

# CITY OF OAKLAND

## AGENDA REPORT

2009 APR 16 PM 1:03

TO: Office of the City Administrator  
ATTN: Dan Lindheim  
FROM: Budget Office  
DATE: April 28, 2009  
RE: **Follow-up Informational Report on Outside Services Contracts Including Discussion of Combining Various Types of Contracts; As-Needed Contracts; and Responses to Questions Submitted by International Federation of Professional & Technical Engineers, Local 21 at the February 10, 2009 Finance & Management Committee Meeting**

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### SUMMARY

At the February 10, 2009 Finance and Management Committee, staff presented an informational report on the status of the City's outside contracts. This follow-up report addresses the following:

1. Opportunities to combine contracts for the same or similar services provided across the City to achieve economies of scale, focusing on translation, copying, and shredding services.
2. Determination that "As-Needed" contracts are budgeted appropriately or whether opportunities might exist to trim these contract amounts.
3. Responses to the International Federation of Professional & Technical Engineers' (Local 21) written questions on the City's outside contracts (IFPTE questions are included in *Attachment A*).

Finally, Committee members asked that the Police Department return with a separate report on rental car contracts.

### FISCAL IMPACT

This report is informational only, no fiscal impacts are included.

### KEY ISSUES AND IMPACTS

#### *Opportunities for Combining Contracts and Achieving Economies of Scale*

Periodically, the Purchasing Division of the Department of Contracts and Purchasing reviews contracts issued by various departments to determine if contract bidding requirements should be consolidated. The goal is to determine citywide departmental purchasing and contracting needs during biennial budget development to evaluate and establish purchasing plans for economic order quantities and to capitalize on economies of scale. The Purchasing Division routinely evaluates the buying patterns and practices of the City looking for efficiencies in the purchasing process.

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Toward this end, the Purchasing Division has reviewed translation, copy, and shredding services as possibilities for contract consolidation.

**Translation Services** -- The City requires two types of translation services: (1) onsite and (2) telephone. For onsite services, multiple contracts are necessary based on the language translation required, with different companies engaged depending on the company's language proficiency. For telephone translation services, the Department of Information Technology (DIT) is the lead department for this contract service and contracts with one vendor. Community members in need of translation call a single toll-free number and are routed to the line for the requested language for translation.

**Copying Services** -- With the exception of the Police Department (OPD), the City has one citywide contract with Sharp copiers. Staff from OPD and DIT are currently exploring consolidation of OPD copier needs within the citywide contract with Sharp Business Systems to reduce costs.

Regarding reproduction and duplication, Administrative Instruction 4301 requires all departments to utilize DIT's Reprographics Department for all print requirements. Each department's budget includes appropriation for these services. Reprographics employs as needed contracts to perform jobs in excess of a department's capacity or for special printing requirements. Unfortunately, many departments do not adhere to this requirement and send this work out to contract instead. The City Administrator has reminded departments of this administrative instruction.

**Shredding Services** -- The City has two types of shredding service contracts for needs exceeding those which a standard shredding machine can accommodate: (1) straight cut and (2) cross cut. Most City departments use office shredding machines and recycle their shredded documents along with their other recycling. The cross-cut shredding service is used by OPD, the City Administrator, and the Office of Personnel Resource Management (OPRM) for disposal of confidential documents. These departments currently maintain separate contracts; each is under \$5,000 per year and thus fall within department contracting authority. The Purchasing Division has reviewed both contracts and determined that savings from combining them would be negligible.

### ***Responses to Contracting Questions by the International Federation of Professional and Technical Engineers (IFPTE)***

The list of questions submitted by IFPTE Local 21 is provided in **Attachment A**. Questions have been summarized and item numbers have been added for easy reference.

#### **1. Bidding Process**

- *On contracts that are renewed annually or on an as needed basis, how often is there an open bidding process to assess whether the City is receiving the best pricing package?*

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The frequency with which the City issues Requests for Proposals (RFPs) to solicit proposals from prospective contractors varies by the type of service needed, the dollar value of the contract, and the terms of existing contracts. Staff use the City's Purchasing Ordinance (O.M.C. Chapter 2.04) as a guide for determining the scope and authorization required for certain contracts. Generally speaking, RFPs for most professional services contracts are issued at least once every three years. Specifically, the City Council re-approved the auditing services contract for Macias, Gini & O'Connell LLP in March 2008; bidding for this contract will be re-opened in January 2010.

