paper, will be determined by how many people use the facility. Other supplies such as floor finish will be driven by square footage. These square footage figures are included in the job requirement documentation.

The next step is getting quotes from vendors. You will probably want to get several quotes to ensure that you are receiving and supplying the best value. Three estimates should be the minimum.

A similar analysis to the one used for equipment should be made for supplies and minor equipment. They come in all grades and sizes. Cheap supplies may take more labor to use. Even worse is using a “bargain” chemical that causes a problem that must be undone before the job can be redone. It is the cost in use that you want to consider. Consider buying chemicals that are to be diluted, such as concentrates. Otherwise, costs may be increased significantly for ready to use products.

In addition to having the right type of supplies, you must have the right amount on hand to perform the work. You can achieve this by working with your suppliers to make certain that stock levels, order cycle time, and delivery schedules work together to maximize availability and minimize cost. Use a “Build To” inventory control system.

* You are paying for water and ease in use.

Determine Subcontracting Costs

When reviewing the contract requirements, you may identify certain tasks that your agency is either unwilling or unable to do and would prefer to subcontract. These tasks generally include services that require special licensing, training, or equipment. Examples of possible subcontracted services are pesticide application, window cleaning above the third floor, pest and trash removal. Check the contract to make certain that you are allowed to subcontract these services. It is important that any subcontractor understands the Wage Determination, if applicable, for compliance with federal regulations.

Determine Fringe Benefits

If you are working on a Federal contract, the benefits are stated in the Wage Determination, which is part of the contract documentation. However, if you are working on a product or service that is not related to the federal government, you will need to work with the accounting department to determine the cost of these items (health and welfare, vacation, holiday, sick time, etc.) for inclusion in the pricing.

Obtain Insurance Rates

The workers' compensation cost will be taken into consideration in developing the benefits package. State unemployment, if you are liable, will also be included in the calculation. Check with your accounting department to determine if your agency pays unemployment insurance. If you have an insurance carrier, obtain a document that will list both your state unemployment insurance rate and your workers' compensation rate. You will need to talk to the accounting department to find out your part of this figure if you are facility based.

Identify Overhead Costs

Refer to the above section on indirect labor cost to arrive at this number. Again, you will need to have a discussion with the accounting department to identify exactly how this figure applies to your department. It must include operating cost (i.e. water, electric, management, administrative support, and liability insurance) and other costs that you will incur as a part of this contract. This is usually the area that also includes the profit margin.

Quotation for Contractual Services

All quotations given to the customer should be in writing. The quote can be a form or a letter. The quotes should contain an explanation of the job as it was understood and priced including all materials furnished by the customer and all furnished by you and all shipping requirements. This will assist the customer in knowing exactly what the price involves. In addition, this process eliminates confusion regarding additional steps that may need to be added.

SERVICE CONTRACTS

You have just received a phone call requesting you to submit a bid on a service contract. So what do you do? Remember that **not** every opportunity you have is good for your agency. Your challenge is to identify and “win” those service opportunities that best serve your agency. You should, therefore, take a process approach that can lead to an informed decision to bid or not to bid while minimizing the costs to make this decision. Should you decide to bid, it is important that the price submitted, if accepted, will make a positive contribution to the agency. The process being recommended includes two major phases—the feasibility analysis and the contract development phase. Each step builds on the previous process step with each step becoming more specific. Start with a broad approach by first answering the question, “Is the contract feasible for your agency?”

Contract Feasibility

The essential first step in pursuing a service opportunity is to conduct a feasibility analysis. In the contract feasibility phase, you review the factors related to making a “go/no go” decision. You assess whether or not the contract is feasible given the mission, resources and short and long term goals of your agency. In the contract development phase, you gather additional information to make the final decision.

As you work through the feasibility assessment, you are seeking answers to a series of “what, how, and can we” questions. Feasibility assessment is a continuous process in which, at any point, an issue or deficiency may be identified that, if not overcome, would cause a “no go” decision. At that time, you must determine if the issue or deficiency can be overcome and define how it will be resolved. You should resist the natural tendency to consider the positives while downplaying the negatives. Therefore, as you work through the analysis, you should continually ask yourself what problems could arise in the project venture and how they would be overcome.

The six primary areas of the feasibility analysis are:

- General scope and requirements of the contract
- Initial contract site visit and preliminary review
- Mission and goals of your agency
- Management structure, capability, and experience of your agency
- Financial considerations
- Support from your agency’s board of directors and staff

General Scope and Requirements of Contract

Identify the general scope and requirements of the contract starts with a review of the Statement of Work/Performance Work Statement (SOW/PWS—to be called SOW). Your review of the SOW and your knowledge of this service contract should enable you to answer some basic questions:

- What type of service or business is this contract?

- What are the approximate personnel requirements to perform this contract?
- Are your agency's current employees/clients capable of performing work?
- What is the approximate dollar value of this contract?
- What are the possible major capital requirements?
- What are some of the market environment considerations (i.e., what is the long-term projection for the continuity of this service contract?)
- Is there potential for future growth with this contract?
- Will technology make this service obsolete (e.g., digitized information may replace microfiche technology?)
- What is the window of opportunity for this contract? (To answer this question, it is necessary to know the projected start date and some of the critical time frames that must be met).
- What are the critical benchmarks or characteristics necessary to be successful on this contract?

Initial Contract Site Visit and Preliminary Review

One way to better understand the SOW is for you to visit the site at which services will be provided. This will help you visualize the written requirements of the SOW. A site visit will also help you identify any unique contract conditions, special equipment or material, and customer expectations. The question you are trying to answer is "Can I do this work with the population I serve?" Some additional considerations are as follows:

- Can you determine the price? Will the price support the expected costs? Is the price within a competitive range?
- What are the expected quality requirements of the customer and can you meet them?
- Is the current service provider meeting the quality requirements?
- Do you have the ability to deliver the service at the agreed price, expected quality, and within the time frames?
- What are the expected costs, returns, and potential for loss in entering this business?
- What level of risk can your agency assume and afford?
- Are the required or competitive wage rates commensurate with your agency's current wages?
- Is there a collective bargaining agreement?

Management Structure and Capability of Your Agency

The focus of this section is on your agency's organizational structure, systems and processes, and personnel as they relate to the satisfactory performance of this contract.

Mission and Goals of Your Agency

Once you have a general understanding of the scope and requirements of the contract, you can assess how it matches the mission and goals of your agency.

- How will this contract benefit or serve the needs of your clients or employees?

- How does this contract further the mission and goals of your agency?
- Does this contract represent the best use of your agency resources in support of your mission?
- How will this contract affect your existing operations?
- Will you need to expand your current client worker base of referrals, or serve a different population, to meet the personnel demands of the contract? If so, will the agency's board of directors concur with an expansion of your mission?

Organizational Structure

You will need to examine your current organizational structure and identify whether it is capable of meeting specific contract requirements. If your organizational structure needs to be changed to enhance the management of the contract, what are those changes? As an example, some not-for-profit organizations have created separate corporate identities or made changes to their bylaws. Perhaps you will need to create new departments within your organization to meet the requirements of this contract. You may need to change or realign duties within your organization's current departmental structure.

Systems and Processes

Other crucial considerations are your business systems and processes. These can be classified into four major categories: operations, finance, human resources, and administration. Are these systems capable of meeting the requirements of the service contract while continuing to adequately support current and future business plans?

Personnel Considerations

Evaluate your management team's strengths and weaknesses as a team as well as the strength and weaknesses of its individuals. Can the current team assume the anticipated duties and requirements of this new service contract? Will you need to realign duties or hire more management staff?

One of the most critical decisions is choosing a project manager. You will need to create a job description identifying required skills and abilities. Next, you should evaluate whether your organization can supply this person. *The project manager should have specific, demonstrable experience and knowledge in the particular business or service that the contract requires.* This project manager's experience and knowledge should approximate the scope and level of the job. What are the other skills and abilities needed to perform this contract? Do you currently have, or can you get, the personnel to support this contract? For economic reasons, most service projects require higher-functioning clients. Because the nature of the work and limited supervision require more independent skills, successful agencies indicate that the average productivity for the project crew is at least 70 percent.

Financial Considerations

Pre-Contract Financial Considerations

Prior to defining the basic contract cost there are financial considerations that must be reviewed to allow your CEO and board to have a clear understanding of a contract start up costs. The three major areas for financial consideration are start up costs, cash flow and sources of capital. At this stage, you are developing “ball park” estimates. As you proceed through a process approach to service, pricing you will refine and become more specific in your cost estimates.

Start-Up Costs

Start-up costs requirements in a service contract will include initial costs for supplies and equipment, labor costs/payroll to cover a period of up to receipt of first payment (commercially 45 to 60 days and 90 days for federal agencies), advance hiring of the project manager, administrative costs associated with the start-up of this contract, and possibly some capital costs for major equipment purchases.

