

**FOR RELEASE**

February 17, 2016

JOINT STATEMENT

State of Tennessee, University of Tennessee, and Tennessee Board of Regents Regarding Ongoing Facilities Management Exploration Efforts

Terry Cowles, Director, Office of Customer Focused Government, State of Tennessee

Dr. Joe DiPietro, President, University of Tennessee System

David Gregory, Chancellor, Tennessee Board of Regents

On February 16, 2016 a meeting was held in support of the state's efforts to serve its citizens by looking at ways to lower costs in its real estate operations. We all agree on the importance of continuing exploration of this effort, and adhering to the following three guiding principles in our decision making processes.

First and foremost to offer employee protections to current facilities services employees by seeking to provide continuing employment opportunities with comparable compensation and benefits subject to satisfactory job performance, demonstrating regard for the welfare of the people is top priority. Second, to seek expertise, efficiency and innovation to ensure the highest quality of services. Third, we continue to be good stewards of taxpayer resources and their buildings.

We also agree it is in the best interest of all stakeholders to engage an independent third party to objectively verify/validate the cost analysis performed as part of the business justification. The state has agreed to release a Request for Qualifications to procure these services following the release of the business justification report at the end of this month.

All of us, on behalf of the many people we serve, remain committed to a collaborative process that provides for the best information about facilities management capabilities, services and costs. No decisions in this regard have been made or requested of higher education institutions at this time. We agreed on the importance of working together to provide accurate information on the process the state must follow in order to gather information to make informed decisions, including a schedule of various procurements and junctures for opt-out/in decisions, lending clarity to employees and stakeholders. We want to ensure there is also clarity that continuing the exploration process does not commit the state or any institution to a decision. It simply provides a process to gather information to understand crucial data points including potential service provider qualifications and cost estimates.

In summary, this effort explores whether savings can be achieved through the use of contract service providers for facilities management at state facilities following \$10.8 million (not including energy) in cost avoidance in the first two years with a contract service provider at 10 percent of the state's properties. This effort recognizes the unique differences between state office buildings and higher education campuses and facilities which may not achieve similar results. The exploration process would ultimately result in providing a contract tool the state and other institutions could use to meet their needs through a professional contract service provider.

For clarity, we want to reiterate the following key points:

- Any contract that would be signed by a contract service provider will include strict language prohibiting them from initiating any reduction in force at any time during the duration of the contract period. Thus no current qualified and productive facilities management employee will lose their job as a result of a contract.
- The various higher education campuses will continue to be included in the entire process to make sure that the ultimate service provider bidders have the qualifications and the experience to deliver quality facilities maintenance services.
- The various higher education campuses will still have the option to opt-out even after all state costs are validated, all proposals are received and the final comparison of validated state costs compared to proposed service provider costs is complete.

- The final decision to proceed with using the services of a professional contract service provider for facilities management belongs to the campuses, which will be responsible for justifying their decisions to their own local leadership and various boards.

We are committed to continue working together through this process to explore opportunities to benefit Tennesseans that ensure the best quality service at the lowest feasible cost.

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CONTACTS

Michelle Rodriguez Martin
Office of Customer Focused Government
615-571-9316
michelle.martin@tn.gov

Gina Stafford
University of Tennessee
865-974-0741
Stafford@tennessee.edu

Monica Greppin-Watts
Tennessee Board of Regents
615-366-4417 office
615-767-7865 mobile
monica.greppin-watts@tbr.edu