
**County of San Diego
Managed Competition Guide**

September 2009

Table of Contents

INTRODUCTION	3
QUESTIONS AND ANSWERS REGARDING MANAGED COMPETITION	5
SUMMARY OF THE COMPETITION PROCESS	7
PHASE I – SELECT COMPETITION CANDIDATES	9
TASK A: DOCUMENT ACTIVITIES AND SERVICES.....	11
TASK B: EVALUATE ACTIVITIES AND SERVICES.....	13
TASK C: DETERMINE COMPETITION CANDIDATES	16
TASK D: CONDUCT PRE-COMPETITION ASSESSMENT.....	20
PHASE II – PERFORM COMPETITION	25
TASK E: PREPARE FOR COMPETITION.....	26
TASK F: PREPARE AND ISSUE RFP/RFB	32
TASK G: PREPARE DEPARTMENT PROPOSAL.....	36
TASK H: EVALUATE PROPOSALS AND SELECT PROVIDER	38
PHASE III - TRANSITION AND MONITOR	41
TASK I: DEVELOP TRANSITION PLAN	42
TASK J: MONITOR PERFORMANCE	45
EXHIBITS	
Exhibit 1 - Overview of the Managed Competition Process	7
Exhibit 2 - List of Major Competition Activities	8
Exhibit 3 - Summary of Task Roles and Responsibilities	9
Exhibit 4 - Overview of Phase I Tasks.....	10
Exhibit 5 - Overview of Phase II Tasks	26
Exhibit 6 - Overview of Phase III Tasks	41
ATTACHMENTS	
Attachment A - Glossary of Terms	
Attachment B - Managed Competition Checklist	
Attachment C - Employee Organization Participation Plan	
Attachment D - Function/Activity Data Compilation - Example	
Attachment E - Function/Activity Data Compilation Worksheet	
Attachment F - Staffing Analysis Worksheet	
Attachment G -Task B Screening Results Worksheet	
Attachment H - Completed Narrative Form for Task C – Example	
REFERENCES	
• Charter Sections 703.10 and 916	
• Board Policy A-81 -- Procurement of Contract Services	
• Board Policy A-97 -- Protest Procedures for Award of Contracts	
• Board Policy B-63 -- Competitive Determination of Optimum Service Delivery Method	
• Administrative Manual Item No. 0090-1-1 -- Policy and Procedure for Conducting Economy and Efficiency Determinations for Service Contracts	

- [Contract Business Plan Review \(CBPR\)/ Project Management Review \(PMR\)](#)
- [Annual Managed Competition Cost Analysis Report](#)
- [Department of Human Resources \(DHR\) Policies and Procedures](#)
- [Civil Service Rules-Rule XIV -- Layoff, Reinstatement, Resignation and Separation](#)
- [DHR Workforce Transition Guide](#)
- [Memoranda of Agreement](#)
- [Department of Purchasing & Contracting Policies and Procedures](#)
- [Auditor & Controller Cost Comparison Guide](#)

Introduction

The County of San Diego (County) uses managed competition as one way to identify the most economical and efficient ways to provide services for the public. Managed competition provides a structured process that enables public employees to compete against non-County service providers. Managed competition also taps the creativity, experience and resourcefulness of County employees, giving them the opportunity to manage their operation as if it were a competitive business. County leaders have implemented managed competition to improve service to customers and to address taxpayer and stakeholder demand for value on each tax dollar spent.

The County's managed competition process implements and is consistent with [County Charter](#) sections 916 and 703.10, [Board Policies](#) and the [Administrative Manual](#). The County may employ independent contractors to deliver services, if a determination is made that the service can be provided more economically and efficiently by an independent contractor than by County staff. In 2002, the Chief Administrative Officer (CAO) established [Administrative Manual Item No. 0090-01-01](#), which outlines the policies and procedures to be used in determining economy and efficiency.

The County of San Diego uses a structured managed competition methodology to ensure that service delivery decisions are consistent and objective. Some benefits to managed competition include:

- Ensuring the lowest cost for a given quality and level of service for customers and taxpayers;
- Ensuring that services are provided most efficiently;
- Restructuring costs to improve services or lower fees;
- Encouraging creativity and innovation in service delivery;
- Evaluating regulations and policies that may inhibit flexibility;
- Requiring focus on performance standards and service levels;
- Increasing accountability; and
- Institutionalizing a change in how the County delivers and procures services.

This *County of San Diego Managed Competition Guide* provides a road map for the managed competition process. The guide provides:

- Detailed descriptions of tasks involved in competition; and
- Suggested roles and responsibilities of process participants.

Attachments A – H and Exhibits 1 - 6 are designed to help departments conduct the managed competition process (See table of contents). This Guide focuses on the managed competition process and does not address the strategies and nuances of process reengineering. Reengineering is addressed in this Guide only as an aspect of preparing a departmental response to a Request for Proposal (RFP) or a Request for Bid (RFB).

The Board of Supervisors and Chief Administrative Officer (CAO) are committed to making the County's managed competition process fair and inclusive and to improving service and value for County residents. Throughout the managed competition process, the Department Head will work with the Department of Human Resources, Labor

Relations Division to ensure that affected employee organizations are notified and appropriately involved with managed competition undertakings. Department Work Teams (teams of County employees responsible for preparing and submitting County proposals) should include employee organization representatives in their reengineering and competition activities. Attachment C provides a plan for communicating with and involving employee organizations in this process.

The amount of time needed to complete each managed competition will vary for several reasons, including the complexity of the service, availability of data and the review/approval processes. There are many stakeholders that can provide valuable input and guidance throughout the process. Those parties should be given sufficient time to thoroughly review and provide feedback where appropriate.

Department Heads and Department Work Teams are also encouraged to request assistance or guidance from other County departments who can provide helpful and objective resources, such as County Counsel, Purchasing and Contracting, Department of Human Resources and Auditor and Controller staff. These resources are available to help the Department Head fulfill his or her duty to challenge every cost and work with the employee teams and employee organization representatives throughout the process to improve services.

Questions and Answers Regarding Managed Competition

This section addresses basic and frequently asked questions related to managed competition. In many cases, the answers are limited to general guidance, with additional detail provided in the body of the Guide.

What exactly is managed competition?

In a managed competition process, a department's managers and employees compete with non-County service providers to provide a particular service.

How is managed competition different from contracting out?

Under managed competition, the County departments and non-County service providers compete to determine who is the most economical and efficient service provider for the County of San Diego. This differs from contracting out (also called outsourcing and/or privatization), in which only non-County service providers are allowed to compete by submitting a proposal or bid.

Why is the County doing this?

The County Board of Supervisors and Chief Administrative Officer are committed to providing County residents, customers and stakeholders with high quality, effective public services at the lowest cost. Managed competition assures County leaders that services are being delivered in the most cost-effective and responsive manner possible.

Is this a temporary process to address immediate or current problems?

No. Managed competition is one of several ways that government may procure services for its Departments or the public. It will be used on an on-going basis whenever it would improve service efficiency and cost-effectiveness.

How does the process work?

The managed competition process has several steps. The first step is to identify and describe the service to be competed. This includes the County establishing service performance standards that will be incorporated into the RFP/RFB. The next step is to form an in-house proposal team (Department Work Team) that will submit a response to a RFP/RFB to perform the service.

After the RFP/RFB is issued, the Department Work Team and external competitors prepare their responses. The Department Work Team's response includes a Technical Proposal and a Cost Proposal. The Auditor and Controller will review the department's Cost Proposal to ensure the cost data is reasonable, based on supporting documentation, and is consistent with the department's Technical Proposal. The Department Work Team's Technical Proposal is reviewed for responsiveness to the RFP by the Source Selection Committee (SSC). The external proposals are also evaluated by the SSC. The most advantageous external proposal will be compared to the Department Work Team's Cost Proposal to determine the most economical and efficient provider of the service. The Chief Administrative Officer will make the final determination of economy and efficiency as required by the [County Charter](#).

How can County employees compete with non-County service providers?

The Department Work Team should examine and, if necessary, reengineer their services to make their submittal as competitive as possible. This may include reducing staff, reorganizing work processes or any other technique that is available. Staff should work closely with employee organizations and the Department of Human Resources, Labor Relations Division to ensure desired changes are possible. Department Work Teams may access assistance for reengineering and preparing their proposal.

Managed competition provides an opportunity for teams of government employees to improve their cost structure and compete to provide services.

How can you compare the economy and efficiency of non-County-provided services to County services?

The Auditor and Controller compares the cost of selecting an external bidder with the cost of doing the work in-house. This assures that the total cost is lower when choosing an external bidder. Adjustments are made to the cost information submitted by both the external vendors and the Department Work Team to clearly reflect the costs that would result under the two proposed alternatives. These adjustments evaluate County costs that would not be eliminated even if the service is contracted (unavoidable costs), as well as any transitional or management costs incurred under either proposal. The policies and procedures that must be used to determine economy and efficiency are outlined in the [CAO Administrative Manual Item No. 0090-01-01](#).

How will the results of the process be monitored?

To maximize the benefits of managed competition, the County must closely monitor the performance of the service provider selected. County department employees are accountable for performance levels and specifications indicated in their Technical and Cost Proposals. An external service provider must meet the performance and outcome measures specified in the negotiated contract with the County. If the service delivery does not meet performance standards and is not corrected, the service could be re-competed.

What services are subject to managed competition?

All of the County's services may be considered for the managed competition process, except those that focus on policy setting, have legal restrictions, are too small for consideration, and/or those services in which no market of private providers exists. Indirect (administrative) functions as well as direct services may be considered for the process. If a service is commercial in nature and available from existing businesses, it is eligible for competition. Some functions are obvious competition candidates and should be accelerated through the process. Services that are too small for competition may still be considered for outsourcing.

How will services be chosen for the process?

Programs will be considered for managed competition review based on several criteria explained in greater detail in this manual, including feasibility of implementation, the

strength of the existing market, the impact of change, and the risk of moving to an external service provider compared to the risk of keeping the service in-house.

Is the County of San Diego the only one doing this?

Many cities, counties and states are turning to the use of managed competition as a means of determining service providers. Managed competition can produce the best services at the least cost. Cities as different as Seattle, Phoenix, Philadelphia, Cincinnati, Indianapolis, Charlotte and New York have all implemented some form of public-private competition for service delivery. In California, cities such as San Mateo and Long Beach use managed competition. The states of Massachusetts, Colorado, Texas, Arizona, Florida and Pennsylvania also use public-private competition in the delivery of services.

Summary of the Competition Process

The County of San Diego managed competition process involves ten major tasks in three phases as shown in Exhibit 1 below. Phase I involves the selection and determination of candidates to be competed. Phase II implements the competition process for each of the candidates identified during Phase I. Phase III involves the implementation and ongoing performance monitoring and management of competed services.