Cash Flow

Your next consideration is cash flow (see the Cash Flow Form the end of this chapter). The purpose of this analysis is to identify additional cash (capital) requirements that are necessary to cover cash flow shortfalls, if any, during the initial phase of service performance.

Sources of Capital

Once you have identified your start-up cost needs, you should then identify your sources of capital. If there is a shortfall in capital, where will you obtain the additional capital?

Support from Agency Board of Directors

Given the information gathered during the feasibility analysis, will the agency board of directors support contract development? If your recommendation is to proceed with the contract, the feasibility analysis should form the basis for obtaining board support and commitment for further contract development.

Contract Development

Once you have completed the feasibility study and have decided to proceed, the next step is to develop all the information necessary to submit a bid for services to the requesting activity. Now you need to be specific and to quantify your results as accurately as possible. It is critical to the success of any service contract that all parties to the contract have the same understanding of contract requirements and performance expectations. Therefore, strive to include all parties responsible and accountable for developing the requirements, carrying out the performance requirements, and for evaluating the resultant performance. A Pricing Development Checklist is provided at the end of this chapter to guide you through the process.

Work Requirement and Statement of Work Review

Now is the time to have all members of the Contract Development Team review the SOW in detail. This may seem silly, but the majority of contract performance problems result from the contractor (you) no fully understanding the customer's contract requirements. There is no shortcut to reading the SOW closely, carefully, and completely. (See SOW sample) Since all team members will view these documents from their unique perspective, all should participate in this review.

In the SOW you will encounter many "contractor shall and shall not's." Make special note of these statements as they provide the ground rules for what the contractor is expected and not expected to do. They can have significant impact on the price and your ultimate costs to perform. Identify all special requirements such as reporting requirements, security clearances, hours of performance, quality standards, performance deductions, pre-contract start-up requirements, etc.

Chances are good the services currently being provided by the current contractor are different than the requirements defined in the SOW. The time to resolve any differences is now, as problems, discrepancies, and confusion are relatively easy to solve early on—the later you wait, the harder to solve. Thus, make a list of any questions and areas of concern that you have and discuss these with the appropriate requiring activity personnel.

Pricing Phase

Now that you have gained an in-depth knowledge of the service requirements through your review of the SOW, an on-site visit, and follow-up questions, it is time to develop a detailed price proposal. You will need to estimate your labor costs, expendable supplies and equipment needs, subcontract costs, vehicle operations, rental costs, applicable general and administrative costs, and other agency overhead rates.

Developing the cost of performing your service contract is one of the most critical parts of building a successful services contract, so don't take this task lightly. Obtain outside expertise if your agency personnel don't have the prerequisite experience in the requested service area.

Labor Requirement

Labor in almost all service contracts is 70 percent or greater of service costs. It is, therefore, critical that labor requirements be accurately projected and priced. You must estimate the number of labor hours required by labor category. Then you must determine the wage rate for each labor category, and the applicable fringe benefit rates that apply.

There are many automated and semi-automated spreadsheet tools to help develop labor hours for various types of service contracts. Additionally, there are many standards established for services. For example, GSA, Daniels, R.S. Means, ISSA, BOMA, and BSCAI are all organizations that have established standards for custodial contracts. There are similar standards for landscaping, grounds maintenance, and about any other service you can encounter. They can provide a starting point, or a reality check, for your figures. None of these tools can replace the figures determined by an experienced person after touring the site and reviewing the SOW. Other

sources are your fellow State Use CNA's who currently perform similar services. Their experience and knowledge can be invaluable to you—don't reinvent the wheel, rather gain from other agency's knowledge and experience. Ask the Office of Procurement from CRP's for their recommendations.

Are there additional factors or special labor requirements in the SOW? These requirements could include medical examinations, special certifications (e.g., executive housekeeper) or drug testing. These factors could increase your labor hours as well as reduce the qualified labor pool. T-B testing? Hepatitis-B?

Group your labor by labor category—for example, warehouseman, janitor, and supervisor. Depending on the type of service contract, multiple wage categories may be applicable to one service contract. If you are unfamiliar with this concept, discuss it with The Office of State Purchasing or check the Department of Labor's *Services Contract Act Directory of Occupations*, on line.

Now you must determine the competitive or required wage rate to be paid by labor category. All federal service contracts above \$2,500 per year have a Wage Determination issued by the U.S. Department of Labor that sets minimums for both wages and fringe benefits that must be paid on a contract. The wage determination normally accompanies the SOW, or it can be obtained from your contracting officer.

Contracts with commercial firms are not subject to the same requirements, but you will need to pay competitive wages to attract and retain qualified personnel. There are several local agencies such as Chamber of Commerce, State Department of Revenue, and educational institutions, which do surveys and studies of local wage rates. You can always perform a prevailing wage survey when appropriate.

Productivity Rating

If you are going to pay commensurate wages (wages based on productivity under the Department of Labor Certificate) then another key figure to be estimated is the average productivity rating for direct labor on the contract. In making this estimate, keep in mind that the contract may require your higher-functioning clients to meet the productivity demands to keep the operation cost-effective. The estimated productivity rating should be specific to the contract. This rating will be a combination of the estimated productivity levels for both persons who are disabled and non-disabled. Once you arrive at your estimate, you will use it to calculate labor and fringe benefit (if applicable) costs for the contract. On federal government contracts you are required to pay fringe benefits for every hour worked.

Next, determine how you plan to handle vacation, holiday, sick, and other leave. If you plan to back-fill with other personnel when employees go on leave, then you will need to account for those hours.

Payroll taxes next need to be calculated. FICA, FUTA, SUTA and other costs need to be included in your price proposal. Workers' compensation costs need to be taken into

consideration in developing the pricing package. State unemployment, if you are liable for it, should also be included in the calculation.

Partnering with Suppliers

Assembling quantities and price quotes for supplies and equipment is a perfect opportunity to form a partnership with your suppliers. They have the capability and resources to recommend the most efficient methods, materials, and equipment to help you deliver the best value.

When evaluating suppliers, there are several key areas to consider in addition to price:

- Technical support
- On-site training
- Loaner equipment
- Maintenance support
- Availability and timely delivery
- Billing and finance terms
- Quantity and payment discounts
- On time delivery
- On line testing
- Marketing to your customer new equipment + products
- Support to managers
- Audio visual material
- Providing training and other tools such as video material at no cost
- Assistance to meet OSHA requirements
- Customer Support
- Immediate attention!

Expendable Supplies

The service you are bidding on will normally require expendable supplies. “Expendable Supplies” refers to items that are consumed by the service; examples are floor finish, paper products, and chemicals.

Begin by listing the name or description of each expendable supply item. The second step is to estimate the quantity of each item required for the year. The quantity of many supplies, such as toilet tissue, will be determined by how many people use the facility. Other supplies, such as floor finish, will be driven by size. Revisit your SOW so you have this information at your fingertips and then talk with your suppliers to help you with these estimates.

You must obtain price quotes from vendors. Be sure when comparing quotes that you are comparing apples to apples in terms of product and unit pack. Ensure that your estimated quantity is what the vendor quoted a price on. Many times, they will quote on a different unit pack, which can distort your cost estimates. Also, be sure that any substitute products are noted and acceptable to you.

“The faintest written word is better than the strongest memory.” It is a good business practice to get quotes in writing. This is especially true for the low quote that you will be accepting and using as a basis for your pricing. It is a good business practice to have the vendor guarantee the quote for a period of time. A complete and clearly prepared summary of quotations is essential to preparing final price proposal. This can help to avoid rework or costly errors.

Equipment

When you invest in equipment, you are seeking cost savings primarily in labor. So ensure that the equipment you purchase provides the greatest labor savings. In most cases, a well thought out equipment purchase plan will save significant labor costs and provide a solid basis for a competitive bid.

When evaluating equipment, consider its cost in use as well as the initial lease or purchase cost. Your objective in purchasing equipment is to save labor, so purchase equipment that provides the maximum return on saved labor. Standardize on the same equipment make and model whenever possible. Also, consider maintenance costs. For all of these reasons, it is usually more economical to buy commercial-grade equipment that will stand up to the rigorous demands of daily use as well as maximize labor savings.

You may want to consider leasing or renting rather than buying equipment. For instance, a major piece of equipment that is needed only twice a year would be an ideal candidate for rental. Select equipment suppliers who will stand behind their product. It is valuable to have a supplier who can perform warranty repairs, do other repairs to the equipment, provide loaners when your equipment is down, and provide training in daily preventative maintenance and use of the equipment.

This is another opportunity to partner with your suppliers to help you select the best equipment and estimate the quantities that you will need. Goodwill has negotiated special pricing with various equipment suppliers. If there is a local representative who can provide the above mentioned services, be sure to obtain estimates.

Subcontracting Services

When receiving the SOW, you may identify certain tasks that your agency is either unwilling or unable to perform and would prefer to subcontract. These tasks generally include services that require special licensing, training, or equipment. Examples of possible subcontracted services are pesticide application, multi-floor window cleaning, and pest and trash removal. Check the SOW to make certain that you are allowed to subcontract these services.

