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**OFFICE OF THE INDEPENDENT BUDGET ANALYST REPORT**

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**Date Issued:** June 12, 2008**IBA Report Number:** 08-65**Budget and Finance Committee Date:** June 18, 2008**Item Number:** 3

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## Update on Managed Competition Issues

### OVERVIEW

On May 28, 2008, representatives from the Mayor's Office, the Office of the Independent Budget Analyst, Councilmember Atkins' office, the labor organizations, and the Center for Policy Initiatives (CPI) met to discuss outstanding issues and concerns related to the managed competition process.

### FISCAL/POLICY DISCUSSION

The following highlights the key issues discussed.

#### Issue #1: Clarification of IRB's Role Early in the Process

The Municipal Code states that the pre-competition assessment will be transmitted to the Managed Competition Independent Review Board (IRB) "for its consideration". The role of the IRB, as it relates to "for its consideration" needs to be clearly defined.

#### Issue #2: Discussion of Accelerated Step for Identifying which Functions Proceed to Competitive Procurement

A new step in the flow chart (that illustrates the managed competition process) has been proposed that would decide earlier in the process which functions would proceed to the pre-competition assessment (PCA). Discussion occurred on treating this similar to an environmental review, in which there is an initial screening to consider the factors listed in the Municipal Code, to determine whether to implement the BPR or proceed to PCA. More in depth study would occur at the PCA if determined appropriate. Documentation on this step needs to occur. Also, the communication of the results from the pre-screening and PCA process needs to happen as soon as they are announced.

### Issue #3: Proposed Council and IRB Review and Approval of Preliminary Statement of Work

The committee has previously discussed and taken action on the review and approval of the Statement of Work (SOW) by Council. The Municipal Code states that when a service is selected for pre-competition, a preliminary written SOW will be prepared which will outline “service specifications” to be included in the SOW. The Mayor’s Office plans to implement this requirement and is proposing IRB and Council review and approval of the Preliminary SOW. The preliminary SOW needs to be defined and included in the Guide.

### Issue #4: Status of CPI Issues

CPI raised five issues (See Attachment 1 for proposals) at the Budget and Finance Committee on March 26, 2008 relative to Managed Competition. In response, on April 15, 2008, the Mayor’s Office essentially agreed with four of the five CPI proposals (see attachment 2). Additional discussion is still ongoing on incorporating these changes as part of the implementation ordinance and/or revisions to the Managed Competition Guide.

### Issue #5: Discussion of Pre-screening Proposals for 10% Savings Requirement

Discussed the desirability of including an initial screening step by the Purchasing Director on bids received to determine if the bids meet or exceed the cost savings of 10%.

### Issue #6: Status of Pending BPR Ordinance Revisions

Discussed impact of possible revisions to the Proposed Amendments to the BPR Ordinance as presented by the IBA (Report No. 08-25) and approved by the Budget and Finance Committee on March 26, 2008. The Proposed Amendment for BPR Implementation states “(c)ompleted BPR studies which show that cost savings, efficiencies and/or increased service levels can be achieved upon implementation, with no budgetary increases, must be docketed for Council review to initiate implementation within six months of study completion. Meet and confer requirements, pre-competition assessments and Council approval must be completed within this six month time period. A function that is involved in an active managed competition procurement process is exempt from this requirement.” Issues that have been raised:

- A specific time period for meet and confer to be completed should not be identified.
- Completion of Pre-competition Assessment (PCA) in six-month period may not be necessary with new accelerated decision step.

## CONCLUSION

The meeting on May 28<sup>th</sup> enabled multiple stakeholders in the managed competition process to discuss outstanding issues and understand the various viewpoints of concern as they relate to the process.

Additional work is needed to finalize outstanding issues and the following steps have been identified to occur in the next 4-6 weeks.

- Development of recommendations by IBA and Mayor's Office on the issues summarized above including changes to the Guide and/or Ordinances.
- Identification of impact on Proposed Amendments to BPR Ordinance as developed by IBA and approved by the Budget and Finance Committee.
- Additional discussion of this topic at Budget and Finance Committee and/or City Council.

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Lisa Celaya  
Fiscal & Policy Analyst

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APPROVED: Andrea Tevlin  
Independent Budget Analyst

Attachment 1: CPI's Proposals for Managed Competition

Attachment 2: Mayor's Response to CPI Issues