Overview of the Managed Competition Process

Exhibit 1

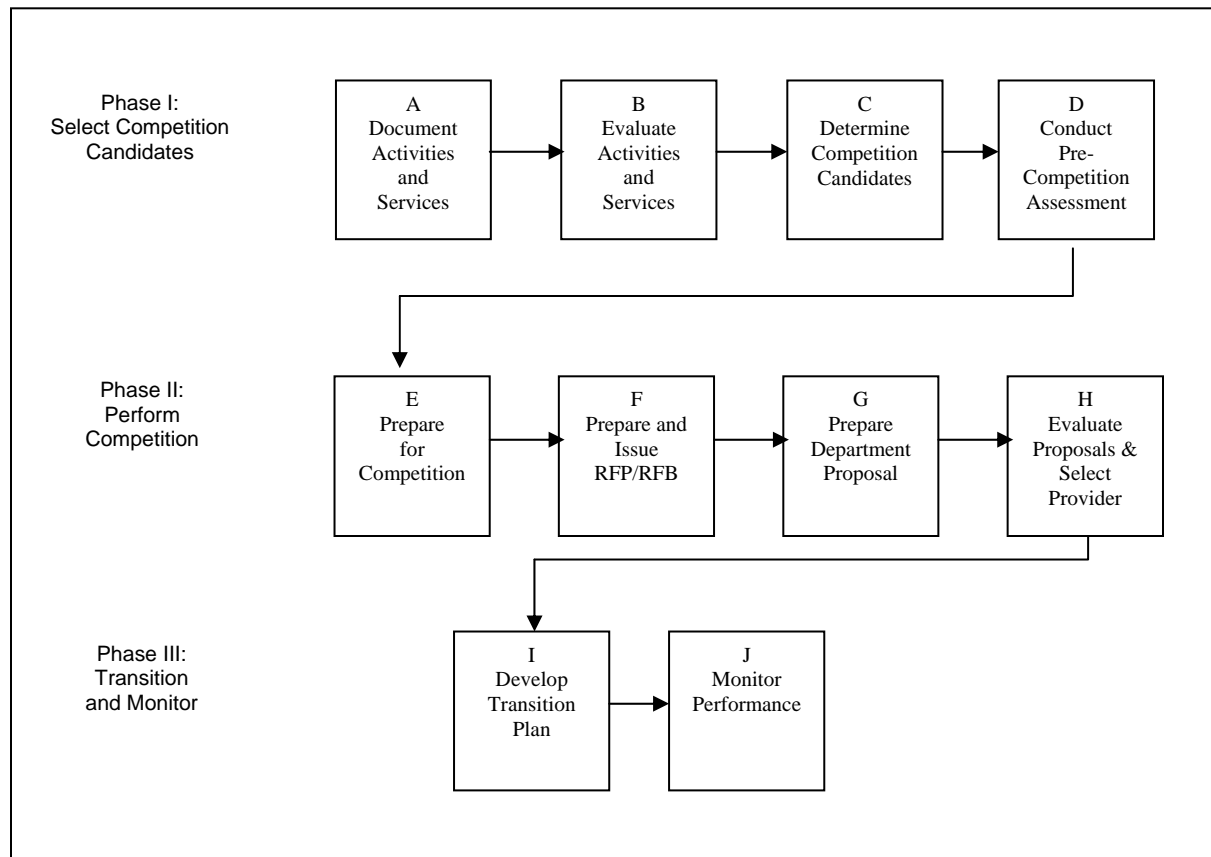


Exhibit 2 shows these tasks along with the major activities in each task area. To ensure that competitions are conducted in a thorough and consistent manner, a checklist that departments can use to document progress is offered as Attachment B.

Phase I Select Competition Candidates		
Task A	Document Activities and Services	
	A-1	Identify major activities and tasks
	A-2	Document information for each function/activity
Task B	Evaluate Activities and Services	
	B-1	Analyze legal limitations
	B-2	Analyze work-type limitations
	B-3	Analyze market strength
	B-4	Analyze service size
	B-5	Analyze other factors
Task C	Determine Competition Candidates	
	C-1	Evaluate functions and activities
	C-2	Document evaluation and make determination
Task D	Conduct Pre-Competition Assessment	
	D-1	Gather service volume data
	D-2	Estimate service costs
	D-3	Gather "best practices" and benchmark information
	D-4	Review with potential vendors
Phase II Perform Competition		
Task E	Prepare for Competition	
	E-1	Define roles and responsibilities
	E-2	Develop project management plan
	E-3	Assess department proposal preparation needs
	E-4	Initiate reengineering
Task F	Prepare and Issue RFP/RFB	
	F-1	Develop Statement of Work
	F-2	Develop draft RFP/RFB
	F-3	Conduct internal review
	F-4	Obtain Board approval
	F-5	Conduct stakeholder review and finalize RFP/RFB
	F-6	Manage procurement
Task G	Prepare Department Proposal	
	G-1	Prepare department proposal, on-going with A&C review
	G-2	Obtain Auditor and Controller approval
	G-3	Submit department proposal
Task H	Evaluate Proposals and Select Provider (SSC)	
	H-1	Establish Source Selection Committee
	H-2	Evaluate proposals and compare costs
Phase III Transition and Monitor		
Task I	Develop Transition Plan	
	I-1	Prepare transition plan
	I-2	Communicate plan
	I-3	Implement transition plan
Task J	Monitor Performance	
	J-1	Monitor service/cost performance
	J-2	Monitor customer satisfaction
	J-3	Take corrective action when

The operational responsibility for conducting a managed competition within a County department resides with the Department Head (who may select a Competition Manager to oversee the process). There are also many groups involved in the process including

the Board of Supervisors, CAO, Deputy Chief Administrative Officers (DCAO) acting as General Managers for their respective Groups, Group Finance Directors (GFD), Competition Managers, Department Work Teams, employee organizations, Purchasing and Contracting, County Counsel, Auditor and Controller, Department of Human Resources and others. In a procurement process where a Department Work Team proposes to provide a service, it is important that roles and responsibilities are clearly defined to ensure a fair and equitable process. Exhibit 3 outlines major groups involved in the managed competition process along with the extent of their involvement with each task. These roles and responsibilities are described in more detail in the task descriptions throughout this Guide.

Summary of Task Roles and Responsibilities

Exhibit 3

	A Document Activities	B Evaluate Activities	C Determine Candidates	D Pre-comp Assess	E Comp Prep	F Prepare and Issue	G Prepare Proposal	H Eval Prop and Award	I Plan	J Monitor Perf
Board of Supervisors						X		X	X	
Auditor and Controller	X			X			X	X	X	X
CAO / DCAO	X		X	X	X	X		X	X	X
Group Finance Director (GFD)	X	X	X	X	X			X		X
Competition Manager					X	X		X	X	
Consultants	X	X	X	X	X	X	X		X	
County Counsel		X	X	X	X	X	X	X	X	X
Department Head	X	X	X	X	X	X	X	X	X	X
Department Work Team					X	X	X	X	X	X
External Vendors				X		X	X	X	X	X
Human Resources/Labor Relations	X	X	X	X	X	X	X	X	X	X
Employee Organizations	X	X	X	X	X	X	X		X	X
Purchasing and Contracting				X	X	X	X	X		X
Source Selection Committee								X		

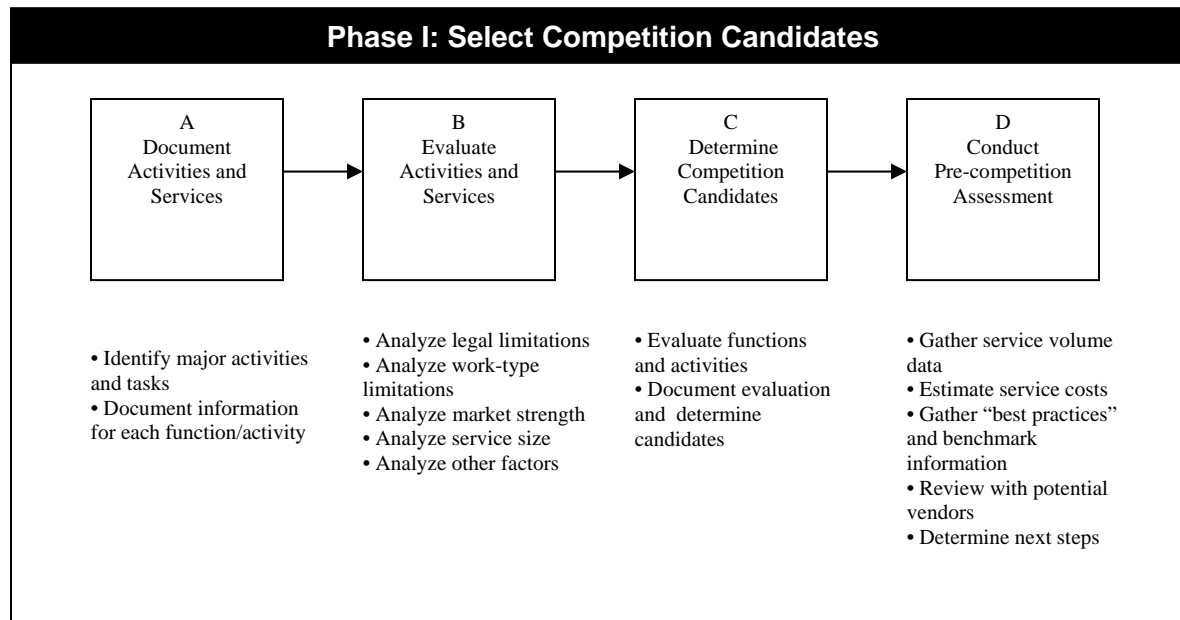
The remainder of this guide describes the phases and tasks involved in managed competition in more detail.

Phase I – Select Competition Candidates

County departments identify candidates for competitive procurement using the managed competition process and perform an initial assessment of opportunities for improvement. This is accomplished by performing four tasks:

- Task A: Document Activities and Services
- Task B: Evaluate Activities and Services
- Task C: Determine Competition Candidates
- Task D: Conduct Pre-Competition Assessment

Exhibit 4 provides an overview of the tasks and activities involved in this phase.



Department Heads are responsible for taking the lead on tasks within this Phase and should confer with their DCAOs regarding the timeline for completion of these tasks. Department Heads can choose to lead a team of employees in performing Tasks A through D, or assign a key person within the department to lead the tasks. When referring to the Task Lead, the reference is to the Department Head or the key person designated to lead the tasks.

The tasks in Phase I describe a comprehensive process for identifying competition candidates. It is not necessary to complete the entire process prior to beginning a competition. However, Department Heads should ensure that the tools and forms provided in this manual are completed to ensure that all factors are thoroughly considered.

Departments are encouraged to identify obvious candidates for competitions that can be started immediately. In addition, new services are potential candidates for competition along with services for which the County currently contracts with non-County providers.

In performing the tasks in Phase I, assistance and resources from other County departments is available. These resources include:

- **Benchmark and Cost Estimating** – The County, through the Auditor and Controller, may provide assistance and resources to departments in developing benchmark data and determining the internal cost of services and activities.
- **Pre-qualified Consulting Lists** – there are Statewide instruments available to obtain skilled, pre-qualified consultants in the areas of benchmarking, cost estimating, reengineering and proposal development such as the California Master Award Schedule (CMAS). For more information regarding this procurement instrument, contact Purchasing and Contracting.

At the conclusion of Phase I, County leadership will have the information needed to identify, determine, schedule, and manage the competition process for leading candidates in the County.

Task A: Document Activities and Services

This task includes the development of a comprehensive list of activities performed by the program being considered for managed competition review, which is complete and includes all staff positions and budget for the subject program(s), with groupings at a level of detail appropriate for competitive analysis.

A-1 Identify Major Activities and Tasks

The major activities and tasks should correspond to how the market responds to requests for contracted assistance. If the services of an entire division could be competed and awarded to a single vendor, then it may not be necessary to break this division into smaller activities or tasks for analysis. If the market would be unable to identify with or respond to a larger grouping, dividing into activities and tasks may be necessary. The Auditor and Controller, Group Finance Director and/or Group DCAO can provide assistance in determining the appropriate level of detail.

Management of the department or divisions should be broken out separately, as these functions are typically considered unique to government. These services are not often contracted, but may be reduced depending upon the amount of services outsourced. The specific analysis of management and administrative costs potentially impacted by outsourcing will occur using the Auditor and Controllers' cost comparison methodology during Task G: Prepare Department Proposal.

An example of how information for Fleet Management in the Department of General Services was organized and documented is included as Attachment D.

A-2 Document Information for Each Function/Activity

Once activities are identified, the department gathers data related to the activities that will provide a basis for competitive screening. A blank form that can be used as a template for reporting data is included as Attachment E. The Auditor and Controller can provide assistance with gathering the appropriate information. Key items include:

- Name of the activity
- Description of activity - a brief one to two sentence description to enable the reader to understand the scope and tasks related to the activity.
- Current Fiscal Year budget and adjusted actuals - Used to ensure completeness, this information, when added to other activities, should reconcile to the division and department budget and adjusted actuals. This information will help assess the potential financial impact of competition or reengineering activities.
- Current Fiscal Year staffing - Used to help ensure completeness of data, this information should reconcile to the County position budget, including authorized positions in the Compensation ordinance, staff years (budget and actual), costs in the program budget, positions filled at budgeted level, modified (under filled) positions, vacant positions and temporary positions. Attachment F contains a

staffing analysis worksheet that should be used to further detail the fiscal year staffing. Staffing information helps assess the potential impact on County staffing levels of competing or reengineering an activity.

