



THE CITY OF SAN DIEGO  
**REPORT TO THE CITY COUNCIL**

DATE ISSUED: April 23, 2008 REPORT NO: 08-066

ATTENTION: Council President and Members of the City Council  
Agenda of April 28, 2008

SUBJECT: Request to authorize funding and ratify contract for pre-competition assessment, preliminary planning and statement-of-work consultant support

REFERENCE:

REQUESTED ACTION:

- 1) Amend the Fiscal Year 2008 Appropriations Ordinance (O-19652) to authorize the City Comptroller to appropriate and expend \$400,000 in the Business Office (Fund 100, Dept 210) from the General Fund unallocated reserves (fund 100) to fund managed competition consultant support.
- 2) Authorize Mayor to ratify contract 8020-07-Z with Grant Thornton LLP for managed competition program support with an authorization to expend, not to exceed limit of \$1,550,000, contingent upon the City Comptroller first certifying that funds are available..

STAFF RECOMMENDATION:

Approve requests.

SUMMARY:

The Mayor and City Council of the City of San Diego are committed to delivering quality services to taxpayers, residents and visitors in the most economical and efficient manner possible. This commitment can also be expressed as delivering services through "competitive government," defined as government with processes in place to validate that service quality and costs are comparable to those offered by an legitimate available provider. This commitment was codified in the City Charter by Proposition C – Managed Competition, which was approved by the citizens of San Diego on November 7, 2006, which added language to section 117 (Unclassified and Civil Services) stating,

*The City may employ any independent contractor when the City Manager (Mayor) determines, subject to City Council approval, City services can be provided more economically and efficiently by an independent contractor than by persons employed in the Classified Service while maintaining service quality and protecting the public interest.*

Managed competition provides a structured, transparent process that allows an open and fair comparison of public sector employees and independent contractors in their ability to deliver

services to our citizens. This strategy recognizes the high quality and potential of public sector employees and seeks to tap their creativity, experience and resourcefulness by giving them the opportunity to structure organizations and processes in ways similar to best practices in competitive businesses.

Some essential elements of a successful managed competition program is detailed preliminary planning and well-defined, performance-based Statements of Work (SoW). In order to gain the specialized knowledge and experience necessary to support these processes, the managed competition program issued Request for Proposals (RFP) number 8520-07-Z-RFP on October 19, 2006 with a closing date of November 16, 2006.

Thirty-seven potential proposers were contacted. Proposals were received from BAE Systems, Bearing Point, Inc., Grant Thornton LLP and Management Analysis, Inc. Technical proposals were evaluated separately from price proposals, and a ranking was established for each category. Proposals from Bearing Point and Grant Thornton were evaluated as technically acceptable. Based on the final technical and cost rankings, Grant Thornton rated as the best-value provider and was notified that the City accepted their proposal on April 12, 2007 with a one-year contract, including four option-years. The scope of work for the consultant includes, but is not limited to: preliminary planning which includes functional scoping and grouping, workload and data systems collection, market research, and determination of baseline costs; development project schedules; SoW and RFP development support; post-award support; training; and overall project support. Over the past eight months, the City has issued task-orders under limited notice to proceed against the contract for discrete elements of work to assist the City with program development and preliminary planning. Details of each of these task orders is provided below in Table 1.

The managed competition program has made significant progress and the first pre-competiton assessments are underway to determine whether functions are eligible and appropriate to move into competitive procurement. Consequently, we are nearly ready to commence developing the first SoW. We are requesting Council support to ensure the program continues its positive progress.

**FISCAL CONSIDERATIONS:**

As previously mentioned, task orders for discrete elements of work have been issued. Table 1 indicates the purpose and value of each task order.

<b>Task Order</b>	<b>Description</b>	<b>Date</b>	<b>Value</b>
1	Support managed competition program development	3/16/2007	\$7,808
2	Provide advisory services associated with managed competition program development	4/5/2007	\$46,357
3	Provide on-site support with managed competition program development (cancelled 4/12/2007)	4/5/2007	\$0
4	Support program development and implementation, including development of a functional decomposition survey and pre-competition assessment support	6/4/2007	\$195,835

**Table 1 - Task Orders**

The first pre-competition assessments are nearly complete. We anticipate that some of the functions that were evaluated for eligibility and appropriateness for competition will be deemed eligible and appropriate for competition and will move forward in the process. Consequently, the need for more



robust support will be necessary as some functions move forward into SOW preparation and RFP development. To support this next phase in the program, it is estimated that approximately \$400,000 will be required for the remainder of the fiscal year. This funding will allow continued pre-competition assessments and commencement of SOW and RFP development. Additionally, this funding will provide appropriate tailoring of and training on the COMPARE® software program, a program that will be modified as appropriate for use in cost proposal development and evaluation.

PREVIOUS COUNCIL and/or COMMITTEE ACTION:

March 27, 2006. City Council adopted Ordinance O-19474, placing on the November 7, 2006 ballot the proposition to amend Article VIII of the City Charter by adding subsection (c) regarding the use of managed competition to section 117.

January 9, 2007. City Council approved Ordinance O-19565, which amended Article 2, Division 37 of the Municipal Code.

COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS:

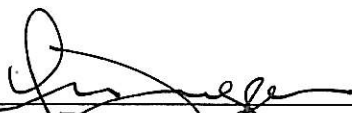
Thirty-seven potential consultants were contacted and made aware of the RFP. The RFP was advertised in the *San Diego Daily Transcript* and posted to the City's official web site.


KEY STAKEHOLDERS AND PROJECTED IMPACTS:

Interested parties include:

- The voters of the City of San Diego, who expressed their enthusiasm for a managed competition program within the City of San Diego (City) through their approval of Proposition C in November 2006
- City employees
- The City's recognized labor unions
- Local businesses
- The residents and visitors of the City of San Diego

Managed competition is intended to aide the City of San Diego in ensuring that it is delivering quality services to taxpayers, residents, and visitors in the most economical and efficient means possible.

  
\_\_\_\_\_  
Anna Danegger  
Director, Business Office

  
\_\_\_\_\_  
Jay M. Goldstone  
Chief Operating Officer