If the service you are to perform is for a federal agency, you must be certain that the subcontractor meets all the requirements of the Service Contract Act, including paying the applicable Wage Determination rate.

Renting

Some services required in your SOW will require specialized equipment that you will want to rent rather than buy, or items that are more economical to rent. For example, some agencies prefer to rent pagers, portable phones, uniforms and scissor lifts.

Vehicles

Since most service contracts are performed away from your site, you will need to consider transportation to and from the contract. Also, the SOW may require the use of a vehicle to perform the services. Estimating these costs is fairly straightforward. The main issue is the mileage the vehicle will be driven in support of the service. Be sure to include all costs including maintenance, insurance, registration fees, tags, taxes, fuel and other applicable costs.

Other Costs

“Other costs” is a catchall category for items unique to your SOW. It may include such items as food handler certificates, physicals, asbestos training, security clearances, and IMPAC (Government Credit) card costs. No list is ever complete, so put your brainstorming hat on in an attempt to capture all of those “hidden” costs that need to be included in your price estimate.

Overhead, G&A, and Margin

These are costs not directly chargeable to the contract, but are costs of doing business. These costs are normally charged indirectly based on an agency established allocation basis. Use your agency’s rate when including these costs in your price proposal.

The Twelve Biggest Mistakes Agencies Make in Pricing Service Contracts

12. Don’t read in detail the Statement of Work.
11. Assume the Statement of Work fully describes the customer’s requirements and expectations.
10. Service contract doesn’t support the stated goals of the agency.
9. Take a ‘lone ranger’ approach to pricing rather than a team approach.
8. Don’t conduct a site visit.
7. Don’t do a business plan and a cash flow analysis.
6. Don’t seek the assistance of an expert in the associated service field.
5. Don’t understand Murphy’s Law—contingency planning.
4. Don’t have adequate cash reserves and capital.
3. Price the service too low or don’t consider phase in.
2. Don’t take into consideration all costs.
1. Underestimate labor requirements—hours, wages, and associated costs.

Feasibility Checklist

| Item | Go | No Go | Needs Work |
|---|----|----------|------------|
| General Scope and Requirements of Contract | | | |
| Review SOW | | | |
| Conduct site survey | | | |
| Review current contract price and/or government activity's target price | | | |
| Describe contract growth potential | | | |
| Determine longevity of contract | | | |
| Rough estimate direct and indirect labor hours | | | |
| Rough estimate number of job slots | | | |
| Management Capability and Structure of Your Agency | | | |
| Determine whether this service fits your mission statement and the services you want to provide for people with disabilities | | | |
| Determine whether your current organization is capable of supporting contract requirements for: | | | |
| ▪ Training | | | |
| ▪ Personnel | | | |
| ▪ Management and contract administration | | | |
| ▪ Quality control | | | |
| ▪ Reporting requirements/security, etc. | | | |
| ▪ Wage and benefit rates | | | |
| Determine whether the current systems and processes are adequate to support contract requirements | | | |
| Determine whether the productivity levels of your current population are appropriate for this contract (if not, can you access a client worker base?) | | | |
| Financial Considerations | | | |
| Determine start-up costs | | | |
| Determine cash flow requirements | | | |
| Determine source of capital | | | |
| Agency Board of Director Support | | | |
| Get board decision for further contract development | | | |
| Decide whether to go forward to the development phase | | | |

On-site Visit Checklist

Contract Name: _____

Contract Location: _____

Contract Number: _____

| Who | Date Done | Item | Comments |
|-----|-----------|---|----------|
| | | List site visit participants | |
| | | Provide copy of SOW to all participants | |
| | | Determine government point of contact (usually contracting officer or COR) | |
| | | Discuss and clarify questions and concerns on SOW/PWS with CO | |
| | | Tour complete facility | |
| | | Verify accuracy of SOW data | |
| | | Determine current acceptable quality level | |
| | | Review government-furnished equipment and supplies | |
| | | Discuss current provider's work routines and methods | |
| | | Identify and list any unusual circumstances or conditions that would require work not identified in the SOW | |
| | | Identify any unusual equipment or supply requirements | |
| | | Clarify any indefinite quantity requirements | |
| | | Evaluate government-furnished office and storage locations | |
| | | Evaluate facility in terms of adequacy for contract performance | |
| | | Determine building occupancy | |

Licking/Knox Goodwill Industries, Inc.
Cash Flow Form

| | Base Month | Month 1 | Month 2 | Month 3 | Month 4 |
|--------------------------------|-----------------------|----------------|----------------|----------------|----------------|
| | | | | | |
| RECEIPTS | | | | | |
| | | | | | |
| Income | | | | | |
| | | | | | |
| Loan/other capital sources | | | | | |
| | | | | | |
| TOTAL RECEIPTS | | | | | |
| | | | | | |
| | | | | | |
| DISBURSEMENTS | | | | | |
| | | | | | |
| Wages | | | | | |
| Fringes | | | | | |
| | | | | | |
| Supplies | | | | | |
| Equipment | | | | | |
| Equipment loan repayment | | | | | |
| Vehicle | | | | | |
| Rental | | | | | |
| Subcontracts | | | | | |
| Other | | | | | |
| | | | | | |
| Agency overhead | | | | | |
| | | | | | |
| Agency G&A/margin | | | | | |
| | | | | | |
| TOTAL DISBURSEMENTS | | | | | |
| | | | | | |
| EXCESS/SHORTAGE | | | | | |
| | | | | | |
| CASH BALANCE | | | | | |

Licking/Knox Goodwill Industries, Inc.
Pricing Development Checklist

| Item | Who | Date Assigned | Date Promised | Date Completed |
|--|-----|---------------|---------------|----------------|
| Designated your contract specialist | | | | |
| Review of SOW | | | | |
| Detail tasks, frequencies, and other requirements | | | | |
| Resolve questions, issues in SOW with requiring activity | | | | |
| Determine methods, processes to perform service | | | | |
| Prepare hours analysis from SOW | | | | |
| Determine size of labor pool needed | | | | |
| Finalize direct labor estimate | | | | |
| Finalize indirect labor estimate | | | | |
| Estimate crew productivity rating, if applicable | | | | |
| Obtain payroll/insurance rates | | | | |
| Contact vendors for price quotes | | | | |
| Prepare supplies list | | | | |
| Prepare equipment list | | | | |
| Determine vehicle requirements | | | | |
| Determine subcontracting requirements | | | | |
| Determine rental requirements | | | | |
| Determine other costs | | | | |
| Determine agency overhead rates | | | | |
| Finalize Price Proposal | | | | |
| Prepare final business plan | | | | |
| Obtain approvals | | | | |
| Negotiate price/contract with requiring agency | | | | |
| Set pre-performance meeting, if approved | | | | |

CREATE A BUSINESS PLAN

A business plan is your road map—a logical way to pull together all the information into a formalized plan. The elements of a business plan include a cover sheet, a statement of purpose, and table of contents, in addition to the following:

- 1) The business
 - a) Description of business
 - b) Marketing
 - c) Competition
 - d) Operating procedures
 - e) Personnel
 - f) Business insurance (property, casualty, liability, fidelity, bonds, worker's compensation, unemployment)

- 2) Financial data
 - a) Loan application
 - b) Capital equipment and supply list
 - c) Balance sheets
 - d) Break-even analysis
 - e) Pro forma income projection (profit and loss statement)
 1. Three-year summary
 2. Detail by month, first year
 3. Detail by quarters, second and third years
 4. Assumptions on which projections were based
 5. Pro forma cash flow (follow guidelines for letter above.)

- 3) Supporting documents
 - a) Financial statement (all banks have these forms)
 - b) Copy of costing package and all supporting documents
 - c) Copy of contract/statement of work
 - d) Copy of proposed lease or purchase agreement for building space if required
 - e) Copy of licenses and other legal documents
 - f) Copy of resumes of all principals
 - g) Copy of letters of intent from suppliers, etc.