- Large commodity purchases (as defined by the Department of Purchasing and Contracting) - Managed competition focuses on achieving service delivery efficiency through changing how services are delivered. Large purchases, where opportunities for improvement or savings resulting from competition are limited, should be excluded from the analysis, as determined by the Auditor and Controller. The remaining costs will be used to help assess the potential financial impact of competition. The Department of Purchasing and Contracting can be a resource for this information.
- Amount currently contracted to external providers - Services already contracted out may be subject to further competitive analysis if multiple County contracts in similar service areas can be consolidated to improve service and efficiency or if it may be cost effective to include the activity as part of a managed competition.

The activity hierarchy should correspond with the organizational structure of the department, enabling the reconciliation of functions, activities, and tasks with division and departmental summaries. Each level of detail further defines the prior level. For example, if one division performs three different activities, the fiscal year budget and adjusted actuals for each of the three activities (including division administration) will total the budget and adjusted actuals for the entire division. The information gathered in Task A: Document Activities and Services will be used in Task B: Evaluate Activities and Services and Task C: Determine Competition Candidates to evaluate and determine department activities and services.

When County performance of new services is not considered feasible, steps will be taken to contract the service without the preparation of a competitive proposal by the department. For example, County performance may not be considered feasible under the following conditions:

- The service would require a capital outlay with no assurance it could be amortized over a reasonable length of time.
- The service would require the classification and establishment of new positions in the classified service, possibly creating an unacceptable delay in the start of service, or the estimated time frame for providing the service does not justify the establishment of new positions.
- Conditions imposed by the funding source making County performance not feasible.
- Other conditions, as identified by the department, which are expected to render County performance not feasible, with CAO concurrence.

Roles and responsibilities for Task A: Document Activities and Services include:

Group	Roles and Responsibilities
Board of Supervisors	
Auditor and Controller	Provide assistance in identifying activity areas and costs. Review and approve documentation.
CAO / DCAO	Approval of documentation
GFD	Communicate with Department Head, Work Team and support departments to ensure documentation is clear, concise and completed in a timely manner. Review and approve documentation.
Competition Manager	
Consultants	May be asked to participate by the department.
County Counsel	
Department Head .	Task Lead Assign and coordinate department employees to complete the tasks and related forms. Obtain DCAO approval.
Department Work Team	
External Vendors	
Human Resources/Labor Relations	Provide assistance and review
Employee Organizations	May be asked to participate.
Purchasing and Contracting	
Source Selection Committee	

Task B: Evaluate Activities and Services

Each function/activity identified in Task A: Document Activities and Services is reviewed to identify those that should not be considered for competition.

B-1 Analyze Legal Limitations

B-1.1 Legal limitations

Document and eliminate from consideration those candidates in which the services are either required to be performed by County employees under federal or state law or are subject to other legal limitations to contracting out services. If applicable, consult with County Counsel.

B-1.2 Further evaluation

For services that are subject to legal limitations, further evaluation is performed to determine the extent of the legal limitations. This includes looking at changes to laws or regulations or further breakdown of activities that will allow competition of these services.

B-2 Analyze Work Type Limitations

B-2.1 Contracted services

Document and eliminate from consideration functions that are already contracted out, except as discussed in A2, with the remaining costs existing as primarily contract management or non-personnel costs. Also document and eliminate any contract management functions from consideration if the function/activity represents a contract oversight function that should be performed by government. The timing of contract expiration should also be reviewed and documented.

B-2.2 Administrative activities

Document and eliminate from consideration administrative and management activities that cannot be contracted out. Administrative activities should be analyzed for possible efficiency improvements (reengineering) especially if they limit the cost competitiveness for the department's activities. These functions should also be reviewed to determine if the results of other competitive activities have an impact on administrative levels. Review documentation with Auditor and Controller staff.

B-2.3 Policy setting

Document and eliminate from consideration any policy setting functions, as government policy development is one of the unique government functions that requires direct department control.

B-3 Analyze Market Strength

Document and eliminate from consideration functions that have severe market limitations that reduce the likelihood of generating market interest and attracting competitive proposals. Legal limitations may also affect the marketability of some activities.

To effectively compete a function, a viable market with a number of willing and able service providers and an attractive potential contract must exist. Keep in mind that vendors will often mobilize to respond to contracts if they are substantial in size, even if there was no indication of a significant market for the service beforehand. If there is a limited market, a thorough examination of the activity is still warranted in preparation for reengineering the service.

B-4 Analyze Service Size

B-4.1 Service totals less than \$500,000 or less than 5 staff years

Document and eliminate from consideration functions where the direct costs total less than \$500,000 or involve less than five staff years. [Board Policy B-63](#) requires that competed functions involve a minimum of five staff years and \$500,000 in direct costs.

Since the competition process required significant preparation and resources, the potential for savings in functions under this threshold may not offset the time, effort and funds expended during the process.

B-4.2 Combination of smaller services

Services individually totaling less than the \$500,000 threshold or have fewer than five employees should be reviewed for possible combination that would increase the service marketability.

B-4.3 Divestiture, outsourcing or reengineering

Review smaller services for possible divestiture, outsourcing, reengineering or consolidation with another governmental agency.

B-5 Analyze Other Factors

B-5.1 Factors that prevent function from being competed

Document and eliminate functions where specified factors keep the function from being competed. Factors that may keep an activity from being a candidate include involvement in recent or current outsourcing efforts, recent competition analysis that is still relevant, or other complicating factors that do not fall into one of the previous screening categories. These activities may be reconsidered in the future if the specified factors change.

B-5.2 Reengineering

Services that cannot be subjected to the competitive process may still be substantially improved through the reengineering of the function. A sample form that can be used to document the competition vs. reengineering screening process is provided as Attachment G. These forms and their supporting documentation should be developed in conjunction with Auditor and Controller staff and GFD.

Any activities that remain after completing Task B: Evaluate Activities and Services should move to Task C: Determine Competition Candidates.

Roles and responsibilities for Task B: Evaluate Activities and Services include:

Group	Roles and Responsibilities
Board of Supervisors	
Auditor and Controller	
CAO / DCAO	

GFD	Communicate with Department Head, Work Team and support departments to ensure activities and services are evaluated properly and documentation is completed in a timely manner. Review and approve documentation.
Competition Manager	
Consultants	May be asked to participate by the department.
County Counsel	Provide legal review and advice as required.
Department Head	Task Lead Assign and coordinate department employees to complete the tasks and forms. Obtain DCAO approval.
Department Work Team	
External Vendors	
Human Resources/Labor Relations	Provide assistance, review and coordinate Labor/Management Committee process.
Employee Organizations	Will be asked for assistance and input through the Labor/Management Committee process
Purchasing and Contracting	
Source Selection Committee	

Task C: Determine Competition Candidates

The department assesses the remaining functions and activities not eliminated in Task B: Evaluate Activities and Services. Each remaining function and activity is evaluated to identify those services that are strong candidates for competition.

C-1 Evaluate Functions and Activities

The remaining activities and services from Task B: Evaluate Activities and Services are evaluated to indicate the level of impact and success of competing the service. A narrative describing the findings, and prioritization lists showing the order in which the department will subject services to managed competition is developed.

C-1.1 Market strength

Measures the ability and interest of the local or regional market to provide these functions to the County. This measure is important for the following reasons:

- The competition process requires that qualified external vendors exist to compete against County in-house staff;
- The existence of a strong external market ensures that market competition has forced providers to become efficient and cost effective in order to compete in the marketplace; and,

- An active and established marketplace lowers the department's risk of dependence on any one contractor.

Questions to consider when assessing the market strength include:

- Has the function been successfully delivered by non-County providers in or near San Diego County?
- Do non-County providers possess additional skills in providing this function that may not be available to County employees?
- Will the complexity of the function limit the market's ability to respond?

C-1.2 Potential financial impact

This indicates potential financial impact on department operations, costs and funding as a result of competition. Discussions with the Department of Human Resources, Labor Relations Division may be appropriate depending on the efficiency improvements envisioned by the department. Services where efficiency improvements can have the greatest financial impact and where client service improvements are most likely are prime candidates for competitive analysis. Modest efficiency improvements in large areas can result in large cost savings. Additionally, the outsourcing of larger functions will more likely result in savings in indirect overhead and support costs incurred by the function.

Questions to consider when assessing potential financial impact include:

- Is the function a large budget item or does it employ a large number of staff where efficiency improvements could result in significant savings?
- What will be the impact on County funding including General Fund, special funds, grant funds and other funding sources?
- Can savings generated by reengineering or competing this function be reinvested and re-deployed in other County services?
- Would competing or contracting the function directly or indirectly reduce department or County overhead?
- Would service quality potentially improve as a result of outsourcing (due to complexity, skills, technology, etc.)?
- Does the function require a substantial investment to remain competitive (e.g. information technology equipment)?
- Would there be an impact on existing revenue sources if the function is contracted?

C-1.3 Ease of implementation

What is the likelihood that any competition effort would result in successful implementation? Competitiveness assessment should favor functions/activities where:

- A procurement/competition can be conducted and a solution can be implemented with minimal problems.
- Client dissatisfaction and/or service delivery problems currently exist. (Efforts should be underway to determine the sources/causes of the problems).
- Fluctuations in demand and funding will increase the desire to institute change through a competition process.

Questions to consider when assessing ease of implementation include:

- Can clear and quantifiable performance standards for the function be defined in a contract document?
- Is there any issue regarding this service that strongly points toward a change in function delivery (customer dissatisfaction, increased service demand, and/or decreased resources)?
- Must regulations, policies, labor agreements or other guidelines be changed to permit contracting this function? If so, implementation may be prevented or delayed.
- Is funding for this function highly variable, at-risk or highly stable? Highly variable funding would favor outsourcing because of the staffing risks involved.

C-1.4 Risk analysis

Considers the degree to which contracting out or providing the service in-house would expose the department or County to risk or liability, including service disruption, health and safety issues, financial liability and damage to public opinion. Exposure to substantial risk or potential financial liability associated with a service may negate a large portion of any cost savings realized through outsourcing. In these cases, the internal reengineering of the function may be a more appropriate choice than competitive analysis and procurement. Consultation with County Counsel and/or the Department of Human Resources, Risk Management may be helpful for this analysis.

Functions with a high-risk profile may require the department to exercise more direct control of the function than is possible through a contract provider. Functions where potential financial liability is limited, or where risk can be shared, mitigated or assumed by an external provider, will be a stronger candidate. In addition, a function will be a better candidate if temporary disruptions will have a minimal negative impact on revenues, costs, or public opinion.

Questions to consider when assessing risk exposure include:

- Is the function provided primarily to the department and County customers, or directly to the public? Services delivered to the public will be more sensitive to temporary service disruptions.
- Would temporary disruptions or poor performance impact public health and safety, funding, liability, or public perception?
- Would the anticipated market be likely to accept shared risk and performance-based payment and penalties?
- Can the quality and quantity of the service be monitored and controlled?
- Can the County share risk with external vendors by contracting out the service?
- What are the timeframes and start up costs for a change in service provider?
- Could the County develop an acceptable and manageable backup plan in the event of contract performance problems?
- What is the market's ability to provide a variety of service providers?

C-2 Document Evaluation and Determine Candidates

An example of a completed narrative that evaluates Fleet Management as a competition activity is shown as Attachment H. The results of this review are documented in narrative form.

Based on information provided in the completed narrative, services are identified for competition by the department. This list can be separated into sub-lists of strong and secondary candidates. Secondary candidates will typically be subject to competition following the strong candidates, as resources allow.

