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WHITE PAPER

Considerations to Examine When Considering to Outsource Public Housing Maintenance Functions.

I have consulted for several significant PHA's that have seriously considered this option. Generally in my observations there are several issues that may lead an agency to consider pondering this option: (please note that all of them may not be applicable to your agency)

1. The increasing cost of employment both direct (salaries) and indirect (FICA, Medicare etc)
2. The decreasing amount of income dollars from HUD subsidy
3. The cooperation and willingness of current employees to accomplish the maintenance function
4. The skill level of current employees to accomplish the maintenance function

At best I could describe the path to outsourcing as a double edged sword and intrigue and horror can be very accurate statements when describing this process. There are pros and cons on this subject. But more importantly several questions that need to be asked and answered to help decide which direction to go in.

1. To outsource or not outsource - strategic decision making (its more than just \$\$\$)
 - a. Effects on Residents
 - b. Effect on Remaining Staff
 - c. Effect on Community (negative publicity etc)
2. Does a competitive outsourcing market exist in your local community?
 - a. Is there an existing company?
 - b. If not, can one be coordinated
3. How much maintenance to outsource
 - a. front line staff (mechanics, skilled labor, groundsmen)
 - b. management staff (supervisors, directors)
 - c. Both
4. Establishing an appropriate tendering process
 - a. How do you prepare and educate the following for the change:
 - 1.) Staff
 - 2.) Residents
 - 3.) Community
 - 4.) Politicians

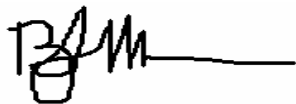
5. Establishing an appropriate specification of requirements
 - a. Remember we are dealing with a contractor here, if it ain't in the contract its gonna cost extra to get done (maintenance plans are a good starting point)
6. Establishing an appropriate contract payment structure
 - a. Its all about the contract
7. Establishing an appropriate contract administration process and structure
 - a. Who is on staff to oversee contract administration
8. Establishing an appropriate structure for the contract document
 - a. Here is where a good lawyer becomes helpful
9. Managing the transition to the outsourced arrangement
 - a. Very Important to manage a POSITIVE and proper transition (nothing like bad press)
10. Agreeing contract termination arrangements
 - a. What do you do for a low performing contractor.....and if you fire them HOW do you get the job done (ready to start begging the guys you laid off to come back to work?_

Consider these questions and what it would take (time, energy and money) to get them answered as correctly as possible. This is NOT a light issue and currently there are no PHA's that I am aware of that outsource 100%. Most outsource one or more of the below categories if it saves money compared to and employee.

- grounds,
- pest control,
- preventative maintenance,
- change of occupancy maintenance,
- service calls,
- painting,
- cleaning, IDQ work,
- minor construction, and
- supply and storage.

Good Luck and Keep the Tylenol handy.....

Best Regards,



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