Licking/Knox Goodwill Industries, Inc.
JANITORIAL COSTING MODEL
2009
COST BREAKDOWN

DESCRIPTION

| | | |
|--------------|---|----|
| I. | Supplies and Equipment | |
| | a. Expendable Supplies | \$ |
| | b. Equipment Depreciation | \$ |
| | c. Other Equipment | \$ |
| | d. Total Supplies and Equipment | \$ |
| II. | Labor | |
| | a. Direct Labor (Use Standards) | \$ |
| | b. Lead Worker or Crew Leader (2nd Shift) | \$ |
| | c. Warehouse Worker/Other | \$ |
| | d. Indirect Labor (8%) | \$ |
| | e. Total Labor | \$ |
| III. | Burden | |
| | a. Direct Labor Fringe (14%) | \$ |
| | b. Lead Worker Fringe (14%) | \$ |
| | c. Warehouse Worker Fringe (14%) | \$ |
| | d. Indirect Labor Fringe (14%) | \$ |
| | e. Vehicle Operation | \$ |
| | f. Communications | \$ |
| | g. Rental | \$ |
| | h. Fees, Licenses, Insurance | \$ |
| | i. Sub-Contracts | \$ |
| | j. Total Burden | \$ |
| IV. | Other burden | |
| | a. Overhead (%) | \$ |
| | b. Profit (%) | \$ |
| | k. Fees, State, NISH, Other | \$ |
| | l. Total Other Burden | |
| V. | Total I, II, III, IV, Above | \$ |
| VI. | Total Cost Service Annually | \$ |
| VII. | Total Monthly Cost | \$ |
| VIII. | Loaded hourly rate | \$ |

Licking/Knox Goodwill Industries, Inc.
JANITORIAL COSTING MODEL
2009

* Costing labor hours shall be done using the following methods:

- * **ISSA time standard**
- **Engineered performance standards**
- **OIH time standards**
- **Daniels method**
- **Direct time measurement**
- **Historical data, if available**
- **Any combination of the above**
- **Labor Pool requested by the customer**

* Once Direct Labor hours are determined, wage shall be determined by the current prevailing wage agreed upon by the HR director and Operations Director, a prevailing wage survey or use of the Wage Determination Rate. When possible a tiered supervisory system shall be derived based upon the lowest labor rate and the local wage needed to attract workers to the vacant position.

* The current prevailing labor tax shall be applied to the total labor dollars.

* Holiday costs will be based upon contract specifications

- **Fringe benefits shall be determined by the specifications of the contract of the maximum allowable per contract. Vacation costs shall be determined at the same labor rate and tax base used for the term of the contract year.**
- **The labor dollars will be determined by establishing an annual value using the frequency chart provided in the contract specifications.**

* Indirect Labor hours will be determined by the following criteria:

- **8% of the total direct labor hours shall be the base used for supervision**
- **The requirements of the specifications**
- **The full term of the shift(s) as determined by the scope of work**

* Indirect Labor wages will be determined as follows:

- **15% for next level supervision + 25% for management**
- **What the market will bear**
- **The local wages needed to attract workers to the job**

Estimating Guidelines

Time is a crucial factor in the success of any business. This is no less true when it comes to evaluating how much time it takes to clean a given area. But determining those times can be difficult. Two workers with the same tools, instructions, and area will clean at a different pace.

The International Sanitary Supply Association 310 Cleaning Times (from now on 310 Times) has been developed from average cleaning times collected through the years from its member firms. 310 Times provides a set of average cleaning times for most cleaning functions. Average cleaning time is the normal time required for a qualified worker, working at a comfortable pace, to complete an operation when following a prescribed method.

The first effort to provide cleaning industry time standards was developed by the late John A. Joerg, former ISSA Executive Director. The device that provided the time estimates was the Area Cleaning Time Calculator and Instruction Booklet. These materials were introduced to the industry in 1963 at the National Sanitary Supply Association (precursor to ISSA) Convention in Chicago. This original estimator was a slide rule type cleaning time calculator. Between the original introduction of the cleaning time estimator and the present (1994), ISSA has continuously worked to refine the estimator's cleaning times to make it a valuable estimating tool.

In 1990, ISSA offered a new format for cleaning times in ISSA's 292 Cleaning Times (from now on 292 Times). This booklet provided a more extensive listing of cleaning functions than the earlier cleaning time calculators. Its "job list" format was simpler for cleaning managers more comfortable with a table of times and a database than a slide rule.

310 Times is an updated listing that added several new technologies introduced or improved since the original 292 Times was introduced. 310 Times also contains the first reference to robotics in any ISSA cleaning times publication. Since the publication of 292 Times, at least four robotic machines have been introduced. These robotic cleaning machines include a carpet vacuum, automatic floor scrubber, carpet extractor, tile cleaning machine for the train tunnel below the English Channel. There is also robotic public restroom that eliminates the need for workers to perform any cleaning or sanitation functions in the restroom.

310 Times is designed to assist the estimating procedure so that you may determine a fair assessment of the total hours of labor required for a cleaning program. This time data represents average cleaning times.

Other cleaning standards can be obtained through Daniels Method, Army, Navy, and Marines Standards, GSA, BOMA, OIH/Possitivity Standards, engineered time standards, direct time management, historical data, or a combination of the above or any other time standard located in the industry.

Licking/Knox Goodwill Industries, Inc.

When calculating cleaning times, many variables must be considered. These include: the age of the building, design of the building, climate, season, outside soil, placement of custodial closets, type of floors and walls, custodial training, day vs. night cleaning shifts, vandalism, etc.

By using a set of uniform conditions, time standards are formulated. These times are approximate. They are intended as a benchmark for a more through time and motion study within the complexities of your own facility. All times are based on the following external conditions:

- Each cleaner must have enough materials, supplies and equipment to do the work.
- Cleaners must be adequately trained to do the task with the materials and supplies available.
- Each cleaner must show the ability to do the standard using existing supplies.
- Cleaners must be aware there is a specific time expectation.
- Each cleaning worker is regularly evaluated to provide ongoing adherence to cleaning times standards.

There are five different methods to calculate cleaning times. These include detail method, square foot per day, unit, fixture, and combination methods.

Detail Method

This method lists a time for each specific cleaning activity. These times are allocated on a square foot/square meter, lineal foot/meter, or time basis. Total cleaning times are calculated as the sum of the product of incremental times and the number of unit items.

Square Foot per Day Method

This method defines the average number of square meters/feet a worker can clean during a given day. Measuring and recording the actual work completed during a given period in your facility determine accurate cleaning times. These numbers must be modified depending on what types of areas (i.e. restrooms, offices, general building cleaning) are being cleaned.

Unit Method

Times calculated by the unit method are based on estimations by an experienced supervisor or estimator. Cleaning workers are assigned a certain number of units, or kinds of spaces, to clean during a given workday.

Licking/Knox Goodwill Industries, Inc.

Fixture Method

This method is frequently used to determine cleaning times in restrooms. The cleaning time is calculated by applying a time factor to each type of fixture (i.e., four minutes per toilet). That number, multiplied by the total number of fixtures, equals the total cleaning time.

Combination Method

This method uses the Detail methods times, and group's activities typically performed in a particular area into a matrix. Then an estimated frequency for the activities is assigned. The resulting numbers may be expressed in both time per square foot and time per fixture.

Most cleaning standards use all five methods to calculate cleaning times. They are not a time and motion study. It is an estimating guide. Most of these times could be improved after actual on-site productivity studies.

Licking/Knox Goodwill Industries, Inc.
PRODUCTIVITY EXAMPLE
2009
A Typical Work Loading Sheet

| <u>General Cleaning Tasks</u> | <u>Min. Per Tasks*</u> |
|----------------------------------|------------------------|
| Ashtrays | 2.5 |
| Trash | 2.5 |
| Remove Trash | 2.3 |
| Horizontal Dusting | 2.2 |
| Equipment Dusting` | 2.5 |
| Hi/Lo Dust | 4.5 |
| Spot Clean | 1.0 |
| Clean Telephone | 0.5 |
| Clean Drinking Fountains | 1.2 |
| Clean Air Vents | 10.0 |
| Clean Partition Glass | 3.0 |
| <u>Floor Work</u> | |
| Dust Mop | 10.0 |
| Spot Mop | 3.0 |
| Damp Mop | 14.0 |
| Wet Mop | 16.0 |
| Spray Buff (slow) | 35.0 |
| Spray Buff (high) | 22.0 |
| Scrub & Recoat | 45.0 |
| Strip & Refinish | 240.0 |
| Auto Scrub (36 inch) | 10.0 |
| Recoat One Coat | 15.0 |
| Broom Sweep | 7.0 |
| <u>Vacuuming Carpet Work</u> | |
| Spot Vacuum | 3.0 |
| Traffic Vacuum | 5.0 |
| Detail Vacuum | 6.0 |
| Pull Vacuum | 11.0 |
| Spot Clean Carpet | 2.0 |
| Rotary Shampoo | 180.0 |
| Extract (shampoo) | 240.0 |
| Spin Clean | 30.0 |
| <u>Restrooms</u> | |
| Fixture Cleaning | 3.0/unit |
| Bradley Fountain | 10.0/each |
| Shower | 6.0/each |
| Shower Room | 45.0 |
| Wash R.R. Partitions | 35.0 |

Satement **O**f **W**ork

Who

What

When

Where

Why

And

How Much?