Roles and responsibilities for Task C: Determine Competition Candidates include:

Group	Roles and Responsibilities
Board of Supervisors	
Auditor and Controller	
CAO / DCAO	Approval of documentation.
GFD	Communicate with Department Head, Work Team and support departments to ensure competition candidates are properly identified and documented. Review and approve documentation.
Competition Manager	
Consultants	May be asked to participate by the department
County Counsel	Provide assistance as needed for risk analysis.
Department Head	Task lead Assign, coordinate and work with

	department employees to complete the task. Obtain DCAO approval. Notify Auditor and Controller, Purchasing and Contracting and DHR of determination.
Department Work Team	
External Vendors	
Human Resources/Labor Relations/Risk Management	Provide assistance, as needed, for service efficiency improvements. Provide assistance as needed for risk analysis.
Employee Organizations	Will be asked for assistance and input, through the Labor/Management Committee process.
Purchasing and Contracting	
Source Selection Committee	

Task D: Conduct Pre-Competition Assessment

High-priority services are subjected to a pre-competition assessment, evaluating the likelihood of a competitive procurement resulting in improvements to service efficiency and effectiveness. This assessment involves a combination of tasks to estimate the cost of County service delivery and whether external providers are likely able and willing to provide services at comparable or lower costs. Major activities in Task D: Conduct Pre-Competition Assessment includes:

- D-1 Gather service volume data
- D-2 Estimate service costs
- D-3 Gather “best practices” and benchmark information
- D-4 Review with potential vendors
- D-5 Determine next steps

Volume and cost information gathered and developed should be at a level comparable to how the market defines and prices these services, enabling a more consistent comparison between County performed activities and those provided by external vendors. For example, if for a particular service area the market typically bids and provides services based on a cost per unit, (e.g. cost per square foot, inspection, case managed, hour, etc.), the department should attempt to develop its information in a similar manner. This permits more meaningful and useful benchmarking. In some cases, the effort required to estimate activity costs at market recognizable levels may be extensive. It is the responsibility of the Department Head to work with the Group Finance Director and Auditor and Controller to decide on the level of analysis required and ensure that adequate data is available for a supportable compete/no compete decision.

Note that during the competition analysis, consideration should be given to those services already contracted out to ensure that all costs related to a particular service/activity are taken into account. The timing of contract expirations should also be reviewed in deciding the services to be included in the pre-competition assessment.

D-1 Gather Service Volume Data

Additional information on functions being considered for competition is developed and used as a basis for comparing costs to those of external vendors and to define activity levels if the service is competed. Activities for functions under review were initially defined in Task A: Document Activities and Services of the process. At this point it is important to review these activity categories to ensure that the activities being defined, and the volume basis used for calculating costs, are appropriate for the initial market comparison taking place in Task D: Conduct Pre-Competition Assessment.

D-2 Estimate Service Costs

Once functions and activities are identified, and volumes associated with the activities are quantified, costs must be estimated in order to perform the pre-competition cost assessment. The level at which these functions are defined and costed depends upon how the market performs and prices the service. Once the costs of performing functions or activities are identified, these costs may be divided by the activity volumes identified in Task D-1: Gather Service Volume Data to determine a cost per unit of activity, if this will provide the best basis for external cost comparison.

Departments that employ detailed costing mechanisms may find it relatively straightforward to assign costs to the activities identified in Task D-1: Gather Service Volume Data. However, others may need to use alternative costing methodology to develop estimates to compare in-house and external service options.

The assignment or distribution of costs to specific activities performed by the department can be performed using two primary steps:

- 1) Cost Assignment – Costs clearly applicable to a specific activity should be applied directly. In many cases a department can identify individuals, equipment, contracts, and other cost items that apply only to the activity being considered. The costs associated with these people, equipment, supplies, etc. should be assigned to the task.
- 2) Indirect/Overhead Cost Allocation – Where resources support many different activities, an allocation of costs based on actual or estimated usage will be required. Division, department, and County administration and overhead costs will need to be allocated based on an allocation statistic, like a percentage rate for example, that approximates the usage of the service.

Cost types do not always fit neatly into the direct and indirect categories. A manager may know where to apply some of their time, but the remaining portion of time is spent on “administrative” functions and should be pooled and allocated. A graphics or print shop may have some jobs that support specific activities, and others that support the overall department and need to be allocated. The rule of thumb is: directly apply what you can, and allocate the rest using sound allocation statistics.

Throughout the process it is important to track and separate avoidable and unavoidable costs. This information provides baseline data to complete portions of the spreadsheets required by the Auditor and Controller. Auditor and Controller staff is available to provide advice and assist with documenting avoidable and unavoidable costs. For more

detailed information and the forms departments should use, contact Auditor and Controller staff.

D-3 Gather “Best Practices” and Benchmark Information

Once the department understands the costs associated with providing a service or performing an activity, this information should be reviewed against information available about the marketplace. This information is used as a basis for discussion with potential vendors, to adjust activity groupings, and to determine the feasibility of moving forward in the competition process. Information can be gathered from a wide range of sources, including:

- Surveys with peer counties and local cities;
- Internet research;
- Government associations; and
- Trade groups.

Basic information should be gathered to ensure that continuing the competition process, and incurring the costs associated with the process, has a reasonable chance of improving service delivery or efficiency. This information should include:

- Demographics and service characteristic data that will provide a comparison to the County of San Diego’s size and needs;
- Service costs, whether contracted or provided in-house (where available);
- Customer and government satisfaction information; and
- Other data that will help the County evaluate the opportunities and risks associated with contracting an activity.

The result is a better understanding of the experiences of other counties and cities that perform, and in some cases contract out, activities similar to those being evaluated for competition by the County of San Diego. This information helps determine the overall feasibility of going through the competition process, and serves as the basis for any fact-finding discussions with potential vendors.

As with most benchmarking, caution should be used in actual cost comparisons with other organizations. The basis for the comparisons may be inconsistent. The department may strategize the development of their internal service provision to incorporate any “best practices” gathered through this process. The Department of Human Resources, Labor Relations Division is available to assist with any discussions regarding efficiency improvements.

D-4 Review with Potential Vendors

To clarify the capabilities of non-County service providers, and their willingness and ability to provide services in San Diego, the County should conduct discussions with potential vendors. These discussions supplement the benchmark and “best practices” information. Vendors may be identified by reviewing existing government contracting lists, the phone book, internet searches, contacting industry organizations, information gathered in the benchmarking process or from other sources.

The process will address questions such as:

- Are activities grouped properly for external market consideration?
- Is the external market capable of providing the service in the County?
- How are services costed and billed by contractors?
- Are there risks or concerns that have not yet been considered when reviewing the activities?
- Are there any issues (terms, requirements, etc.) that would limit or improve the market's ability and willingness to respond to a RFP/RFB?
- What other issues must be considered prior to competing the activity?

An additional benefit of this step is to make the vendor community more aware of the managed competition process and put them on informal notice that the County is considering conducting a formal procurement. This enables the vendor community to begin to mobilize and prepare to respond to a formal RFP/RFB, increasing the likelihood of the County receiving an adequate number of responsive proposals.

D-5 Determine Next Steps

Following the definition of activities, the determination of activity costs, and an assessment of the marketability of the service, a decision must be made whether or not to pursue a managed competition. This decision requires the analysis of several factors impacting the expected results of a competition process. These factors include, but are not limited to:

- Ability and willingness of the market to respond to an RFP/RFB;
- Legal or regulatory barriers or limitations;
- Level of success or problems experienced by others who have competed or contracted the activity;
- Comparison of calculated internal "avoidable" costs to estimated external pricing; and
- Level of real or perceived liability risk or stakeholder opposition.

The Department Head may recommend continuing managed competition; keeping the service in-house and pursuing other alternatives such as partnerships and reengineering, or outsourcing the activity or service. The DCAO will review the Department Head's recommendation and make the final decision. The Department Head will notify the Department of Human Resources, Labor Relations Division of the DCAO's decision. The Department of Human Resources, Labor Relations Division will then notify the employee organizations of the DCAO's decision.

Continue Competition – If no significant barriers to competition exist, and the comparison of costs indicates that a competition may result in economy and efficiency improvements, the activity should be put through the formal competition process. This may still apply if the external cost of service appears to be higher than internal costs, due to the possible variance between surveyed external costs and those actually proposed by vendors in a formal process.

These activities or services have already been screened for adequate size, per [Board Policy B-63](#) requirements, (greater than \$500,000 in direct costs or 5 staff years) in

Task B: Evaluate Activities and Services, and are appropriate for competition. Depending on the service, the competition can be performed using a RFP/RFB. In either case, a department proposal is evaluated against those of external providers by the Auditor and Controller.

Cancel Competition – If the market appears reluctant to respond to a competition (due to risk, ability to perform, legal restrictions or other factors), or if the County’s costs are clearly and significantly lower than those surveyed and discussed with vendors, the County may wish to cancel the competition. If a competition is unlikely to result in improving the quality, economy or efficiency of an activity, it would be impractical to continue through the time consuming competition process. Activities and services that are not competed should be reviewed for other improvement opportunities, such as:

- Reengineering the activity or service – The Department Work Team that would have reengineered the service as part of the competition process may still be asked to find methods for improving the delivery and efficiency of their services.
- Investigating factors that currently limit the value of a competition – While barriers to competition may currently exist, the department should investigate making changes that would eliminate these barriers and allow for a competition in the future. This includes more detailed review and resolution of potential legal limitations that influenced the decision to forgo competition.
- Pursuing partnerships – There may be opportunities to partner with other Counties or municipalities to share resources, investment, and risks to improve efficiency and effectiveness of the activity area.

Outsource – The information gathered in Task D: Conduct Pre-Competition Assessment may indicate that, although a managed competition is not appropriate, there may be benefits to outsourcing the service due to significant operating cost differences such as the need for major in-house capital investment, opportunity to share or offload significant County risk, or other factors. In this case, the CAO may seek a waiver of Board Policy B63 and Board authority to issue an RFP/RFB to procure the service directly through an external provider.

Under outsourcing, the department submits a Cost Analysis that will be used to prepare a Cost Comparison Summary. Here, the most advantageous private proposal is compared to the existing County costs for the CAO to make a determination of economy and efficiency. The policies and procedures that must be used to determine economy and efficiency are outlined in the [CAO's Administrative Manual Item No. 0090-01-01](#). The procurement should be conducted in accordance with the procedures set forth in [Board Policy A-81](#).

The team performing the Task D: Conduct Pre-Competition Assessment analysis should clearly document the results of the cost estimating and benchmarking work, and provide documented support for their recommendation to compete, keep in-house or outsource the service or activity. This recommendation and supporting documentation should be reviewed by County Counsel, the DCAO, Group Finance Directors, Auditor and Controller staff and Purchasing and Contracting staff to determine if any clarification or additional work is needed, and that the decision is consistent with County procurement policies.