## 2. Banking Services

- *Has there been a recent open bid for these services to ascertain whether using another financial institution that meets the City's criteria will lower these fees?*

An RFP was issued earlier this year (2009) for banking services and staff are currently reviewing proposals. A report and recommendation regarding the award of a contract will be presented to the Finance and Management Committee at its regular meeting on May 12, 2009.

- *What are "security custodial services" and could this function be handled by the main banking contractor, Bank of America?*

Security custodial services are when a bank acts as the custodian for the City's investment accounts. The service could be handled by the main banking contractor, but would not result in significant savings.

## 3. Parking

- *The City of Inglewood receives \$708,580 for parking citation and adjudication processing services. Please explain the nature of these services. Can the Parking Division, within the City of Oakland, perform some or all of these services?*

Currently the City of Inglewood provides the service of processing the City's parking citations, reporting delinquent accounts to the Department of Motor Vehicles and the California Franchise Tax Board, and manages data related to parking citations. The City of Oakland does not have the resources to invest in the infrastructure – computerized systems and equipment – to manage this process internally. The Parking Division is developing an RFP to solicit competitive proposals for this contract and will bring contract proposal recommendations to Council later this year.

- *Cale Parking Systems USA, Inc. receives \$720,000 from the City for electronic monitoring and management of 500 multi-space parking meters. Will this contract be re-bid at some point or is this proprietary?*

The item listed as a contract with Cale Parking is actually debt payments associated with the purchase of the system and equipment. Payments will be made each year for a total of seven years, ending in 2014. In the first year following the installation of the Cale meters, Cale Parking Systems provided technical support, training, monitoring, and reporting. Those functions are now performed in-house.

#### 4. Health/City Physician

- *Concentra Medical Centers receives \$250,000 for providing medical services to its injured employees. When was this contract last bid?*

The contract for City health services was put out to bid in 2007 and Concentra was awarded a two year contract with three two-year options to renew. Putting this contract out for re-bid in the current economic climate would likely result in higher costs due to escalating health care costs.

#### 5. Information Technology

- *The IT department contracts nearly \$400,000 worth of work. There are other Information Technology contracts totaling nearly \$300,000. Is it possible, with staff training, to have some of this work done in-house? When were the contracts last bid out?*

All contracts related to Information Technology are with vendors who provide proprietary software or equipment. As part of those contracts, there is a maintenance agreement in which the vendor provides technical support. By definition, that support must be provided by the vendor and cannot be performed by City staff without voiding the agreement.

#### 6. Rental Cars

- *Enterprise Rent-A-Car and Pacific Car Rental have received \$240,000 and \$250,000, respectively, for car rentals for the OPD. Enterprise holds (non-General Purpose Fund) contracts for \$150,000 and \$240,000. Why is the City spending \$880,000 per year to rent cars?*

An analysis of the City's use of rental cars is being presented separately in a report on the City's Fleet management. That report is being presented on the same agenda as this report (Finance and Management Committee - April 28, 2009).

#### 7. Shooting Range and Helicopter Services

- *Concord receives \$100,000 for annual range rental, because OPD's range requires extensive renovation. How much money in total has been spent for the range rental? How much is needed for the renovation of the OPD range? Does the Alameda or Contra Costa*

*County Sheriff's office or other police departments have similar facilities available at a lower cost?*

Renovation of OPD's shooting range has been a deferred capital improvement project for many years and is part of a larger building project. Funding has not been identified for even the design phase of the project. To date, the City has found it more cost effective to continue to contract for OPD's use of a shooting range.

- *Big Valley Aviation is under contract for \$365,000 for OPD helicopter maintenance. Has the City explored jointly operating helicopters with San Francisco or another large jurisdiction as a way to reduce costs? If other smaller cities utilize the helicopters, do they reimburse Oakland for costs or is it considered mutual aid?*

OPD has contracted out with Big Valley Aviation for its helicopter contract for several years; it has repeatedly been found to be the company that provides the best service at the lowest cost. Cost-sharing with other cities has been explored and found to be impractical. If Oakland's helicopters are used in other cities, it is in the context the City's mutual aid agreements.

## **8. Copies, Copiers, and Copier Maintenance**

- *OCE receives \$135,207 for copier services. Please explain the OCE copier services and why the work cannot be done in-house.*
- *Has the City considered bidding copier services, et al. out to a single lower bid rather than contracting with several companies?*

The Oakland Police Department (OPD) is currently reviewing its copier contract needs. Staff from OPD have been in discussion with staff from the Department of Information Technology (DIT) to explore consolidating OPD copier needs within the citywide contract with Sharp Business Systems to reduce costs.

