

Policy 7.3.6 Service Delivery Options

POLICY PURPOSE:

The purpose of this policy is to establish guidelines for considering alternative methods of service delivery, whether that be the contracting of services currently provided by in-house staff, or bringing in-house a service currently provided by contract.

The overall goal of the City of Sunnyvale is to provide high quality, effective and efficient municipal services. In part, Sunnyvale achieves this goal by:

- Maximizing responsiveness to customers through *flexible service delivery*;
- Supporting continuous improvement, quality, *cost reduction, cost avoidance, and efficiency*;
- *Exploring partnerships* with other agencies or organizations to leverage resources; and
- Ensuring the City's mission and scope of services *evolve with changing environments*.

POLICY STATEMENT

1. Commitment to Council and the Public

The premise of this policy is that competitive service delivery produces value for City residents and that either in-house or alternative service delivery methods may produce superior service value (e.g., better service at lower cost; better service at equal cost; or equal service at lower cost). Contracting, bringing a service in-house, or partnering for service provision are all tools the City may employ to provide high quality, effective and efficient municipal services.

- A. The city manager shall have authority to pursue the most effective and efficient delivery of service to the public – including the option to deliver service via City staff, by contract, or in partnership with other agencies, in accordance with all other requirements of this policy
- B. To ensure consistent quality services to the public, and in accordance with City Council's community vision, any contract entered into for outsourcing City services shall be consistent with the long term policies and goals identified in the City's General Plan and shall specify the service, service quality measures, reporting requirements, regular meetings and complaint procedures. It may also specify performance-based incentives and/or fines.
- C. Prior to any award of contract that could result in the sale or divestment of City resources (e.g., equipment, materials), the City shall consider the fiscal impacts to the City should the external contract be terminated and the City subsequently choose to resume the service, and shall consider whether a

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mechanism to preserve the resources is prudent in the event a former or new City service requiring those resources will be necessary.

- D. Prior to engaging in any service contract, the City shall exercise due diligence in an effort to do business only with vendors that it believes (see Council Resolution 315-08):
 - a. Offer employees fair wages and benefits
 - b. Comply with State and Federal Laws
 - c. Encourage open cooperation between management and labor regarding all labor issues, including neutrality towards unionization
- 2. Commitment to City Employees (above and beyond existing Civil Service Rules and Memorandum of Understanding)
 - A. The City Manager shall notify the City Council and all affected bargaining units of his/her intent to consider alternative methods of delivering a particular City service (i.e., move from contract to internal staff, enter into a partnership, or transition from internal staff to contract). If the alternative being considered could result in the separation of classified or unclassified part-time City employees, such notification shall occur in the context of the City Manager's proposed annual budget, allowing Council the opportunity to approve or reject said exploration. If Council approves exploration of such an alternative, all affected bargaining groups shall be notified at least 90 days prior to the implementation of any contract for service. The City will meet with affected labor organizations over this 90 day period to discuss possible alternatives to contracting out, and will provide to City Council its response to any such alternatives prior to any final contract or alternative being implemented. Any decision by the City Manager to recommend a transition from service delivery by internal staff to service delivery by contract shall be informed by benchmarking similar jurisdictions having contracted for said service, and their related results.
 - B. Whenever the City considers contracting a service currently provided by City staff, the affected department shall be provided the opportunity to present its own proposal or bid to continue providing that service, and shall be treated throughout the competitive process as any other proposer or bidder.
 - C. There is an intangible benefit to providing services with City staff (the vested interest of employees in working directly for the City, speedier response to City concerns, direct control of employees, etc.), as well as an added cost to delivering services by contract (contract administration). In recognition of these benefits and costs, any employee bid shall be reduced by 10% when comparing it against outside service delivery bids.

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- D. Whenever the City awards an outside contract for a service currently provided by City staff, the contract shall require that existing City staff currently performing that service be provided the right of first refusal for comparable positions employed by the new contract provider.
- E. The names of classified and unclassified part-time employees separated from employment shall be placed on a priority re-employment list consistent with the City's Administrative Policy.
- F. Any contract resulting in the separation of classified or unclassified part-time employees shall be accompanied by:
 - o The identification of any opportunities for moving employees recommended to be displaced into other City positions
 - o the identification of any other assistance available to employees recommended to be displaced (e.g., job training)
- G. No contract in excess of limits established under the City's fiscal policy shall be executed without prior Council approval

3. Commitment to Potential Service Providers

A. The City will maintain high ethical standards and will conduct a transparent service review, evaluation, and provider selection process that avoids any actual or perceived conflict of interest. An important part of the evaluation process is creating a competitively neutral environment in which public and private bidders are given a fair and equal opportunity to compete. This process will not favor nor disadvantage any competitor in the process.

B. In comparing costs-of-service, overhead costs will be included to the extent appropriate.

(Adopted: RTC 99-004 (1/12/1999); (Clerical/clarity update, Policy Update Project 7/2005); Amended: RTC 11-170 (8/9/2011))

Lead Department: Office of the City Manager