

**Consolidation Inquiry
Bureau Director Check-in Meeting
December 17, 2014**

Meeting Participants: Erin Janssens, Jim Hagerman (for Dean Marriott), Ken Rust (for Fred Miller), Leah Treat, Mike Abbaté.

OMF Staff: Aaron Beck, Betsy Ames, Elyse Rosenberg, Mark Grabow.

The group discussed each of the three areas identified as research areas for the Consolidation Inquiry: revenue collection, facilities maintenance and management, and PTE contracting. OMF staff presented initial findings and draft recommendations on the areas of facilities management and maintenance, and PTE contracting. An update on the status of revenue collection research was provided.

Facilities Maintenance and Management

OMF presented a draft document on “Key Observations with Recommendations.” The group discussed each of the areas of research within facilities maintenance and management, including which bureaus were contacted as part of the research. Those bureaus were: Water, Parks, PBOT, BES, Fire, and OMF Facilities. Each of the key observations provided a potential opportunity, and those were discussed.

The group discussed the potential for sharing facilities maintenance technicians (FMT’s) across the bureaus, and directors asked if financial calculations had been made on the benefit and cost recovery of hiring a full time staff person and sharing vs. contracting out for a vendor. OMF indicated that specific dollar amounts had not been calculated, though research found this as a potential opportunity. Staff noted that calculations would be part of a deeper discussion further down the road.

- Opportunity Confirmed: It was agreed upon that an apprenticeship program for potential FMT’s is an opportunity. The group discussed the possibility of sharing an apprentice across bureaus for a more well-rounded training. The group discussed the number of FMT’s in OMF Facilities (and potentially others) approaching retirement eligibility and the impending need to develop succession plans for their replacement.

Procurement was discussed as part of the facilities maintenance and management discussion, and OMF staff noted that there was some overlap in findings and opportunities across the two areas of research. One director noted that placing a cap on the amount of resources a bureau can tap into on other bureaus’ facilities contracts might alleviate the potential for bureaus to overuse each other’s contracts.

It was noted that there may be a benefit to creating a shared services contract for facilities departments across bureaus, and contractors may be interested in this because they would not be locking themselves into a single contract with a single bureau. Some bureaus use direct contracts with MWESB contractors.

- Opportunity Confirmed/Modified: Explore developing more shared contracts. Consider creating a cap on the amount of resources one bureau can tap into when using other bureaus' flex service contracts.

The potential for sharing full time equivalent (FTE) employees who technically work year round but have seasonal downtime in productivity was discussed. Directors found potential in creating a mechanism that would allow bureaus to locate staff who are available for work at different parts of the year, contracting their services through interagency agreements (IA's). The example used was an industrial painter who is an FTE for Water Bureau and cannot paint water towers during winter. This employee could be shared with other bureaus that may need an industrial painter for interior work during the slow season, if the Water Bureau didn't have enough work to keep that person occupied. It was agreed upon that some sort of cost recovery mechanism for sharing FTE's is an area of further exploration. Directors were interested in developing a common staff resource pool at a reasonable cost.

- Opportunity Identified: Create a common staff resource pool for those who experience lulls in productivity due to extraneous circumstances like seasonal changes.

Regarding work order systems – Parks uses Micro-Main and is not interested in changing. OMF-Facilities is looking into a new work order system now. All agreed that having in SAP, or with an interface to SAP, with bureaus being able to look up charges against their IAs in real-time, would be useful.

PTE Contracting

OMF provided overview of PTE contracting research. Because there was overlap with the facilities maintenance and management research, less overview was needed. OMF explained that their approach was to meet directly with Procurement staff and conduct one-on-one interviews.

Directors noted that there have been times in the past when contractors have performed poorly, and factoring in a contractor's past performance on City jobs into the ratings of requests for proposals (RFP's) may be beneficial. However, there was discussion around the legality of creating such a rating system/database on contractors because of policies around the RFP process requiring an unbiased competition for the bid. The directors discussed modern private industry mechanisms for rating organizations/businesses, such as the use of the online rating module "Yelp", and how that works as part of a modern way of doing business. The directors noted that any changes to the way the RFP is conducted would require a conversation with the City Procurement Officer and the City Attorney. There was agreement that creating a rating system to be used during the RFP process is an opportunity worth exploring further.

- Opportunity Identified: Create a mechanism to share evaluations on contractors who have completed projects for the City previously, to be used during the RFP process.

The directors questioned the recommendation to have bids under \$100,000 be reviewed at the beginning as well as the end of the RFP process. They noted that the idea of multiple reviews is worth pursuing, but enforcing all bureaus to go through reviews for RFP's would be unnecessary and too time consuming. Regarding the current process, one director provided the example of an \$8000 contract for a software update taking three months to be reviewed by Procurement.

Rather than enforcing all bureaus to go through review at the beginning and end of the RFP process, directors suggested creating a way of identifying and tracking bureaus with consistent errors in their RFP's and subjecting them to a multiple review process. The general thought was that there are some bureaus who are efficient at creating RFP's and have no need for multiple reviews on smaller contracts, so they should not be mandated to go through multiple reviews.

- Opportunity Revised: Research and document which bureaus experience consistent challenges with the RFP process and identify strategies for helping them improve through additional targeted trainings, requirements for early review, etc.

City requirements around liability insurance were discussed as an area worth exploring further. Directors noted that this would be a conversation to hold with the City Attorney. Bureau directors were in agreement that the current policies around mandatory thresholds of liability insurance are a hindrance to the contracting process. Often times, directors waive the liability insurance because it is unreasonable or simply unavailable. For instance, directors noted that a number of City liability requirements set a \$2 million liability minimum, but most insurance companies offer liability in increments of \$1 million or \$5 million. Another example discussed was the \$2 million required in car insurance for contractors driving to and from City meetings. Directors were in agreement that reviewing the current policies around liability requirements is an area worth pursuing.

- Opportunity Identified: Work with the City Attorney to revise City policy around liability insurance on certain contract types.
- Opportunity Identified: Work with the City Attorney to revise standard templates for PTE contracts to address changes commonly requested by contractors (and approved by the City).

Revenue Collection

OMF gave an overview of research into the revenue collection across the City. OMF staff discussed their methods for conducting research into revenue collection processes across the City. Focus of the research centered on those bureaus collecting the largest

amount of external revenues; those bureaus identified by the directors as specific bureaus to research; and other bureaus interested in participating in the process.

OMF staff indicated that the revenue research was nearing completion. The directors reviewed the Revenue Questionnaire used in conducting research into the systems and processes bureaus currently have in place for collecting revenue.

OMF staff noted that, while research was still ongoing, one of the immediate findings had been in learning the number of steps required in revenue collection. There are many steps preceding the actual transfer of funds, such as customer service, processing of permits, etc. that are integrally tied to the revenue collected. Staff indicated that by the time the revenue comes into the City, there have been multiple processes, often requiring coordination among multiple bureaus, to get to that point.

Next Steps

- OMF staff noted that they plan to have revenue collection analysis and preliminary recommendations completed in January, 2015. OMF staff will be sharing notes from the December 17 meeting, as well as the research completed to date, with the bureaus that have been involved to date.
- Directors asked when the next meeting is to take place. After discussion, it was decided that the best date for all directors would be some time after February 2, 2015, as that is when initial budget proposals are due. OMF staff also indicated that Mark Grabow, lead researcher on the Inquiry, is contracted through the end of February, 2015, so the project is expected to be completed before his contract termination date.
- OMF staff will continue to analyze data and will make revisions to the facilities maintenance and management and PTE contracting “Key Observations with Recommendations” documents, based on the director’s revisions.