



Administrative Regulations Office of the Mayor

Title: MANAGEMENT COMPETITION POLICY

A.R. Number: 7.3 **Effective Date:** 2/1/2007 **Page:** 1 of 3

Supersedes: Management Competition Policy **A.R.:** 4.12 **DATED:** 4/3/2000

I. PURPOSE

The City of Richmond embraces managed competition as one of the strategies to enhance the quality and/or reduce the cost of services provided by the City. Competition has been found to generate innovation, sharpen management expertise and improve overall citizen/customer satisfaction. However, this is only one strategy the City Administration will use to implement City Council's vision of continuous improvement for all services. The reasons for managed competition are:

- ◆ To improve service and productivity
- ◆ To reduce the cost of operations
- ◆ To refocus City staff on higher priorities

II. POLICY

Bringing about greater efficiency and effectiveness in government is a two-fold process: first to analyze the public-private arena for reasonable transfers of functions where quality can be improved and second, to perform a cost/efficiency comparison.

- A. All city services should be reviewed continually to improve quality and efficiency. As a part of this analysis, services will be evaluated for suitability for managed competition or outsourcing. Based upon specified criteria, services will be categorized as follows:
1. Service to be provided in-house.
 2. Service is to be consolidated with another.
 3. Service appropriate for managed competition.
 4. Service appropriate for privatization/outsourcing.
 5. Service may be appropriate for managed competition in the future and a competitive service improvement plan should be prepared.
 6. Service is no longer justified or needed and should be eliminated.
 7. Service can be appropriately provided through alternative service delivery mechanism, e.g. regionally.
- B. Prior to engaging in a managed competition, specific service and performance standards will be identified by the provider department and reviewed by a permanent managed-competition committee.
- C. Managed competitions will generally follow the City's procurement policy for Request for Proposals (RFP) except as noted in this policy document.
- D. City departments participating in a managed competition shall be invited to respond to the RFP in the same general manner as a private proposer. The City department's response shall contain the following:
1. A statement of relevant qualifications and experience of the staff. The City as an entity will be presumed qualified to deliver the service. However, the qualifications and experience of the staff proposed to deliver the service will be evaluated.
 2. Historical experience in delivering the service, specifically including information on the performance and service standards specified in the RFP. If the City has not met the service standards over the last year, a detailed management plan proposing how these standards will be obtained shall be submitted.



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3. Proposed cost for delivering the service, including details on how any proposed cost savings will be achieved. [The City has purchased the "Compare" Software to assist in calculating the total cost allocated to a specific function.] The City shall document all costs associated with delivering the service, including administrative and indirect costs. The indirect cost amount will come from the City's indirect cost plan. The City Auditor must review any adjustment to that cost. However, only costs reasonably expected to be eliminated if the procurement is awarded to a non-City entity (go away costs) will be shown on the cost form used in the evaluation.
 4. A list of successful claims against the City for this service and litigation history where appropriate. This is provided in lieu of the litigation history, normally obtained from private vendors.
- E. The City's Minority Business Development (MBD) will be an integral component of any managed competition procurement. Private proposals will be evaluated consistent with the terms of the RFP to establish the highest-ranking private proposal(s). Due to the City's obligation to comply with public procurement laws, an MBE factor will not be used in evaluating the proposal submitted by a City agency or in directly comparing the City's proposal with the highest ranking private proposal(s). However, if there are any subcontracting or supplying opportunities within the project and if the City agency is awarded the project, the City agency will be required to use its best efforts to utilize a minority vendor, within the parameters specified within the City's and State's procurement law.
- F. In general, a private proposal must generate cost savings of at least 10% over the City's proposal in order to be awarded the contract, unless the cost differential is offset by performance, qualifications, or other quantifiable, relevant benefits to the City. Criteria for performance and qualifications will be agreed upon for each project.
- G. City departments participating in managed competitions will be provided resources to assist in preparing for and participating in the procurement process. These resources may include the Management Services Group, City Auditor, Budget Office, and/or outside consultants.
- H. If the City department is judged to be the successful proposer, that department will enter into a written agreement specifying the quantified performance standards, cost and other information relative to the provision of the service over the life of the service agreement. While the City department cannot contractually guarantee any service standards or cost savings, these components of the managed competition will be incorporated in each employee's performance evaluation plan for the upcoming year and shall be considered in compensation or promotion decisions. While all employees involved in providing the service will be accountable for success of the managed competition, city and departmental management will bear the primary responsibility. Any cost savings beyond what is proposed by the successful department may be subject to gain sharing distribution to employees at the end of the year.
- I. If a private vendor's proposal is successful, it is the City's policy to minimize any potential adverse impact on employees. If the vendor must hire additional personnel as a result of obtaining the City contract, the vendor will be required to fill those positions with City employees at prevailing market compensation and benefit rates. The only exception to this requirement would be documented poor performance or other reason to terminate for cause. If individuals desire to remain City employees, the City will diligently seek appropriate opportunities to do so.



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III. PROCEDURE

- A. The Chief Administrative Officer will appoint a Managed Competition Committee. This committee shall be responsible for reviewing all City services to determine their candidacy for managed competition or alternative service delivery mechanisms. The committee shall also review any managed competition RFP to assess its fairness and comprehensiveness. This committee will serve as a resource to City Council, the Chief Administrative Officer, and City departments in any managed competition process.
- B. The Department of Procurement shall provide technical support throughout the RFP process. If vendor input is needed and/or appropriate prior to preparing the RFP, this input will be obtained through a formal Request for Information process.
- C. The RFP Evaluation Committee may consist of user departments, external experts, citizens, knowledgeable City employees or others needed to provide a comprehensive knowledgeable panel. The Director for the provider department shall serve on the Evaluation Committee and shall not participate in preparing that department's response to the RFP.
- D. The City Auditor's office will be responsible for reviewing the cost proposal submitted by the provider department to ensure accuracy and completeness and for helping to review legitimacy of out-sourced cost proposals.
- E. The timeframe for making the final selection of vendors in a managed competition is not expected to exceed 90 days from the time proposals are received. This 90-day period shall include consideration of the proposals by the evaluation committee and review of their recommendation by the Chief Administrative Officer.
- F. Appropriate communication with all participants in the managed competition process is critical to its success. The Managed Competition Committee will be responsible for monitoring the process for timely completion and keeping the relevant parties informed on the status and outcome.

IV. REGULATION UPATE

The Office of the Mayor and the Department of Procurement shall be responsible for modifications to this policy.

APPROVED:

MAYOR