Licking/Knox Goodwill Industries, Inc.
STATEMENT OF WORK
2009
Areas to Seek Agreement

- Utility Hours
- Contractor Storage Area
- Contractor Office Area
- Contractor Furnished Items
- Customer Furnished Items
- Sole Sourcing Items
- Dispensers
- Equipment Requirements
- Uniforms
- Cell Phones
- Security Clearances
- Supervision (experience requirements)
- Deduction Process
- Reduction of Space
- Main Corridors/Secondary Corridors
- Secure Areas, Access Codes
- Day/Night Hours/Shifts
- Understanding frequencies such as: “as needed” or “as required”
- Insufficient frequencies such as buffing semi annually
- Key People
- Keys
- Building Population and Changes
- Restoration cleaning, grace period or special billing
- Change in floor space, floor surfaced
- Construction clean up
- Defining cleaning such as “spot cleaning”, “dust furniture” or “remove trash”
- Recycling
- Cleaning Areas
- Cleaning requirements and frequencies
- Interior and Exterior
- Cleanable Square Footage
- Building Information
- Ambiguous Statements
- Gentleman’s Agreements
- Quality Interpretations
- Personal Service Contracts
- Snow removal, equipment, labor, product

Licking/Knox Goodwill Industries, Inc.

SCOPE OF WORK

2009

Description / Specification

Scope of Work

The contractor shall provide management, supervision, manpower, equipment and supplies necessary to provide janitorial and related services as described herein.

A. Daily Mandatory Man-hour Requirements:

1. **Utility Man-Hour Requirements:** A minimum of 2.5 man-hours per day must be provided between the hours of 6:00 a.m. and 8:30 p.m., Monday through Friday, except federal holidays, for utility services, as outlined in Exhibit 2A. Hours not provided on one day may not be made up on a subsequent day.
2. **Services Required.**
 - a. The contractor shall provide the services outlined, at the frequencies specified in the Task and Frequency Chart, Part III, Section J, Exhibit 2A, and in accordance with the Cleaning Work and Quality Requirements described in Part II, Section J, Exhibit 2A. The Task and Frequency Chart is intended as a quick, ready reference. Whenever questions arise between the Task and Frequency Chart and the complete details descriptions of the cleaning work and quality requirements, the latter takes precedence. In addition, the contractor shall provide the services outlined, at the frequencies specified, and in accordance with the quality requirements as described in Part III, Section J, Exhibit (s) 1 and 1A, 1B, 1C, and 2.
 - b. The building areas to be serviced are described in Part III, Section J, and Exhibit 1. The figures contained in Exhibit 1 are appropriate and are estimates of the building statistical data. The contractor is responsible for verifying dimensions and quantities. The data contained in Exhibit 1 in no way modifies the "Site Visit" clause on the GSA Form 3501/3502 (Solicitation Provisions) included in Part IV, Section L.
 - c. With the exception of utility work, & toilet room servicing, authorized by the contracting officer's representative, and work ordered under the additional services provision of the contract (see Part 1, Section B, paragraph 3), all work shall be performed between the hours of 6:00 a.m. and 10:00 p.m. within the normal five day week observed by the building occupants, unless specifically approved by the contracting officer's representative. No work shall be performed on weekends when the government has no force on duty available for the inspection

of the contractor's work unless prior written approval of the contracting officer's representative is obtained.

3. Supervision

a. General.

The contractor shall arrange for satisfactory supervision of the contract work. The contractor of his supervisors shall be available at all times, when the contract work is in process, to receive notices, reports, or requests from the contracting officer or his representatives. It is the policy of GSA that government direction or supervision of contractor's employees, directly or indirectly, shall not be exercised.

b. On-Site Supervisors.

The contractor shall provide in writing to the contracting officer at least five days prior to the contract starting date the names, telephone numbers and addresses of on-site supervisors. The term "on-site supervisor" means a person designated in writing by the contractor who has authority to act for the contractor on a day-to-day basis at the worksite and to accept and sign for notices of deductions, inspection reports and all other correspondence on behalf of the contractor.

4. Supplies, Materials, Equipment, and Utilities

a. Furnished by the (Customer)

- 1. Electrical power at existing outlets for the contractor to operate such equipment as is necessary in the conduct of his work.**
- 2. Hot and cold water as necessary, limited to the normal water supply provided in the building. No special heating or cooling of the water will be provided.**
- 3. Space within the building commensurate with the contractor's personnel complement and operational requirements including locker rooms, if applicable. Any existing equipment with GSA custodial space such as clothes lockers, tables, benches, chairs, etc., placed within the building by the government may be used by the contractor during the term of the contract provided authorization is received from the contracting officer's representative. This space and equipment must be kept neat and clean and returned to the government at the expiration of the contract in reasonably the same condition as at the time of entering into the contract.**

- 4. Space in the building for storage of an inventory of supplies and equipment, which will be used in the performances of work under the contract. The government will not be responsible in any way for damage or loss to the contractor's stored supplies materials, replacement parts, or equipment.**
- 5. Janitor's closets, where available, at various points throughout the building for storing equipment including mops, brooms, dust cloths, and other items. These closets and the stored equipment shall be kept clean and in an orderly manner by the contractor.**
- 6. Space in the building and furniture and furnishings (to include telephone for restricted use) for a supervisor's office to be used for official business only in the performances of this contract. Telephones supplied by the government are to be used for communication within the building only. The contractor or the contractor's employees will not use government property in any manner for any personal advantage, business gain, or other personal endeavor.**
- 7. Heating and air conditioning of space to be cleaned during normal working hours of the building occupants.**

b. Furnished By the Contractor.

- 1. The contractor shall furnish all supplies, materials and equipment necessary for the performance of the work of this contract unless otherwise specified herein. These supplies and materials shall be of a quality to conform with applicable specifications listed in Part III, Section J, Exhibit 3. The contractor shall submit a list giving the name of the manufacturer, the brand name and intended use of each of the materials that he proposes to use in the performance of the work, and he shall not use any material which the contracting officer's representative determines would be unsuitable for the purpose or harmful to the surface to which applied.**
- 2. Any material, which the contracting officer's representative suspects of not meeting specifications, shall be tested by a recognized testing laboratory at contractor's expense. A copy of the laboratory report giving the results of the test and a sample of each product, if requested, shall be submitted to the contracting officer's representative. These products shall meet the requirements established by applicable specifications (see Part III, Section J, Exhibit 3) or be considered unacceptable for use.**
- 3. All necessary cleaning equipment including power driven floor scrubbing machines, waxing, and polishing machines, industrial type vacuum cleaners, and all necessary motor**

trucks, desk movers, file cabinet movers, etc., needed for the performance of the work of this contract shall be furnished by the contractor. Such equipment shall be of the size and type customarily used in work of this kind and shall meet the approval of the contracting officer's representative. Defective equipment shall be repaired or replaced within 72 hours.

4. The contractor shall require all employees, including supervisors, to wear distinctive uniform clothing for ready identification, and assure that every employee is in uniform no later than ten working days from the date of employee first enters on duty. Employees shall wear uniforms consisting of shirts and trousers, coveralls, or smocks for men, and dresses, skirts and blouses, slacks or smocks, as appropriate, for women. The uniform shall have the contractors, name, easily identifiable, affixed thereon in a permanent or semi-permanent manner such as a badge or monogram. Any color or color combination, as appropriate, may be used for the uniforms, except green. Employees shall be required to dress neatly, commensurate with the tasks being performed.
5. The contractor shall arrange with the telephone company for the installation, at his expense, of private outside business phones for his use in making calls outside the building.

5. Qualifications of Personnel

a. Qualifications of Supervisory Employees.

All supervisory personnel engaged in directing the work to be accomplished under this contract shall possess at least two years of recent (within the past five years) experience in directing cleaning type operations in a supervisory capacity for buildings of the approximate size of the building(s) to be cleaned under this contract.

1. A detailed resume containing the information specified below must be submitted to the contracting officer for approval prior to assignment of any supervisors to the contract. Both new and replacement supervisors must meet these qualification standards.
 - (a) The full name of the proposed supervisor
 - (b) A detailed description of the previous five years employment history of the proposed supervisor.
 - (c) The name (s) and address (es) of the companies for whom the proposed supervisor worked for the past five years, along with the name (s) and telephone numbers (s) of his or her immediate supervisor.

2. Qualification of Other Contractor Personnel.

(a) General.

The personnel employed by the contractor shall be capable employees, trained and qualified in custodial type work. The building shall be fully staffed beginning the first day of work under the contract, and initially not less than 50 percent of the staff shall be trained and experienced cleaning personnel who will exhibit the capability of operating with a minimum of supervision. The remainder of the staff shall be fully trained and qualified within 30 days after the initial starting date. All personnel will receive close and continuing first-line supervision by the contractor.

The contractor's employees shall be familiar with the building fire alarm system. All employees shall be trained on the procedures to follow in the event of fire or other emergency including the pulling of fire alarms when necessary.