Roles and responsibilities for Task D: Conduct Pre-Competition Assessment include:

Group	Roles and Responsibilities
Board of Supervisors	
Auditor and Controller	Provide assistance in identifying and classifying costs as avoidable and unavoidable. Review results of cost analysis.
CAO / DCAO	Review department recommendation.
GFD	Communicate with Department Head, Work Team and support departments to ensure proper steps are taken, cost estimates are accurate and documentation is clear and concise. Review and approve documentation.
Competition Manager	
Consultants	May be asked to participate to provide assistance in benchmarking or performing cost analyses.
County Counsel	Review and advise on legal constraints and compliance with Board and Administrative Manual policies.
Department Head	Task Lead Assign and coordinate department employees to complete the task. Make recommendation to compete, retain or outsource the service. Obtain DCAO approval. Notify Department of Human Resources, Labor Relations Division of DCAO decision.
Department Work Team	
External Vendors	Provide market information on services, including market prices, risks, capabilities, etc. Propose on and perform work being considered.
Human Resources/Labor Relations	May be asked to participate in any internal efficiency improvements. Provide assistance, review and coordinate Labor/Management Committee process.
Employee Organizations	Through the Labor/Management Committee process, will be asked for assistance and input
Purchasing and Contracting	Assist in identifying potential providers as requested by the department
Source Selection Committee	

Phase II – Perform Competition

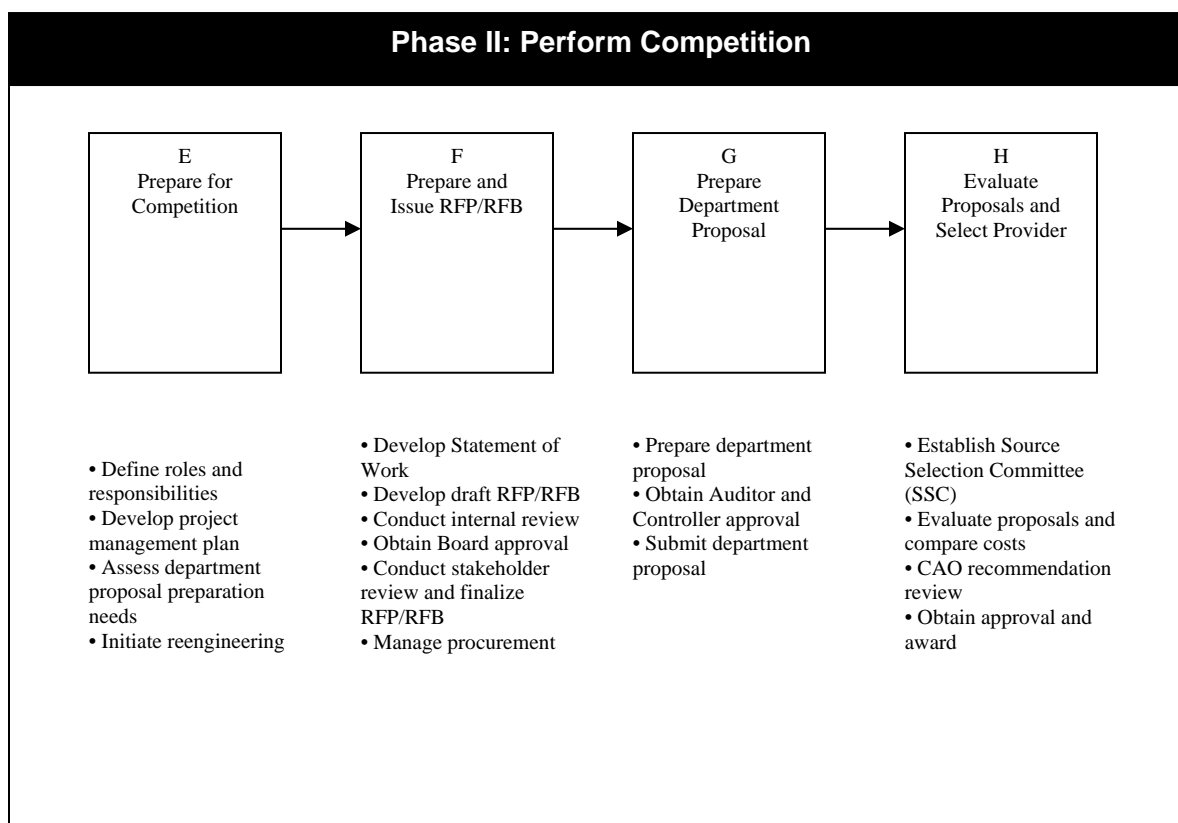
If the decision is made in Phase I to perform a managed competition process, then the activity moves to Phase II. During this phase, County departments perform the managed competition process. Phase II covers the following major tasks:

- Task E: Prepare for Competition
- Task F: Prepare and Issue RFP/RFB
- Task G: Prepare Department Proposal
- Task H: Evaluate Proposals and Select Provider

Exhibit 5 provides an overview of the tasks and activities involved in this phase.

Overview of Phase II Tasks

Exhibit 5



At the conclusion of Phase II, all candidates identified and assessed in Phase I will have been competed through the managed competition process. If the department is selected, it is held accountable to the performance levels and specifications in the Technical and Cost Proposals. If an external service provider is selected, they will be held accountable to the contract with the County. The monitoring and management of either is discussed in Phase III.

Task E: Prepare for Competition

A well-managed project should be logically and methodically organized from the start. Therefore, the following activities establish a project management and reporting structure to be followed throughout the competition process. Before beginning Task E: Prepare for Competition, the department may consider notifying the Board of its intent to pursue a managed competition. The department must receive authorization from the Board prior to releasing a draft RFP as discussed in Task F-3: Conduct Internal Review.

E-1 Define Roles and Responsibilities

Since each department will be involved in both the competitive procurement process and competing to provide the service, the roles and responsibilities of the participants must be established early in the process. The following discusses the roles of the Department Head, Competition Manager, Department Work Team and employee organizations in the competitive procurement process.

E-1.1 Department Head

The Department Head has the ultimate responsibility for the success of the managed competition and for the performance of the provider ultimately selected to perform the service. The Department Head may appoint a Competition Manager to oversee the competition process on his/her behalf. The Department Head also appoints the Department Work Team and Team Leader to assist in reengineering, if requested, and to prepare the department's proposal.

E-1.2 Competition Manager

If the Department Head appoints a Competition Manager, then the Competition Manager may oversee the managed competition procurement process throughout the department. The person selected for this role must be independent of the service or activity that is being considered for competition and in some cases, work for another County department. This person will ensure a fair and objective managed competition process. Ideally, this person will oversee all competition processes occurring within the department to benefit from experiences learned from each process. Large departments expected to perform several competitions may dedicate one or more people within the organization to this role, or individuals can be assigned by each competition project as needed.

A Competition Manager's primary responsibilities include:

- Oversight of overall competitive procurement process as outlined in this document;
- Setting the direction and timeline for the procurement process;
- Liaison between the GFD, Auditor and Controller, Labor Relations, County Counsel and Purchasing and Contracting staffs;
- Interfacing with other County departments;
- Providing overall project management for each department project, ensuring project schedules and reporting requirements are met;
- Ensuring employee involvement, as appropriate;
- Developing the RFP/RFB with the assistance of Purchasing and Contracting;
- Identification and resolution of issues;
- Vendor/community liaison;
- Compliance with requirements of the [Contract Business Plan Review \(CBPR\) and Project Management Review \(PMR\) process](#); and
- Facilitating project meetings.

The Competition Manager is key to a successful and objective competitive procurement process. The Competition Manager should not also be assigned to lead the Department Work Team.

E-1.3 Department Work Team

The Department Head appoints a Department Work Team and Team Leader to initiate reengineering activities and be responsible for developing the department's technical and cost proposal in response to the RFP/RFB. The Department Work Team consists of members who have demonstrated skills and abilities that will be useful for a successful

proposal development. If represented employees will be affected by the competition then the Department Work Team should be formed consistent with Attachment C.

Some of the characteristics and skills that the department may consider in making an appointment include: technical expertise in the service being procured, budgeting and/or accounting, human resources, leadership capabilities, creative thinking, strong writing skills and strong verbal communication. The Department Work Team may also include other County employees, consultants and employee representatives consistent with the Employee Organization Participation Plan. Where technical resources are limited, the department may request assistance for writing the RFP/RFB. In no circumstances should the same person or consultant prepare the RFP/RFB and prepare the department response.

E-1.4 Employee Organizations

The Department Head and Competition Manager will discuss labor relations issues with the Department of Human Resources, Labor Relations Division and County Counsel. The method of communicating with employee organizations and their participation level is through the Labor/Management Committee process. A participation plan for employee organizations is included as Attachment C. Employee organizations may provide but are not limited to the following:

- Resources including personnel, funding, consultants or training;
- Reengineering plans and ideas;
- A third party review of the reengineering method created by the Department Work Team;
- Participation on the department's existing Labor/Management Committee; and
- Participation on a County Managed Competition Labor/Management Committee.

E-2 Develop Project Management Plan

Project management encompasses the overall project process from definition of the project to the awarding of the contract. The Competition Manager is ultimately responsible for implementing a project management tool that will aid in tracking and reporting the progress of the competitive procurement process. This includes meeting the County reporting requirements including the [Contract Business Plan Review \(CBPR\)](#) and [Project Management Review \(PMR\) processes](#).

The following outlines a project management structure to facilitate reporting progress.

E-2.1 Complete the CBPR

Information on the [CBPR process](#) is available on the County intranet, along with other information related to the County's [General Management System \(GMS\)](#).

CBPR forms must be completed at the start of the managed competition process. Once completed, the [CBPR forms](#) must be forwarded to the Department Head and DCAO for review and approval.

E-2.2 Chart Action Plan

A key part of the [CBPR](#) process is a [project action plan](#). This action plan must identify and track major milestones that should include, at a minimum:

- Board of Supervisors approval for issuing RFP and authorization to award contract;
- Distribution of draft RFP/RFB for comments;
- Distribution of final RFP/RFB;
- Proposal due date;
- Cost Comparison Review and CFO approval of Cost Comparison;
- Determination of economy and efficiency pursuant to the [County Charter](#) Sections 703.10 and 916 and [CAO Administrative Manual Item No. 0090-01-01](#);
- Approval and award of contract or cancellation of RFP/RFB;
- Implementation of transition plan; and
- Project start date.

This Action Plan and progress report is part of the monthly PMR reporting requirements.

E-2.3 PMR Reporting

The [Project Management Review \(PMR\)](#) reporting requires that [CBPR forms](#) be updated on a regular basis and that additional forms are used as needed. Information on these forms is discussed in the Project Management Review material available on the County intranet.

The following forms should be forwarded to the Department Head and DCAO, with a copy sent to the Auditor and Controller:

- The [CBPR](#) forms updated monthly per the PMR process, including
- Action Plan and Progress report;
- Three additional PMR Reports (Major Known Problems, Proposed Changes and Project Performance Index Summary); and
- Other PMR forms as appropriate.

E-3 Assess Department Proposal Preparation Needs

The County is committed to ensuring that any procurement is conducted on a level playing field so that companies, non-County service providers and County work teams can all compete fairly. Since not all Department Work Teams will have the skills necessary to compete fairly, department teams needing additional resources should contact their DCAO to request assistance.

At this point in the process, the Competition Manager will hold a meeting with representatives from the Auditor and Controller, County Counsel, the Departments of Human Resources and Purchasing and Contracting, the Group Finance Director and the Department Work Team to review the process, timeline and resource needs with all staff who will be involved in the project.

E-4 Initiate Reengineering

Reengineering is the process of redesigning business processes, organization structures, technology and other factors to improve the efficiency or effectiveness of a service or activity. Departments may initiate reengineering efforts independent of, or in lieu of, performing a competitive procurement. However, while reengineering is an optional part of the managed competition process, Department Work Teams are encouraged to reengineer their services in order to compete more effectively against external providers. The affected employee organizations will be asked for assistance and input through the Labor/Management Committee process on reengineering issues.

It is important to note that any planned reengineering of business processes must be finalized, approved and initiated prior to inclusion in the cost proposal.

The final cost comparisons performed as part of the managed competition process will determine whether the department or the non-County service provider can provide the service most economically and efficiently.

The following steps provide an overview of factors to consider while reengineering, but only scratch the surface in terms of strategies and tools that can be used to improve service efficiency. Given the importance and complication of reengineering, a readiness consultant may be employed by the department to aid the Department Work Team.

E-4.1 Redesign work processes

The Department Work Team determines exactly what and how services are performed. This may mean starting with a clean slate and designing an optimal service delivery process without regard to how the service has traditionally been provided. Another approach is to analyze and redesign existing processes to separate those tasks that require a high level of skill, knowledge or technical ability from those that are repetitive, inefficient, bureaucratic, or cumbersome. In any case, the team should not assume that the current method for providing a service is necessarily the correct one. Rather, the team should focus on identifying the best way to perform the service in the future.

E-4.2 Identify technology and infrastructure needs

Redesigned work processes take advantage of advances in technology and improvements in other infrastructure areas to provide the desired increases in efficiency. The Department Work Team identifies any necessary changes and performs a cost/benefit analysis for any expected investment in these areas. If reengineering is part of a managed competition, this analysis should be performed in light of the cost comparison requirements and contract terms detailed in the RFP/RFB.