In 2007, DIT issued a request for proposals (RFP) for copier services throughout the City. On July 17, 2008 the contract (Resolution No. 81351 C.M.S.) was awarded to Sharp Business Systems, which was the lowest responsible bidder. The contract encompasses 175 copiers throughout the City departments for an annual amount of \$333,216.

## **9. Evaluation**

- *Evaluation of all Measure Y Violence Prevention Programs by the Berkeley Policy Associates is contracted for \$173,000. Are similar evaluations done in-house? Can this be done in-house by staff that is independent of Measure Y?*

Evaluation of a program as comprehensive and sensitive as the Measure Y Violence Prevention Program requires a level of expertise and objectivity beyond the normal capacity of internal staff. Similar types of evaluations are not usually conducted internally.

**10. Consultants**

- *There are several contracts for environmental consulting services that total over \$5 million. From what sources are these contracts funded? What specific projects and locations are they performing this work for? Do any of these funds include General Fund monies? If so, for which project and in what amount? Is state and/or federal funding using the City as a pass-through for these projects? Also, what is the oversight mechanism to ensure that the work is being performed according to the specifications and on the proper timeline? Who does the oversight?*

The “environmental consulting services” contracts listed are in the Public Works Agency and are funded from a variety of sources, depending on needs that arise. Contracted services provided by consultants are most often paid out of specific project funds. For greater flexibility, some contracts are awarded on an as-needed basis so that services can be engaged quickly and efficiently. All of the work performed through these contracts is overseen by City project staff.

**SUSTAINABLE OPPORTUNITIES**

***Economic:*** The City’s Purchasing Ordinance provides City staff with the guidelines and requirements related to contracted services. Compliance with the Purchasing Ordinance ensures that department contracts provide the most efficient use of City resources.

***Environmental:*** There are no environmental impacts associated with this report.

***Social Equity:*** Compliance with the Purchasing Ordinance ensures that department contracts are awarded in a fair and equitable manner.

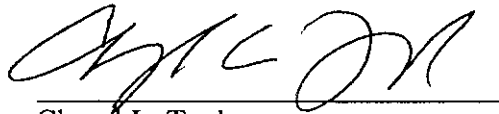
**DISABILITY AND SENIOR CITIZEN ACCESS**

There are no impacts to disabled or senior citizen access associated with this report.

**ACTION REQUESTED OF THE CITY COUNCIL**

Staff requests that Council receive this informational report.

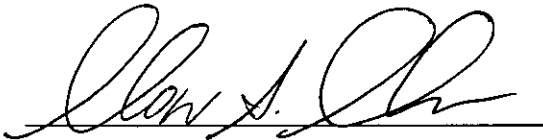
Respectfully submitted,



Cheryl L. Taylor  
Budget Director

*Prepared in collaboration with:  
Kip Walsh, Administrative Services Manager II  
Finance and Management Agency*

APPROVED AND FORWARDED TO THE  
FINANCE AND MANAGEMENT COMMITTEE:



Office of the City Administrator

Attachment A: Questions from the International Professional & Technical Engineers, Local 21 AFL-CIO Regarding Outside Contracts in the City of Oakland

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Finance and Management Committee  
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PROFESSIONAL & TECHNICAL ENGINEERS,  
LOCAL 21, AEL CIO

To: Hon. Jean Quan, Chairwoman, Finance and Management Committee  
From: Vivienne Crawford and Rachel Richman, IFPTE Local 21  
Re: Informational Report Re: Outside Contracts in the City of Oakland  
Date: February 9, 2009

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IFPTE, Local 21 has reviewed the report issued by the Office of the City Administrator entitled "Informational Report On An Analysis of All Outside Service Contracts, Including The Costs of The Contract, The Expiration Date, What Services Are Delivered And Analysis of Whether Work Could be Performed By City Employees."

We have a number of questions.

#### Periodic Bidding

- ✓ On contracts that are renewed annually or on an as needed basis how often is there an open bidding process to assess whether the City is receiving the best pricing package?

Examples of these contracts include:

Macias, Gini & O'Connell, LLP	Audit City's Books	590,990
International Contact	Translation Services	217,250
IKON Office Solution	Duplication Services	50,000

#### Banking

- ✓ On page 2 of 6 of the General Fund, Bank of America received \$275,000 for banking/depository services for City and the Redevelopment Agency. Has there been a recent open bid for these services to ascertain whether using another financial institution that meets the City's criteria will lower these fees?
- ✓ On page 2 of 6 of the General Fund, Wells Fargo receives \$25,000 for security custodial services. What are "security custodial services" and could this function be handled by the main banking contractor, Bank of America?