3. Scheduling Work and Reporting Accomplishments

- (a) Five work days prior to the contract starting date, and annually thereafter if options are exercised by the (customer) the contractor shall submit to the contracting officer's representative an annual schedule of all daily and periodic cleaning. The daily cleaning schedule shall include specific areas, day of week and time of day work will be provided. Daily cleaning is defined as services performed every 10 work days or more frequently. The periodic cleaning schedule shall include specific areas and dates. Periodic cleaning is defined as work required for performances less frequently than 10 workdays.**

The contractor shall submit to the contracting officer's representative a daily work report of the jobs performed for comparison with the scheduled requirements. The Periodic Building Cleaning Work Assignment and Report, or an equivalent substitute approved by the contracting officer or his designated representative shall be used for this purpose. The report shall include all previous work performed. Such reports will specify the location where the work has been completed, for example; that rooms have been stripped and refinished; that rooms have been damp mopped and spray buffed; that high cleaning has been performed in rooms, etc. A section shall also be included in this report to cover the work proposed to be done the following workday. The contracting officer's

designated representative will examine the contractor's work and work report daily.

In case an emergency condition exists, (such as flooding of a particular section of the building), the contractor shall divert his force, or such part thereof as deemed necessary by the contracting officer's representative, from their normal assigned duties to meet the condition. When these employees are no longer needed, they shall be directed by the contractor to return to their normal duties and the contractor shall not be penalized for the portion of the normal daily work which otherwise would have been performed but was neglected.

6. Quality Control Program.

- a. The contractor shall establish a complete quality control program to assure the requirements of the contract are provided as specified. Within five workdays prior to the starting date of the contract, the contractor shall submit a copy of his program to the Contracting Officer's Representative. The program shall include, but not be limited to the following:
1. An inspection system covering all the services stated in the Cleaning Requirements section of this contract. A checklist used in inspecting contract performance during regularly scheduled or unscheduled inspections. The name(s) of the individual(s) who will perform the inspection.
 2. A system for identifying and correcting deficiencies in the quality of services before the level of performance becomes unacceptable and/or the government inspectors point out the deficiencies.
 3. A file of all inspections conducted by the Contractor and the corrective action taken. This documentation shall be made available to the government during the term of the contract.
 4. A Sample Contractor's Quality Control Package will be given to the contractor at the post award meeting. This format or a like program would be acceptable to the Contracting Officer's Representative.

Invoice Requirement

- A. **Regular Services.** Invoices shall be submitted on the first of each month to:

Customer's Name + Address

Organization Code: P0125: 05

- B. **Additional Services.** Each invoice for additional services shall be submitted to the address identified in paragraph A above and shall reference the contract number, name of building where such services were provided, the dates and the number of productive and supervisory hours worked including the hourly rates for each. Also, indicate the name of the customer's representative who authorized the additional hours of work, and the date the order was placed.

- C. To constitute a proper invoice, the invoice must include the following information and/or attached documentation:

1. Name of the business concern and invoice date.
2. Contract number or other authorization for delivery of property or services.
3. Description, price, and quantity of property and services actually delivered or rendered.
4. Shipping and payment terms.
5. Name (where practicable), title, phone number, and complete mailing address of responsible official to whom payment is to be sent. The "remit to" address must correspond to the remittance address in the contract.
6. Other substantiating documentation or information as required by the contract.

- D. To assist the customer in making timely payments, the Contractor is requested to furnish the following additional information either on the invoice or on an attachment to the invoice:

1. Invoice number
2. Organization code
3. Contract number

- E. **Application of Criteria for Deductions**

1. **Toilet Cleaning.** In instances where toilet rooms are not satisfactorily cleaned or policed and serviced as determined by the contracting officer's designated representative, deductions shall be made for the entire room at the rate indicated in the Criteria for Deductions (Figure G-1) multiplied by

the number of fixtures in the toilet room (fixtures are water closets, urinals, and wash basins).

2. **Room Cleaning.** In instances where room cleaning has not been satisfactorily performed as determined by the Contracting Officer's designated representative, a deduction for the entire room area shall be made at the rate indicated in the Criteria for Deductions (Figure G-1). (NOTE: In large open areas, the building support columns or other obvious dividers should be considered in determining the composition of an individual office when deductions are being made.)
3. **Work Required Daily or Scheduled For Performance Every Two Weeks or More Frequently.** If the contractor fails to perform satisfactorily or omits work required daily or scheduled for performance every two weeks or more frequently, the attention of the contractor shall be called to this failure or omission and a deduction shall be made covering the cost of the service omitted or not satisfactorily performed from any monies due or to become due the contractor. Costs to be deducted under this paragraph will be determined by using item unit costs shown in the criteria for Deductions (Figure G-1).
4. **Work Scheduled for Monthly or Less Frequent Accomplishment.** In the event services scheduled for performance monthly or less frequently are omitted or not satisfactorily performed when scheduled for performance, the contracting officer or his designated representative shall, in writing, call the attention of the contractor to his failure or omission and request that the unperformed work be completed within such time as the contracting officer or his designated representative deems reasonable. If the contractor does not comply with the request within such time as the contracting officer deems to be reasonable, the work may be performed by other means, and the cost thereof shall be deducted from any money due or to become due the contractor. If the omitted or unsatisfactory work cannot be accomplished by other means, and cannot be rescheduled, a deduction covering the cost of service omitted or not satisfactorily performed shall be made from any monies due or to become due the contractor. Costs to be deducted under this paragraph will be determined by using the unit costs shown in the Criteria for Deductions (Figure G-1).
5. **All Other Work (Miscellaneous).** Any other omitted or unsatisfactory work not specifically listed above or which does not clearly fall into one of the above categories will be deducted for at the hourly rate indicated on the deduction table multiplied by the hours required to perform the omitted or unsatisfactory work.
6. **Reduction of Space.** When blocks of space totaling 5,000 square feet or more are expected to remain unoccupied for 30 calendar days or longer, deductions will be made from the monthly payments due the Contractor. The Contracting Officer's designated representative will notify the Contractor, or his representative, in writing, of the effective date the areas are to be dropped and/or returned to

the normal cleaning schedule at least three (3) full working days in advance of these dates.

The period for deducting for unoccupied space will begin on the effective date as stipulated, in writing, by the Contracting Officer's Representative and will continue until the effective date in which the cleaning is resumed. The 5,000 square feet may be made up of small blocks of space. Subsequent blocks of space under 5,000 square feet may be added after the initial 5,000 square feet threshold is met.

Deductions for space reductions shall be computed as follows:

a. General office space and if applicable, executive space:

1. The total number of square feet unoccupied shall be divided by two thousand five-hundred (2,500) to reflect the approximate number of hours in which the cleaning effort will be reduced. (Two thousand five hundred (2,500) represents the approximate number of square feet an employee can accomplish in a period of one (1) hour.)
2. The total number of hours as determined under Paragraph (1) multiplied by the minimum hourly wage rate for janitors as established by the U.S. Department of Labor, Wage and Hour Division, (refer to Part II, Section, Page). This will determine the deduction rate per day.

NOTE: In the event a wage determination has not been issued by the U.S. Department of Labor, the Federal Minimum Wage established by Section 6 (a) (1) of the Fair Labor Standards Act (29 U.S.C. Sec. 201-219) shall apply.

3. The deduction rate per day as established under Paragraph (2) shall be multiplied by the number of days the space was not occupied. **THIS WILL DETERMINE THE TOTAL DOLLAR DEDUCTION TO BE TAKEN.**

b. **IN THE EVENT AN ENTIRE FLOOR, WING, OR ANY OTHER AREA NOT SPECIFICALLY ADDRESSED ABOVE BECOMES UNOCCUPIED, THE CONTRACTING OFFICER WILL NEGOTIATE A MODIFICATION TO THE CONTRACT TO REFLECT THE DECREASED PRICE.**

7. **Suspension of Work.** In the event services are not provided or required by the government because the building (s) is closed due to inclement weather, unanticipated holidays declared by the President, failure of the Congress to appropriate funds, etc., deductions will be computed as follows:

a. The deduction rate in dollars per day will be equal to the per month contract price for the building (s), divided by 21 days per month.

- b. **The deduction rate in dollars per day multiplied by the number of day's services were not provided or required.**
 - c. **In the event services are provided for portions of days appropriate adjustments will be made by the contracting officer to assure the contractor is compensated for services provided.**
8. **Withholding Monies for Non-Submission of Work Schedules. If the contractor fails to submit an acceptable quality control program and/or an annual schedule of periodic cleaning by dates and areas by the contract performance date or any extension granted by the contracting officer or his designated representative, all payments will be withheld until the schedule is received and approved by the government.**

Special Contract Requirements

1. Identification/Building Pass.

- A. The contractor shall see that every new employee has a Contractor identification/building pass before the employee enters on duty. Customer personnel, designated by the contracting officer's representative, shall furnish and fill out these passes using Form 15. Night, Weekend and Holiday Pass. The contractor and the contracting officer's representative shall sign each pass issued. The contractor shall see that all passes are returned to the contracting officer's representative as his employees are dismissed or terminated, and when the contract expires. All passes must contain an expiration date.

The contractor shall see that all employees carry their passes with them during duty hours and show them upon request. The contracting officer's representative or other GSA personnel designated by him shall periodically verify passes of contractor employees with their personal identification.