E-4.3 Identify staffing and organization needs

As with technology and infrastructure changes, reengineered work processes will significantly impact staffing requirements and the functional organization structure. The Department Work Team should identify the skill requirements for the reengineered positions, and assess current skills and capabilities for filling those needs with existing

staff. If existing staff do not have the required skills, plans should be made to identify and obtain the staffing necessary to implement the new work design. Staffing levels, position types, and the organization structure necessary to support the new processes should be analyzed to quantify efficiency gains and estimate future service costs.

It is the responsibility of the Department Work Team, through the Department Head, to identify and obtain any necessary legal reviews and changes to County policies or guidelines. Items potentially requiring meet and confer with employee organizations should be identified and immediately submitted to the Department of Human Resources, Labor Relations Division. County Counsel and the Department of Human Resources, Labor Relations Division will work to expedite all necessary reviews and processes to ensure that reengineering efforts are conducted in a timely manner.

Roles and responsibilities for Task E: Prepare for Competition include:

Group	Roles and Responsibilities
Board of Supervisors	
Auditor and Controller	
CAO / DCAO	Review and approve procurement plan and CBPR.
GFD	Review and approve monthly PMR reports
Competition Manager	Task Lead Provide overall guidance and management of competitive processes within departments Arrange meeting with interested parties, as described on page 30 Manage completeness of the CBPR and forward on to the Department Head for review and approval. Manage completion of monthly PMR reporting and forward to the Department Head for review and approval.
Consultants	Assist in reengineering initiation or project management planning as requested
County Counsel	Provide assistance as necessary.
Department Head	Review and approve CBPR and forward to DCAO. Review and approve monthly PMR reports and forward to DCAO.
Department Work Team	May initiate reengineering if desired.
External Vendors	
Human Resources/Labor Relations	Provide approval of employee impact estimates and position requirements. Provide assistance with labor relations issues.
Employee Organizations	Through the Labor/Management Committee process, will be asked for assistance on reengineering and managed competition activities.
Purchasing and Contracting	Provide information as requested regarding solicitation timelines & process.
Source Selection Committee	

Task F: Prepare and Issue RFP/RFB

Once a service or activity is identified and verified as a candidate for managed competition, the department works with Purchasing and Contracting to develop a solicitation document in the form of a Request for Proposal (RFP) or Request for Bid (RFB). This process is led by the Competition Manager who is responsible for the overall coordination of the RFP/RFB development. This includes gathering task information for the Statement of Work (SOW), interfacing with Purchasing and Contracting to ensure the quality and neutrality of the RFP/RFB, and serving as the main point-of-contact for internal and external parties involved in the procurement up until the point that Purchasing and Contracting issues the draft RFP/RFB. Once the draft RFP/RFB is issued, Purchasing and Contracting is responsible for the process. The following steps describe the development of the RFP/RFB under managed competition.

F-1 Develop Statement of Work

The Competition Manager works closely with department staff to develop a Statement of Work (SOW) from information gathered from the department, Purchasing and Contracting and other service stakeholders. Because much of the information for the SOW may be provided by the employees or managers involved in developing a department proposal, the Competition Manager plays a key role in reviewing and validating the information developed.

The SOW defines the tasks to be performed by the successful bidder, and must provide the information necessary for external vendors to develop an approach and cost for providing the service. The SOW specifies the desired outputs, performance levels and outcomes. The SOW describes what work should be performed under the new contracts, rather than simply listing the work that has historically been performed by the County. The focus is on what should be done rather than on how it should be done. This allows for flexibility in determining the most effective means of performing the activity or service. The SOW also includes the qualifications of the staff that will perform the work. Both the County Department Work Team and external vendors submit bids or proposals targeting the specifications described in the SOW.

If the SOW represents a significant change in the level or type of services expected to be provided by the successful proposer, this information must be shared with and approved by the Board of Supervisors as part of the RFP/RFB issuance process. Assistance with writing the SOW can be found on Purchasing and Contracting's [Procurement Resources](#) webpage. Competition Managers are encouraged to seek the assistance of Purchasing and Contracting throughout the process.

F-2 Develop Draft RFP/RFB

The Competition Manager is responsible for developing a draft RFP/RFB consistent with County procurement guidelines. The Competition Manager should review [Board Policy A-81](#) and consult with Purchasing and Contracting to determine whether an RFP or an RFB is most appropriate for the activity involved. Vendor or service providers may be procured through Statewide procurement instruments such as the California Master Award Schedule (CMAS). The CMAS is an "as needed" list of vendors and consultants

created by the State of California to facilitate procurement. Depending on the services being procured, the County may consider using this type of list. Additional information related to the Statewide “as needed” list can be obtained through Purchasing and Contracting.

If a solicitation document is used it should include detailed information describing how the managed competition will be conducted, how the external proposals will be evaluated, and how the cost comparison will be performed. The managed competition process may be new to many of the vendors that will be involved in the process. The Competition Manager should work closely with the department and the Purchasing and Contracting Office while developing this document.

Contents of the RFP/RFB should include items such as:

- Statement of Work - A description of the activities and services to be provided by the selected proposer and the associated desired service levels or outcomes.
- Solicitation schedule - The timeline for the solicitation from issuance of the RFP/RFB through the anticipated term of performance under the contract.
- Proposal instructions - A detailed list of instructions to potential proposers/bidders that describes proposal content and format. When applicable, instructions for the proposal content should also address how to handle any revenue offsets that impact a cost proposal.
- Process description - A description of how the procurement will be managed, including items such as questions and responses, pre-proposal conference, evaluation process, interviews, selection, cost comparison and award.
- General terms and conditions - Required procurement language related to the contract term, liability, and audit and performance requirements.
- Any necessary exhibits or attachments.
- A pro forma contract.

To ensure that all the participants understand the methodology that will be used, it is suggested that Purchasing and Contracting include a notification that an award of any contract will be made subject to a determination of economy and efficiency by the County Chief Administrative Officer.

F-3 Conduct Internal Review

The Competition Manager circulates the draft RFP/RFB for internal review by appropriate County departments involved in the procurement. A thoroughly-reviewed document is read and approved by the following participants:

- Department staff - review of statement of work developed with their input.
- Department Head - final review and approval of draft RFP/RFB.

- Purchasing and Contracting - compliance with various procurement Requirements.
- County Counsel - review of overall document, focusing on terms and Conditions.
- DCAO - review for consistency with competition guidelines. Also review SOW, performance levels and outcomes.
- Department of Human Resources, Labor Relations Division - review for potential labor relations issues and coordination with the Labor/Management Committee process.

F-4 Obtain Board Approval

Prior to releasing the draft RFP/RFB for external review, the department must receive authorization from the Board of Supervisors for Purchasing and Contracting to issue the RFP or RFB. Authorization to award a contract, if an external vendor is selected, may also be requested at this time (“issue and award”). The department describes the findings from Task D: Conduct Pre-Competition Assessment that indicated a competition was appropriate, and identifies any material changes between current service levels and those planned and documented in the SOW.

F-5 Conduct Stakeholder Review and Finalize RFP/RFB

Upon receiving Board approval, the draft RFP/RFB undergoes a maximum 30-day external review to identify and resolve any remaining issues that would limit the effectiveness and provide for a fair procurement process. This review is also an opportunity to receive feedback on the performance standards, evaluation criteria and any ideas for improving the solicitation. This feedback is necessary to ensure quality requirements are clearly defined and the SOW does not limit innovation and creativity in service delivery. Purchasing and Contracting, will manage the review process. The Department Work Team, as with other external vendors will have an opportunity to provide input regarding the draft RFP. However, to maintain an objective process the department will not be involved in determining what comments/changes will be incorporated into the RFP/RFB.

This draft may be reviewed by the Department Work Team, private sector vendors, advisory groups, and other selected stakeholders. In addition, through the Labor/Management Committee process, employee organizations will be asked to review and comment on the draft RFP/RFB. To limit this review to the most appropriate list of vendors, the department may wish to issue a Request for Qualifications (RFQ) to identify a list of vendors that are qualified and interested in providing the services.

Input received during this stakeholder review may be used to update and finalize the RFP/RFB in conjunction with the necessary internal review participants. It is up to the Department Head and Department of Purchasing and Contracting to decide what input is incorporated into the final RFP/RFB. Following final revision, the RFP/RFB is advertised and distributed consistent with existing County guidelines and methods for issuing solicitation documents.

F-6 Manage Procurement

Once the RFP/RFB is issued, Purchasing and Contracting conducts the procurement as required by the solicitation document. Because the Department Work Team is treated as a service vendor similar to those external to the organization, Purchasing and Contracting manages this process to ensure separation of departmental responsibilities between the evaluation and the proposal preparation processes. Activities involved in procurement management include:

- Conducting a pre-proposal conference to answer questions related to the procurement process and any contractor requirements.
- Accepting and responding in writing to written questions from potential vendors or Department Work Teams regarding the RFP/RFB.
- Issuing any necessary addendums or amendments to the solicitation documents as a result of the pre-proposal conference or written questions.

Purchasing and Contracting leads the pre-proposal conferences to clarify the process and answer questions related to managed competition. Department staff not involved in the development of the response to the RFP/RFB can provide technical advice, as needed, to Purchasing and Contracting.

Roles and responsibilities for Task F: Prepare and Issue RFP/RFB include:

Group	Roles and Responsibilities
Board of Supervisors	Approve the issuance of RFP/RFB. Approve any changes in service levels. Approve the award of the contract (may issue approval to "issue and award").
Auditor and Controller	
CAO / DCAO	Review and approve draft RFP/RFB. Serve as Source Selection Authority and appoint Source Selection Committee.
GFD	
Competition Manager	Task Lead (policy and oversight) Develop draft and final RFP/RFB. Prepare Board Letter for authorization to issue RFP/RFB and award.
Consultants	May be asked to participate.
County Counsel	Review and approve draft RFP/RFB and pro forma contract.
Department Head	Final review and approval of draft RFP/RFB.
Department Work Team	Review draft RFP/RFB and provide feedback.
External Vendors	Review draft RFP/RFB and provide feedback.
Human Resources/Labor Relations	Review draft RFP/RFB and provide feedback. Provide assistance, review and coordinate the Labor/Management Committee process.
Employee Organizations	Through the Labor/Management Committee, will be asked for assistance and input.
Purchasing and Contracting	Manage procurement process. Review and approve draft RFP/RFB.

	Incorporate relevant comments into draft RFP/RFB. Lead pre-proposal conference. Respond to questions.
Source Selection Committee	

Task G: Prepare Department Proposal

G-1 Prepare Department Proposal

Whether reengineering is a part of the process, the Department Work Team is required to develop a detailed Technical Proposal to support its proposed cost to provide the service.

A Department Work Team response to an RFP/RFB will consist of two parts:

- A Technical Proposal describing the department’s specifications for performing the SOW. This proposal includes information as required in the RFP/RFB, and other information including a staffing plan and organizational chart, description of operating approach, and a description of the resources to be used.
- A Cost Proposal based on the approach described in the Technical Proposal. The Cost Proposal is developed for the work to be performed at the level and quality set forth in the solicitation. It is also recommended that the Cost Proposal include any revenue offsets when applicable. Revenue data should be reasonable and consistent with the specified outputs, performance levels and outcomes. The cost data is summarized in the form provided by the Auditor and Controller. However, modifications of the form to ensure a clear and accurate representation of the program can be made with Auditor & Controller approval.

When reengineering is part of the process, the Department Work Team is also required to submit a written “Executive Summary” along with the proposal. This Executive Summary should address the improved business processes resulting in increased efficiency and cost savings. The Department Work Team must also identify any capital improvements that would be required for their proposal to be implemented. A preliminary transition plan should also be developed so that transition impacts and costs can be included in the cost comparison.

The information not normally required from the Department Work Team in response to an RFP/RFB includes:

- The submittal of representations and certifications to implement Board policy or procurement procedures. These representations and certifications are solely applicable to external providers.
- Adherence to terms and conditions that are related to the contractual relationship of the County and the contractor, referred to as “boiler plates.”