#### Parking

- ✓ On page 2 of 6 of the General Fund, the City of Inglewood receives \$708,580 for parking citation and adjudication processing services. Please explain the nature of these services. Can the Parking Division, within the City of Oakland, perform some or all of these services?
- ✓ On page 2 of 6 of the General Fund, Cale Parking Systems USA, Inc. receives \$720,000 from the City for electronic monitoring and management of the 500 multi-space parking meters. Will this contract be re-bid at some point or is this proprietary

#### Health

- ✓ On page 2 of 6 of the General Fund, Concentra Medical Centers receives \$250,000 for providing medical services to its injured employees.
- ✓ When was this contract last bid?

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### Information Technology

- ✓ On page 3-4 of 6 of the General Fund, the IT department contracts nearly \$400,000 worth of work. On page 1 of 8 of the Non-General Funds there are other Information Technology contracts totaling nearly \$300,000.
- ✓ Is it possible, with staff training, to have some of this work done in-house? When were the contracts last bid out?

### Rental Cars

- ✓ On page 4-5 of 6 of the General Fund, Enterprise Rent-A-Car and Pacific Car Rental have received \$240,000 and \$250,000, respectively, for car rentals for the OPD. On page 5 of 8, non general fund, Enterprise holds contracts for \$150,000 and \$240,000.
- ✓ Why is the City spending \$880,000 per year to rent cars?

### Shooting Range and Helicopter Services

- ✓ On page 4 of 6 of the General Fund, Concord receives \$100,000 for annual range rental, because OPD's range requires extensive renovation. How much money in total has been spent for the range rental? How much is needed for the renovation of the OPD range? Does the Alameda or Contra Cost Sheriff's office or other Police Departments have similar facilities available at a lower cost?
- ✓ On page 4 of 6, General Fund, Big Valley Aviation is under contract for \$365,000 for OPD helicopter maintenance. Has the City explored jointly operating helicopters with San Francisco or another large jurisdiction as a way to reduce costs? If other smaller cities utilize the helicopters, do they reimburse Oakland for costs or is it considered mutual aid?

### Copies, Copiers and Copier Maintenance

- ✓ On page 5 of 6 of the General Fund, OCE receives \$135,207 for copier services. Please explain the OCE copier services and why the work can not be done in-house.
- ✓ Cited on pages 1 and 3 of 6 of the General Fund and page 1 of 8 of the Non-General Fund, are contracts that amount to over \$1 million annually spent on copiers, copies and copier maintenance.
- ✓ Has the City considered bidding copier services, et al out to a single lower bid rather than contracting with several companies?

### Evaluation

- ✓ On page 1 of 8 of the Non-General Fund, evaluation of all Measure Y Violence Prevention Programs by the Berkeley Policy Associates is contracted for \$173,000. Are similar evaluations done in-house? Can this be done in-house by staff that is independent of Measure Y?

### Consultants

- ✓ On page 3, 4 and 6 of 8 of the Non-General Funds there are several contracts for environmental consulting services that total over \$5 million.

Baseline Environmental Consulting	750,000
Byrens Associates	350,000
Erler & Kalinowski, Inc.	750,000
Fugro West, Inc.	350,000
Fugro West, Inc.	750,000
Kleinfelder, Inc.	750,000
Northgate Environmental	750,000
URS Corporation	750,000
Total	5,200,000

- ✓ From what sources are these contracts funded? What specific projects and locations are they performing this work for? Do any of these funds include General Fund monies? If so, for which project and in what amount? Is state and/or federal funding using the City as a pass through for these projects? Also, what is the oversight mechanism to ensure that the work is being performed according to the specifications and on the proper timeline? Who does the oversight?

cc: all members of the committee, Jeff Levin, VP, Local 21, Vickie Carson, Local 21

Contractor	Page	Service	Amount
IKON Office Solution	1 of 6 General Fund	Duplications	50,000
Environmental Systems	3 of 6 General Fund	ArcGIS Maintenance	40,597
Govstor	3 of 6 General Fund	V210 Server Maintenance	45,200
IBM	3 of 6 General Fund	AS/400 Maintenance	42,228
Lagan Technologies	3 of 6 General Fund	Maintenance Oakland's Assistance Center	30,000
Quest Media & Supplies	3 of 6 General Fund	Firewall Maintenance	36,804
Quest	1 of 8 Non-General	Maintenance	92,842
Compucom	1 of 8 Non General	Maintenance Contract	190,000
Xerox Corp	1 of 8 Non-General	Rental and Maintenance	160,000
Sharp Business Systems	1 of 8 Non-General	Copier Rental	336,000
Total			1,023,671

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