- B. The contractor shall make his employees available for photo identification badges, when required by the customer, on a schedule to be worked out with the contracting office's representative. The badges will be made by the customer after a favorable security report has been received on the contractor employee's customer personnel will take the pictures and furnish the equipment and material to make the identification badges. Contractor employees shall sign each badge at the time of photographing. The contractor shall issue the badges to the employees each day as they report for work and shall collect the badges at the end of the work shift before the employees leave the building. The contractor shall see that all badges are returned to the contracting officer's representative when employees are dismissed or terminated. The contractor will notify the contracting officer's representative when employee badges are lost. It will be the responsibility of the contractor to pay for replacement badges at the rate of \$2 per badge.

NOTE: The use of the photo-identification badges will be at the option of the customer.

2. Security Clearances Requirements

Unless otherwise specified, the contractor will submit to the contracting officer's representative within five work days before the starting date of contract, two (2) completed Forms FD-25B, "Fingerprinting Charts" and one (1) Form 176, "Statement of Personal History" for those officers of the firm, who for any reason, may visit the worksite during the period of this contract and for all employees who have access to the building in performance of the contract work.

EXHIBIT 1

BUILDING INFORMATION

BUILDING:

A. Building Data: Entire, Low Rise.

Location: Building A, Boston, Ma.

Estimated Population: Tenants 1333

Official working hours

**of building occupants: 8:00 a.m. to 4:30 p.m.,
Monday through Friday**

B. Building Statistics: Low Rise

| | | |
|---|---------|-----------|
| Gross area | 331,601 | SF |
| Occupied area | 198,118 | SF |
| Net cleaning area 1/ | 304,789 | SF |
| Area of main corridor & lobbies (bare floor) 2/ | 20,812 | SF |
| Area of main corridor (carpeted) 2/ | 456 | SF |
| Area of secondary corridors (bare floor) | 14,336 | SF |
| Area of toilet room floors. | 4,819 | SF |
| Area of blind stands, includes vending rm. 3/ | 754 | SF |
| Toilet fixtures | 178 | Fixtures |
| Plate glass | 38 | Windows |
| Court and jury rooms, judge chambers | | |
| Carpeted | 855 | SF |
| Storage space | 13,186 | SF |
| Venetian blinds | 1,400 | Blinds |
| General office, file rooms, libraries, conference rooms, etc. | | |
| Bare floor | 20,872 | SF |
| Carpeted | 157,319 | SF |
| A.D. P. space | 17,761 | SF |
| Health unit area | 2,592 | SF |
| Stairways (flights) | 24 | Flights |
| Passenger elevator | 5 | Elevators |
| Escalators | | 4 Plts. |
| Garage, ramps, and loading docks | 51,027 | SF |
| Freight elevators | 1 | Elevators |
| Floor area to be stripped and sealed | 146,159 | SF |
| Total rugs and carpet | 158,630 | SF |

Footnotes:

- 1/ That part of the building that is to be cleaned by the contractor. This includes: corridors, entrances, lobbies, office space, storage space, garage and ramps within the building.**
- 2/ Main corridors are normally defined as those corridors located on the first or ground floors of a building or those that serve as primary entrance or exit areas. High volume traffic areas, i.e., corridors adjacent to large cafeterias, are identified as Main corridors.**
- 3/ Main entrances and main lobbies are defined as entrances where traffic volume is highest; where the majority of the building occupants or the general public pass through these areas to either transact business within the building or to arrive at their normal work stations.**

EXHIBIT 1A

SECURED AREAS TO BE CLEANED

- A. LOW RISE—THE FOLLOWING SECURED AREAS LOCATED IN THE LOW RISE SHALL BE CLEANED IN ACCORDANCE WITH THE JANITORIAL CLEANING SPECIFICATIONS (SECTION III) BETWEEN THE HOURS OF 11:00 A.M. AND 4:30 P.M.**

4th Floor, complete floor.

3rd Floor, E300, E305, E308, E313, E314, E317, E327, E328, E331

2nd Floor, complete floor.

1st Floor—E-100, E-104, E123, E132, E107, E109.

Ground Floor, G33, G38, G39, G64, G54.

- B. NON-SECURED AREAS WILL BE VACUUMED BETWEEN 4:30 P.M. AND 8:30 P.M.**

EXHIBIT 2

FREQUENCY SCHEDULE WORK TO BE ACCOMPLISHED

FREQUENCY NOT LESS THAN STATED:

I. TOILET ROOMS:

A. TWO TIMES DAILY:

**TOILET CLEANING, - ALL TOILET ROOMS
LOCATED ON FIRST FLOOR LOW RISE, SECOND FLOOR LOW RISE
NEXT TO CAFETERIA (ON A SCHEDULE APPROVED BY THE GSA
BUILDING MANAGER OR HIS AUTHORIZED REPRESENTATIVE.)**

HEALTH UNIT TOILET ROOMS SHALL BE DONE ONCE DAILY.

B. THE REMAINDER OF THE TOILET ROOMS IN THE LOW RISE SHALL BE CLEANED ONCE DAILY.

- 1. Floors shall be swept and wet mopped or scrubbed with disinfectant detergent.**
- 2. Water closets, seats, and urinals shall be washed inside and out with a disinfectant and germicidal detergent. Seats shall be left in a raised position. No rust, encrustation or water rinse shall exist.**
- 3. Traps shall be thoroughly cleaned. All showers shall be thoroughly cleaned.**
- 4. All washbasins shall be thoroughly cleaned. All showers shall be thoroughly cleaned.**
- 5. All mirrors, shelving, dispensers, chromium fixtures, and piping shall be damp-wiped and polished dry.**
- 6. Radiators, window sills, ledges, grilles, and stall partitions shall be dusted.**
- 7. Wall surfaces partitions, doors, window frames, sills, and waste receptacles shall be spot cleaned.**
- 8. Paper towel waste receptacles shall be emptied prior to the building occupant's official starting time. In addition, during the contractor's day shift, the paper towel waste receptacles shall again be emptied, toilet rooms shall be policed; and washbasins shall be cleaned, as traffic demands.**
- 9. The contractor shall furnish all paper towels, hand soap and toilet paper. All supplies and materials furnished by the contractor shall be**

the correct size to fit the dispensers. All dispensers shall be serviced by the contractor prior to the building occupant's official starting time. These dispensers shall also be serviced daily during the building occupants working hours on a schedule approved by the Building Manager based on traffic demands. Soap dispensers will be maintained in a clean condition, free of excess soap gum, etc. If malfunction of a dispenser occurs, this will be reported to the Building Manager.

Sanitary napkin receptacles shall be emptied, cleaned and disinfected, properly dried, and provided with a new paper bag liner daily. The Contractor shall supply these paper bags. Soiled bags shall be adequately sealed, collected in separate containers and disposed of with burnable trash.

Note: The contractor shall services all toilet rooms to maximum capacity during the afternoon of the last day of the contract period. Dispenser stock of paper supplies and hand soap remaining at the termination of the last official workday shall not be removed.

C. Weekly: Damp mop and spray buff all resilient flooring. This will include lounges if applicable.

DAMP MOPPING AND SPRAY:
Buffing: Floors shall be free of streaks, mop strand marks and skipped areas. Walls, baseboards and other surfaces shall be free of splashings and markings from the equipment. The finished area should have a uniform luster.

C. Every Two Months: Damp wipe the full surface area of all walls, stall partitions, doors, window frames, sills and wastepaper receptacles using a multi-purpose (germicidal disinfectant) cleaner.

DAMP WIPING: All dirt, dust, water steaks, and smudges shall be removed from the surface.

D. Semi-Annually: Strip and apply four coats of floor finish to resilient floors. This will include lounges if applicable.

STRIPPING: All old finish or wax shall have been removed. There shall be no evidence of gum, rust, burns or scuffmarks. There shall be buildup in corners, on baseboards, or in crevices. Prior to applying finish floors will be rinsed sufficiently to remove any residual furnish. The final rinse will be with a commercial neutralizer to reduce alkalinity. flooring.

E. Semi-Annually: Completely wash the walls in all toilets using a germicidal detergent.

F. Strip and Seal all hard floors.

2. Room Cleaning: (Includes all office and court areas, class rooms, file rooms, libraries, Child care center, conference rooms, ADP space, health units, fitness centers, etc. and the corridor space adjacent to these areas.) GSA Conference room will be cleaned at start of workday.

A. Daily:

1. Empty wastebaskets and remove trash to designated disposal area. Empty ashtrays into a separate metal container and damp wipe. Clean washbasins and mirrors, as necessary; supply paper towels where dispensers are provided. Saleable wastepaper (and paper collected under the Source Separation Program), shall be collected and placed in the wastepaper room or on the loading platform for removal by others. Clean the rooms used for the collection of solid wastes. Search wastepaper to recover necessary. Wash or steam clean all cans used for collection of food remnants, inside and out. (Note: Carts and containers used for the collection and/or storage of waste material shall be of non-combustible or flame resistant construction.)