There are many variables during the period of performance that could result in significant cost increases. Below is a list of some of the major items the Department Work Team should consider during the development of the Cost Proposal.

- Condition of current assets and requirements to replace/upgrade equipment including information technology and software,
- Increases to Internal Service Fund (ISF) charges, calculated pursuant to Cost Proposal instructions and
- Realistic inflation assumptions, consistent with direction contained in the RFP.

It is the Department Work Team's responsibility, through the Department Head, to identify and request any legal review or any necessary changes in Board Policy identified during the preparation of the proposal. The Department Work Team must also identify any capital improvements needed and provide justification for them, including both the costs and benefits of the investment.

The Department Work Team will not propose any changes to the existing labor Memoranda of Agreement (MOA) including changes to wages, hours, work rules, potential incentive compensation or anything else within the scope of representation. It is also the Department Work Team's responsibility, through the Labor/Management Committee process, to have any proposed changes to working conditions not specified in the MOA reviewed and approved prior to submission of the proposal.

The Department of Human Resources must review and approve any reclassification of employees within the classified service prior to inclusion within the proposal. The Labor/Management Committee process will facilitate the discussion of labor issues with the respective employee organizations.

If a department proposes to contract out a portion of a service as part of their Technical and Cost Proposal, a preliminary finding of economy and efficiency must be completed in accordance with [CAO Administrative Manual Item 0090-01-01](#), prior to submittal to the Auditor and Controller. The department should have at least three informal bids or proposals from independent contractors to demonstrate the validity of the dollar amount included for that portion of the service in the Cost Comparison. A Cost Comparison will have to be completed independent and prior to submission of the bid or proposal. Once completed, the proposal is submitted to the Department Head for review and approval and the Auditor and Controller for independent review.

G-2 Obtain Auditor and Controller Approval

The Auditor and Controller reviews and verifies the Cost Proposal to ensure the cost data is reasonable, based on supporting documentation, and is consistent with the department's Technical Proposal. If the Department Head (upon conferring with the DCAO) decides not to respond to the RFP/RFB, the Auditor and Controller may be asked by the Source Selection Authority (SSA) to estimate any adjustments to current County costs necessary for the County to meet the performance requirements of the SOW. The Auditor and Controller may elect to have an external Certified Public Accounting firm assist with this analysis as well. This revised cost may then be used as the basis for any [Charter Sections 703.10 and 916](#) economy and efficiency comparison between County costs and those of the most advantageous external vendor.

G-3 Submit Department Proposal

Once reviewed and approved by the Auditor and Controller, Technical and Cost Proposals must be signed by the Department Head or their designee. They are then sealed and submitted to Purchasing and Contracting, at a time no later than that required for receipt of proposals from all offerors and in accordance with all requirements stated in the RFP.

Roles and responsibilities for Task G: Prepare Department Proposal include:

Group	Roles and Responsibilities
Board of Supervisors	
Auditor and Controller	Review and verify the Cost Proposal to ensure the cost data is reasonable, based on supporting documentation, and is consistent with the department's Technical Proposal. May be asked by DCAO/CAO to estimate cost impacts if not submitted by department. Approve final submittal
CAO / DCAO	
GFD	
Competition Manager	
Consultants	May be asked to assist in writing the department proposal.
County Counsel	Provide legal advice and review when requested.
Department Head	Reviews, approves and signs the Department Technical and Cost Proposals.
Department Work Team	Task Lead Develop Technical and Cost Proposals, and submit to Department Head for review and approval.
External Vendors	Develop proposal in response to RFP/RFB.
Human Resources/Labor Relations	Provide assistance, review and coordinate Labor/Management Committee process.
Employee Organizations	Through the Labor/Management Committee process, will be asked for assistance and input.
Purchasing and Contracting	Accept proposals from department and external service providers.
Source Selection Committee	

Task H: Evaluate Proposals and Select Provider

H-1 Establish Source Selection Committee (SSC)

The DCAO for the department involved in the competition shall act as the Source Selection Authority (SSA) and will name a Source Selection Committee (SSC). The SSC is responsible for evaluating proposals from external vendors as part of the RFP process, and making a recommendation to the SSA on the selection of the most advantageous proposal to the County. The SSC also reviews the department's Technical Proposal for responsiveness to the RFP and provide comments to the SSA. The guidelines contained in the County Contracting Manual for source selection shall be

followed and the evaluation process will treat the involved County department as it would a private sector proposer with respect to notification and confidentiality.

To ensure a fair and objective process, it is important that this Committee be comprised of qualified, objective individuals independent of the service area or activity being competed. The SSC may be comprised of a combination of County employees (independent of the department) and representatives from other organizations. In the review of the technical portion of a proposal, the SSC may use the services of department employees who will serve as non-voting technical advisors to the committee.

H-2 Evaluate Proposals and Compare Costs

The alternatives for evaluating proposals, comparing costs and selecting a service provider are described below.

H-2.1 Negotiated procurement (RFP)

The SSC reviews the department's Technical Proposal for responsiveness to the RFP, and reports the results of this review to the SSA. The SSA may request clarifications or revision of the proposal to ensure that the department proposal meets the solicitation requirements. If revisions are needed, the Technical Proposal will be returned to the Department Work Team to be revised and resubmitted along with the Cost Proposal, if the revisions affect cost.

Following this process, the SSC (in accordance with the procedures set forth in the County Contracting Manual – Source Selecting Supplement #3) evaluates all external proposals for responsiveness. When considered necessary, the SSC conducts interviews with responsive external proposers. The SSC or CAO may also request revisions and the submittal of a best and final offer (BAFO) from vendors. If revisions affect cost, the department Work Team will also have an opportunity to revise the Technical and Cost Proposal.

The most advantageous proposal is selected and forwarded with a recommendation report to the SSA, who makes the final selection of the private sector proposal. The SSA forwards its recommendation to Purchasing and Contracting staff, who post the name of the external proposer deemed most advantageous in a public place. Any vendor protests will be handled according to the process outlined in [Board Policy A-97 Protest Procedures for Award of Contracts](#).

After a period of not less than five working days, Purchasing and Contracting shall invite the selected proposer, a representative of the CAO and a representative of the Department to be present for the opening of the Department's sealed Cost Proposal. A cost comparison is then conducted by the Auditor and Controller. All cost comparison forms and the related technical support for the cost proposed by the County will be made available to interested parties for review once the cost comparison has been completed by the Auditor and Controller.

If an external provider is determined by the CAO to be the most economical and efficient proposal, the normal County contract negotiation procedures are to be followed as required. If the department Cost Proposal is most economical and efficient, the

[Charter](#) requires that all external offers be rejected, the RFP canceled and the County department provides the service in accordance with the performance levels and specifications set forth in their Technical and Cost Proposal.

H-2.2 Formal Competitive Bidding (RFB)

At the time of the public bid opening, the County department’s sealed cost is opened along with all other bids. If the Department Work Team’s cost is more economical and efficient, the [County Charter](#) requires that the solicitation be canceled and no contract awarded. The County Department will continue to provide the service as described in H-2.1.

In those cases where the County is not the low bid, Purchasing and Contracting will determine if the lowest bidder is responsive and if the submitting non-County service provider is responsible, by requesting the opinion of the affected department. If the department’s finding(s) would result in displacement of the low bid in favor of a County department bid, the CAO shall review such determination prior to further procurement action.

H-3 Obtain Approval and Award

In Task F-4 (Obtain Board Approval), the Board of Supervisors may have authorized Purchasing and Contracting to award a contract if an external vendor is selected. If this authorization was not obtained at that time, Board authorization must be obtained at this juncture, in order to make a final award. If the department is selected, the department will provide the services consistent with the committed levels and costs outlined in their Technical and Cost Proposals.

Purchasing and Contracting negotiates the terms and conditions and finalizes the contract if an external vendor is selected. The contract must contain performance and outcome measures that are consistent with the Statement of Work. In addition, the contract must specify the corrective actions that will be taken if performance and outcome measures are not met, including how non-compliance will be determined, the basis for and notification of non-compliance, the length of time allowed to correct any deficiencies and the consequences of non-compliance.

Roles and responsibilities for Task H: Evaluate Proposals and Select Provider include:

Group	Roles and Responsibilities
Board of Supervisors	If necessary, approve selection and award and make Charter Section 916 finding of economy and efficiency.
Auditor and Controller	Review, approve and sign Cost Comparison form.
CAO / DCAO	As the SSA, may request clarification or revision of the Technical Proposal. May initiate interviews and BAFO, if deemed necessary. As the SSA, select the most advantageous external proposal. Make a determination of economy and efficiency under the Charter and CAO Administrative Manual Item No. 0090-01-01 if external vendor proposal selected. Make final selection.

GFD	Review, approve and sign Cost Comparison form
Competition Manager	May be asked to participate.
Consultants	
County Counsel	Provide advice as needed. Review Cost Comparison form.
Department Head	Approve revised proposals, if necessary.
Department Work Team	Prepare revised proposals, if necessary.
External Vendors	
Human Resources/Labor Relations	Provide assistance and review.
Employee Organizations	
Purchasing and Contracting	<p>Task Lead</p> <p>Serve as staff to the SSC including providing guidelines and controlling the direction of the SSC to ensure a fair evaluation of the proposals.</p> <p>Forward selected external proposal to the next step of comparison with the department proposal.</p> <p>Negotiate terms/conditions and finalize agreements.</p> <p>Make Charter Section 916 finding of economy and efficiency, if appropriate, and sign Cost Comparison form.</p>
Source Selection Committee	<p>Review department proposal for responsiveness, and provide results of review to SSA.</p> <p>Evaluate and recommend the most advantageous external proposal (under negotiated procurement).</p>

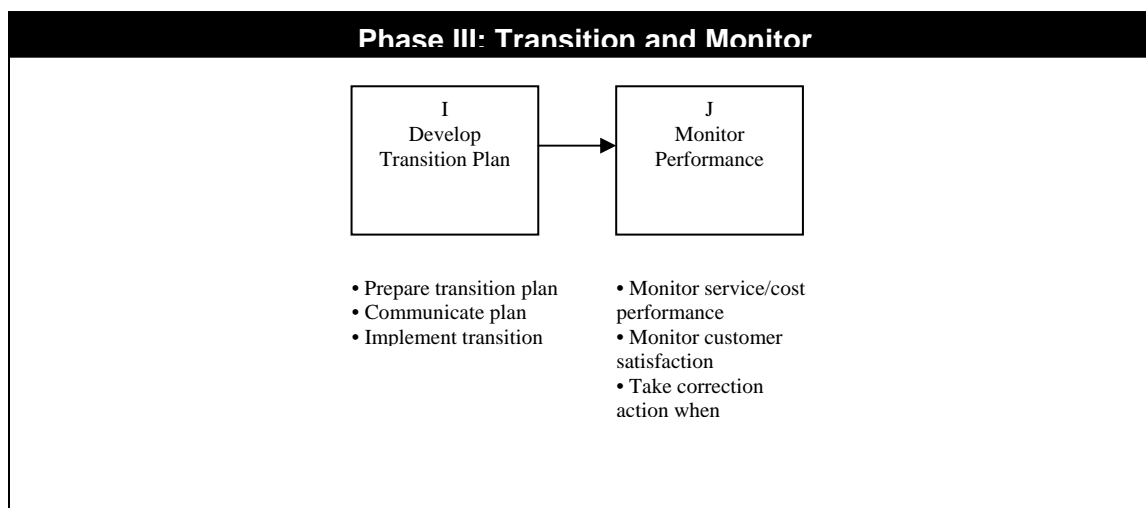
Phase III - Transition and Monitor

Once the managed competition is completed, a seamless transition between existing and future service providers will be managed. The County must also closely monitor the performance of the service provider, whether it is department employees or an external vendor, to ensure that performance expectations are met.

Exhibit 6 provides an overview of the transition plan and performance monitoring tasks and activities involved in this phase.

