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## OFFICE OF THE INDEPENDENT BUDGET ANALYST REPORT

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**Date Issued:** July 25, 2008

**IBA Report Number:** 08-86

**City Council Docket Date:** July 28, 2008

**Item Numbers:** 203, 204, and 206

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# Preliminary Statements of Work

## OVERVIEW

On July 28, 2008, the City Council will be requested to review and approve the Preliminary Statements of Work (SOW) for Dead Animal Removal Services (Item 203), Container Services (Item 204), and Street Sweeping (Item 206).

*A Preliminary Statement of Work includes service specifications and serves as the foundation of the Statement of Work that will be developed as part of the Request for Proposal.*

The following provides a basic overview of the current process:

- A pre-competition assessment is performed upon completion of a function's business process reengineering (BPR) study. The pre-competition assessment makes a determination on whether a function is appropriate and eligible for competition. Criteria utilized to make this determination include evaluating whether the function is inherently governmental, legal limitations, risk analysis, availability of alternatives, and efficiency/economic gains.
- If a function has been deemed appropriate and eligible for competition, a statement of work and subsequently request for proposals are developed.

The current process does not allow Council input until the final determination of whether to accept or reject the Mayor's recommendation on whom will provide the service. In the past months, concerns have been raised on the lack of involvement the City Council is afforded in the current process.

As mandated by the City Charter, City Council is responsible for ensuring that service quality is maintained. To accomplish this, the IBA has proposed (Item 151 on the July 28, 2008 docket) to ensure Council's policy role to maintain service quality by requiring the Preliminary Statement of Work be reviewed and approved by the City Council. The

Preliminary SOW includes service specifications to outline the level of service that will need to be performed, whether via city employees or an outside vendor. This information reflects the current level of service that is being performed by city forces given their level of funding. Also, the Preliminary SOW will form the foundation of the Statement of Work that will be developed and included in the Request for Proposals. Service levels can not change between the Preliminary and Final SOW.

Given that the preliminary SOW identifies service levels based on current funding levels, as reflected in the adopted budget, this Council review is not an opportunity to increase service levels if that were to be desired. Rather, this step is to ensure that existing service levels are well documented and approved by the legislative body and that service levels provided through competitive procurement will not result in reductions.

It should be noted that the request to approve the Preliminary Statements of Work coincides with the request to amend the managed competition ordinance. Although the regulation will not be effective until its second hearing in September, the Mayor's Office has followed the intent of the new requirement and is asking Council for their approval. The existing process does not require the Mayor's Office to seek Council approval of the Preliminary Statements of Work. The Chief Operating Officer (COO) has committed to following all of the recommended changes to the managed competition process for the three Preliminary SOWs.

Based upon our review of the Preliminary Statements of Work for Dead Animal Removal, Container Services and Street Sweeping, as well as the COO's commitment to apply the proposed ordinance changes to all three processes, the IBA recommends City Council approval.

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Lisa Celaya  
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