(2) Clean both sides of plate glass entrance doors to offices within the building.

SOLID WASTE COLLECTIONS: All solid wastes generated in the building except solid wastes generated in cafeteria, if any, shall be collected and removed to storage areas designated for trash by the Contracting Officer's Representative.

DAMP WIPING (ASHTRAYS): Ashtrays shall be free of dirt, dust streaks and spots.

PORCELAIN WARE CLEANING: Washbasin shall be clean and bright; there shall be no dust, spots, stains, rust

green mold encrustation, or excess moisture.

DAMP WIPING (MIRRORS): Mirrors shall be clean and free of dirt, dust, streaks and spots.

INTERIOR GLASS CLEANING: Glass should be clean and free of dirt, dust, streaks, watermarks, spots, and grime and shall not be cloudy.

(3) In office areas, class rooms, file rooms, libraries, conference rooms, ADP Space, fitness rms. etc.

a. Sweep and/or vacuum traffic patterned areas and extend the sweep or vacuum to remove obvious dirt from around and under furniture. Vacuuming equipment will have the capability to clean under furniture.

NOTE: For the purpose of this contract, whenever the term carpet is used, it is intended to include wall-to-wall carpeting as well as room size rugs and area rugs.

b. Dust with a treated dust cloth all horizontal surfaces that are readily available and visibly require dusting.

(4) In the Health unit, Child Care Center, and Court space:

Thoroughly dust all horizontal surfaces of furniture and clean glass desktop. Thoroughly

vacuum full rug area and sweep full floor area daily. Clean washbasins and mirrors, as necessary; supply paper towels where dispensers are provided.

NOTE: In dusting of horizontal spaces, working papers shall not be disturbed. However, desk type items shall be lifted and dust removed from the surrounding areas.

VACUUMING: Carpet surface shall be free of obvious dirt, dust and other debris.

SWEEPING: Floor surfaces shall be free of obvious dirt or debris.

DUSTING: Available horizontal surfaces shall be free of obvious dust.

THOROUGH DUSTING: There shall be no dust streaks. Corners, crevices, moldings and ledges shall be free of all

dust. There shall be no spots, or smudges on dusted surfaces caused by dusting tools.

(1) In office areas, classrooms, file rooms, libraries, conference rooms, ADP areas etc.:

b. Thoroughly dust horizontal surfaces of furniture and all wall surfaces within approximately 70 inches of the floor and vertical.

DAMP WIPING (GLASS DESK TOPS): Glass desktops shall be free of dirt, dust streaks, and spots.

THOROUGH VACUUMING: Carpets, including corners, shall be clean and free from dust balls, dirt and other debris; nap on carpets shall lie in one direction upon completion of the vacuuming task.

THOROUGH SWEEPING: Floors shall be clean and free of trash and foreign matter. No dirt shall be left in corner, behind radiators, under furniture or behind doors.

CARPET SPOTTING: Excessive buildup or crusted material shall have been removed along with spots, smears and stains. There shall be no evidence of using caused by hand rubbing or brushing. Cleaned areas shall blend with adjacent areas on carpeting. Cleaning will be done with a carpet spotting kit.

(5) Spot clean carpet to remove all stains.

DAMP MOPPING AND SPRAY BUFFING: Floors shall be free of streaks, markings, strand marks and skipped areas. Walls, baseboards and other surfaces shall be free of splashing and markings from the equipment. The finished area shall have a uniform luster.

B Every Two Weeks: Damp mop and spray buff all hard and resilient flooring.

THOROUGH DUSTING: There shall be no dust streaks. Corner, crevices, moldings, and ledges shall be free of all dust. There shall be no oils, spots or smudges on dusted surface.

C. Monthly: Complete Room Cleaning.

INTERESTING DATA
 BSCM= BUILDING SERVICE CONTRACTS ASSOCIATION
 *WIDELY RECOGNIZED= BUSINESS/BLDG. OWNERS & MANAGERS
 ASSOCIATION

COMMERCIAL FIRMS ANNUAL SALES VOLUMES (BOMA)

| | | | | |
|-------------|-------------|----|-----------|-----------------------------|
| Moms & Pops | \$100,000 | to | \$199,999 | - 31.6% of Janitorial Sales |
| | \$200,000 | to | \$499,999 | - 20.2% of Janitorial Sales |
| | \$500,000 | to | \$999,999 | - 25.5% of Janitorial Sales |
| Over | \$1,000,000 | | | - 12.7% of Janitorial Sales |

75% of Janitorial Businesses Pay Benefits

Turn over:

| | | |
|-----|------------------------------|-------------|
| 54% | is average contract turnover | BOMA Report |
| 10% | is average contract turnover | BSCM Report |
| 33% | is average contract turnover | Per NISH |

Wages:

| | |
|--------|--|
| \$5.94 | average entry level nationally |
| \$6.79 | average entry level North Central Region |
| \$6.97 | mid to experienced worker |
| \$8.74 | supervisory wage |

Commercial Rates vs. Wage Determination

| | | |
|-----------------|------|--------|
| Commercial rate | CMM | \$7.34 |
| Commercial rate | BOMA | \$7.70 |
| WDR rate | DOL | \$9.06 |

Sq. Ft. Costs: (BOMA)

| | |
|--------|---------------------------------------|
| \$1.07 | per sq ft for Basic Services |
| \$1.22 | per sq ft for Prestige Services |
| \$1.61 | per sq ft for Clinical Level Services |
| \$1.21 | per sq ft for Bldg under 10 years old |
| \$1.11 | per sq ft for Bldg. 10—19 years old |
| \$1.33 | per sq ft for Bldg. 20—29 years old |
| \$1.32 | per sq ft for Bldg. 30—39 years old |
| \$1.44 | per sq ft for Bldg. 40—49 years old |
| \$1.11 | per sq ft for Bldg. 10—19 years old |
| \$1.72 | per sq ft for Bldg. over 50 years old |

BOMA Sq Ft For Service Class and Production Capability

| | | |
|------------------|---------|---------------------------------|
| \$1.25 per sq ft | Class A | 2,822 SF/HR per person per hour |
| \$1.38 per sq ft | Class B | 2,336 SF/HR per person per hour |
| \$1.38 per sq ft | Class C | 3,467 SF/HR per person per hour |

Commonly Used Metric System Units

Length

For short lengths use millimeter (mm) and centimeter (cm)
For greater lengths use meter (m)

| If You Know: | Multiply By: | To Find: |
|---------------------|---------------------|-----------------|
| Inches | 2.54 | Centimeters |
| Feet | 0.305 | Meters |
| Yards | 0.914 | Meters |

1 inch = 25.4 mm
 1 inch = 2.54 cm
 1 foot = 30 cm
 1 meter = 1.09 yards
 100 mm = 10 cm
 1000 mm = 100 cm = 1 m
 1000 m ~ 1 kilometer

Volume

| If You Know: | Multiply By: | To Find: |
|---------------------|---------------------|-----------------|
| Canadian Gallons | 4.546 | Liters |

1 milliliter = 1 cubic centimeter
 1000 milliliter (mL) = 1 liter (L)
 1000 liters = 1 cubic meter (m³)
 1 quarter ~ 1.1 liters
 1 Canadian gallon = 4.546 liters

| | | |
|------------------|---------|--------------|
| U.S. Gallons | 3.785 | Liters |
| Ounces | 29.57 | Milliliters |
| Canadian Gallons | 0.00455 | Cubic meters |

Mass

Mass is the quantity of matter, measured in kilograms (kg). Mass is usually called weight.

| If You Know: | Multiple By: | To Find: |
|---------------------|---------------------|-----------------|
| Ounces | 28.0 | Grams |
| Pounds | 0.45 | Kilograms |
| Grams | 0.035 | Ounces |
| Kilograms | 2.2 | Pounds |

Temperature

Celsius (C) or Fahrenheit (F)

Boiling point of water is 100°C or 212 °F

Freezing point of water is 0°C or 32°F

Average human body temperature is 37°C or 98.6°F

Average room temperature is 20 to 25°C or 68 to 77°F

To convert Fahrenheit to Celsius, subtract 32 from Fahrenheit temperature, multiply by 5 and divide by 9.

To convert Celsius to Fahrenheit, multiply by 9, divide by 5 and add 32.

Memory aids: When it's zero it's freezing
When it's 10, it's not
When it's 20, it's warm
When it's 30, it's hot!

1000 milligrams (mg) = 1 gram (g)

1000 grams = 1 kilogram (kg)

1000 kilograms = 1 metric ton (t)

1 pound ~ 453.59 grams

Thank you for your time today.

We hope this information helps you with your business needs to employ and train people with disabilities and barriers to employment.

If you have any questions, feel free to call Judy DeBevoise at (740) 345-9861 ext. 109 or Connie Foreman at ext. 111.

Have a safe trip home!

Judy DeBevoise and Connie Foreman