Overview of Phase III Tasks

Exhibit 6



Task I: Develop Transition Plan

The Department Head is responsible for developing a plan that ensures a seamless transition between the existing and future provision of services. If the service will remain with County employees, a transition plan will include the details on how the County will make changes in service levels or processes to become more competitive or remain competitive as committed in their Technical and Cost Proposals. Therefore, a transition plan should be developed regardless of whether the County or another service provider is selected. The transition plan can be started before a final selection has been made. Development of the transition plan begins with the scope of the RFP, which could involve a change in service level. Once the service provider has been selected, the transition plan will be finalized and implemented.

I-1 Prepare Transition Plan

Several key issues to consider when developing a transition plan include:

I-1.1 Additional Board actions

If there are staff year changes, significant investment required, changes in budget appropriations, or other policy issues that need to be approved before implementation, these issues must be presented to the Board of Supervisors for consideration.

When another service provider is selected and the department must reduce the number of employees, the Department Head must notify the Department of Human Resources in writing, including the number of employees to be laid off, their classification titles and the proposed layoff date. The Department of Human Resources will provide seniority listings to the departments and employee organizations, prepare the Board Letter along with a resolution and, if applicable, appropriate amendments to the [Compensation Ordinance](#), provide sample notification letters and ensure that all other authorizations are obtained. This must be done even if all employees have successfully been placed in other County positions. Please refer to the [Workforce Transition Guide](#) for additional guidance.

I-1.2 Budget changes

Budget changes for the current fiscal year and future years should be included in anticipated Board actions.

I-1.3 Purchasing/Investment decisions

Any significant purchases or investment decisions that are required to implement the Technical and Cost Proposal or contract, and which are necessary to achieve the service desired, should be considered and approved as appropriate. These purchasing and investment requests would have been included in the Technical and Cost Proposals. A return on investment, which considers the cost of the investment and the savings or cost avoidance anticipated over future fiscal years, may be one methodology to use when deciding if an investment should be made.

I-1.4 County employee transition plan

The County is committed to assisting all employees who are affected by organizational changes. This commitment is formalized in the County's Employee Protection Program which establishes a specific account within the budget of the Department of Human Resources. This program will provide the financial resources for services to all employees in the following bargaining units, under SEIU Local 221: AE, CL, CR, CR, FS, HS, MM, PO, PR, PS, RN and SS, but especially to those who are displaced by reengineering, outsourcing and managed competition. Responsibility for coordinating implementation of the employee plan resides with the Labor Relations Division of the Department of Human Resources, while the actual implementation resides with each Group's Human Resources Director and Departmental Human Resources Officers.

The Workforce Transition team within the Department of Human Resources assists affected employees by providing information regarding employment services available in the community and other support services, placement on internal transfer and eligible lists, seniority listings, and "at risk" and layoff policies and procedures. Group and departmental staff should notify the Department of Human Resources and labor relations when they have determined that staff will be affected. This provides sufficient time for the Workforce Transition team to assemble materials specific to each department employees' needs and to assist departmental staff in preparing and communicating a transition plan for delivery in the appropriate time frame.

The Workforce Transition team coordinates the efforts of County staff in developing collaborative relationships and partnerships with public and private organizations that will augment existing County services to employees. Consistent with [Board Policy B-63](#), the County and its partners will use a comprehensive strategy to:

- Provide transitional services including career counseling and vocational assessment to affected County employees.
- Provide training for employees participating in the re-engineering process or managed competition to provide efficient and economic service by County employees.
- Whenever possible, provide training to affected employees to assist them in retaining jobs within the County.
- Work with departments to encourage them to hold vacancies for employees "at risk" of layoff and use attrition whenever possible in environments where contracting is anticipated by holding positions vacant or filling them with temporary employees for a limited time period.
- Transfer or reassign qualified "at risk" employees whenever possible to other available positions within the department, group or County service.
- Encourage employees to be responsible for their career development and use available resources to ensure their personal employment security.
- Refer affected County employees to existing educational and vocational training programs.
- Work with contractors to encourage them to give first preference in hiring displaced County employees.
- Where no County positions are available, assist affected County employees to find alternative placement outside of County service.
- The County and labor organizations will work together to seek additional external funds to supplement the goals of this program.

In support of managed competition activities and the related impacts to employees, a Managed Competition Labor/Management Committee can be established. The purpose of this committee would be to share information on current and future managed competition activities, discuss collective bargaining issues that have been referred by Department Labor/Management Committees, and provide a forum for the discussion of employee impacts from these activities.

A primary source of support to the County is the [San Diego Workforce Partnership, Inc.](#) Together with the State Employment Development Department (EDD) and local Community College Districts (CCD), the Partnership provides job training and placement services. The Partnership has a Career Center Network, with regional locations in Oceanside, Escondido, Kearny Mesa, El Cajon, Metro San Diego and Chula Vista. Their services include individual or group assessments, job search assistance, retraining, labor market information, a resource library, counseling and access to Internet job search systems. Their team is available to visit County locations to discuss their services with employee groups.

The County's Department of Human Resources will utilize a Workforce Transition team to assist in coordinating efforts for employees who are actually displaced, as well as to those who remain in the workforce. The Workforce Transition team provides individual employment counseling, training, and other placement services and assistance.

When organizational changes displace employees, departments will review and approve their employees' reasonable requests for release time to participate in their job search activities. They may also review and approve requests for employees to use computers, fax, and copy machines to prepare and distribute resumes and applications.

Departments should also give first consideration in filling vacant positions as well as newly created frontline positions that may be created as a result of reengineering and reinvestment, to "at risk" employees.

I-2 Communicate Plan

The Department Head is responsible for developing an effective method of communicating the transition plan to their employees. The success of the transition plan depends on communication, which is timely, thorough and honest. Departments are encouraged to establish transition-planning committees that can develop a strategic approach to communicating the transition plan. Any such planning committee should involve employees at all levels. The Workforce Transition team should be invited to participate with such transition planning efforts.

I-3 Implement Transition Plan

The Department Head is responsible for developing an action plan as part of the transition to cover the tasks and subtasks that need to occur for a smooth transition. The action plan should include the tasks, the primary person responsible for accomplishing each of the tasks and task completion dates.

Roles and responsibilities for Task I: Develop Transition Plan include:

Group	Roles and Responsibilities
Board of Supervisors	Consider any policy changes or major investments necessary to implement the winning bid.
Auditor and Controller	Ensure any commitments to budget or expenditures are reflected in quarterly budget adjustments and following fiscal year budgets.
CAO / DCAO	Final review and approval of transition plan before any Board of Supervisors consideration. Review and approve transition plan before implementation.
GFD	
Competition Manager	Assist Department Head as needed.
Consultants	May be asked to participate in development of transition plan.
County Counsel	Provide legal advice when requested to implement transition plan.
Department Head	Task Lead Develop transition plan with assistance of department and others. Review and approve transition plan before implementation. Implement the transition plan.
Department Work Team	Work with Department Head to develop the transition plan if work is to remain with the department.
External Vendors	Work with Department Head to develop the transition plan if the work is to be performed by an external vendor.
Human Resources/Labor Relations	Provide career transition planning, employment counseling and other placement services to “at-risk” employees. Assist in communicating the transition plan to employees and labor organizations through the Labor/Management Committee process. Ensure compliance with Civil Service Rules and County layoff policy.
Employee Organizations	Will be asked for assistance and input, through the Labor/Management Committee process
Purchasing and Contracting	
Source Selection Committee	

Task J: Monitor Performance

This task establishes a methodology to administer and monitor either County employee performance, if the service remains with the County, or contract performance if another organization is selected. The Department Head is responsible for the performance of department employees and for contract monitoring if the service is being provided by an independent contractor. Pursuant to [Board Policy A-81](#), the Department Head may appoint a Department Program Manager who will be responsible for day-to day contract

administration. Contract administration and monitoring are both critical to ensuring that the County receives the performance levels for the cost committed to during the procurement process. Department managers review performance during their monthly Operations Plan reviews with the DCAO and will also address performance issues during monthly [Project Management Reviews \(PMR\)](#).

J-1 Monitor Service/Cost Performance

The contract should be reviewed monthly for compliance with contract requirements. In addition, the contract/program should be reviewed annually to ensure that initial efficiencies and savings are maintained on a long-term basis.

Monthly reviews should include gathering and reviewing information to ensure compliance with the following:

- Performance requirements – are the performance levels as defined in the contract being met?
- Outcome measures – are the outcome measures as defined in the contract being met?
- Cost constraints – are the performance and outcome requirements being achieved within the costs defined in the contract?

During monthly reviews, the department should review each invoice for accuracy and consistency with the contract, making any necessary corrections prior to approving and forwarding to the Auditor and Controller for payment. The department should also track the total amount expended to date for the contract and compare it with the total contract amount. This will help track the expenditures as they occur and help assess whether the expenditures are in line with the budget. It is important that the department monitoring the contract has a clear contingency plan if any of the above criteria are not being met. This plan should clearly define the following:

- Communicating deficiencies to the contractor;
- Working out action plans to deal with the deficiencies; and
- Taking corrective action when the action plan is not followed and/or resolved.

Annual reviews should occur at the end of each fiscal year. During annual reviews, the department should compare overall pre-competition and post competition contract/program costs and staffing levels. This review should also include costs associated with contract monitoring and management by County staff. This information shall be noted on the [CAO's Annual Managed Competition Cost Analysis Report](#) and provided to the Group Finance Director. Group Finance Directors should submit the completed report to the CAO by December 1 of each year.

J-2 Monitor Customer Satisfaction

The department should conduct a customer survey to establish a baseline for customer satisfaction. The department should also establish a mechanism for customers to formally provide feedback on the services received. Whenever possible, this feedback should be submitted directly to the department rather than going to the contractor.

The customer feedback should be reviewed monthly and summarized to determine if customer expectations are being met. If complaints are made frequently on the same or similar issues, the department should immediately report these problems to the service provider for resolution.

On a regular basis, the department should conduct customer satisfaction surveys to monitor overall customer satisfaction. This survey should be compared to the original baseline to determine if customer satisfaction levels are increasing or decreasing. Any decrease in customer satisfaction levels should be brought to the attention of the service provider for resolution.

J-3 Take Corrective Action When Appropriate

Corrective action may be necessary when the department determines that costs, performance levels, outcomes, or customer satisfaction are below the committed levels and the action plan to correct these deficiencies has not been followed and/or issues have not been resolved. Corrective action must be consistent with the guidelines established under the terms and conditions in the contract or the Technical and Cost Proposals. As noted earlier, the guidelines should include specific details regarding the basis for, and notification methods of, non-compliance, length of time to correct any deficiencies and penalties involved.

Roles and responsibilities for Task J: Monitor Performance include:

Group	Roles and Responsibilities
Board of Supervisors	
Auditor and Controller	Work with department to establish accounting structure to track expenditures and performance levels. Pay invoices once approved by department.
CAO / DCAO	DCAOs will conduct monthly Operations Plan reviews with each department and will also conduct monthly Project Management Reviews (PMR). CAO may select a contract or a department-provided service for review on a quarterly basis as part of the ongoing Contract Business Plan Review (CBPR) process.
GFD	Submit Annual Managed Competition Cost Analysis Report to CAO by December 1.
Competition Manager	
Consultants	
County Counsel	Provide legal advice if any corrective action is necessary.

Department Head	<p>Task Lead</p> <p>Responsible for employee performance and for contract monitoring.</p> <p>Provide quality assurance, management & administration of contracts and/or Technical and Cost Proposals.</p> <p>Review invoices, approve for payment.</p> <p>Conduct semiannual customer satisfaction surveys.</p> <p>May appoint a program manager to administer contract.</p>
Department Work Team	Deliver services per proposal, if selected.
External Vendors	Deliver services per contract, if selected.
Human Resources/Labor Relations	Provide assistance and review.
Employee Organizations	Will be asked for assistance and input through the Labor/Management Committee process.
Purchasing and Contracting	<p>Provide guidance on contract administration and performance monitoring</p> <p>Provide guidelines and guidance if corrective action is necessary.</p>
Source Selection Committee	