

09-1386  
old of 03-1673

JUN 09 2009

MOTION

In 2003, after the City had implemented a hiring freeze due to budget constraints, the Council passed a Motion (#03-1673) instructing the CAO to report back on the number of small contracts executed and an analysis of whether the work could have been performed by City staff. The CAO found in their report that an average of 750 small contracts were executed in calendar years 2001 through 2003, with an average total value of over \$200 million.

As part of its report back, the CAO conducted an analysis of the service contracts with a value over \$10,000 that were executed by Council-controlled departments and recommended strengthening compliance with the City's contracting procedure so that service contracts were not entered into at the expense of City jobs, unless a determination was first made that it is more economic and feasible to contract out the work. The CAO's recommendations were adopted in 2004.

Now that we are facing an unprecedented budget deficit, which is expected to result in large scale layoffs, the City should once again analyze all service contracts that currently exist in any City department and determine if the work can be performed by City staff. General Managers should consult with their staffs in determining which contracts to focus on scrutinizing for necessity.

For instance, in the case of work that is currently contracted out, but routinely performed by other departments, Departments should be encouraged to engage in a process to create efficiencies by providing these critical services for one another. A prime example is custodial work in police stations, which is currently performed by the Department of General Services. Contracting guidelines should facilitate the development of partnerships between departments.

Departments are required to file a "Notification of Intent to Contract" whenever they decide to seek a contract for City work with a vendor. City Charter Section 1022 requires that the Personnel Department prepare a Contract Review Report stating that there is no existing City position classification with the expertise to do the work that is being proposed to contract out.

During discussion of the City's FY 2009-2010 Budget, Council adopted a Motion (Huizar-Hahn) that instructs the CAO, CLA, and the proprietary departments to report on opportunities for the cost-effective contracting in of services at DWP, the Airport and Harbor. The City should also consider the benefits of contracting-in certain services at non-proprietary departments.

I THEREFORE MOVE that the CAO be instructed to conduct an analysis of City service contracts executed over the last two calendar years and first half of 2009 to determine whether the current procedures properly regulate departments' compliance with the contracting process.

I FURTHER MOVE that the CAO include in its analysis total contracting per year, amount spent on each contract by department, geographical and demographic information regarding contractors, and any and all contracting documents created by departments.

I FURTHER MOVE that the CAO be requested to work in partnership with all City non-proprietary departments to determine if any existing service contracts should be eliminated to allow City employees to perform the work, so long as the cost to do so is less or similar.

I FURTHER MOVE that all City departments be requested to halt execution of any discretionary contracts that are not critical to their high priority services and work with their employee groups to determine which work currently being contracted out could be handled by City workers.

PRESENTED BY:   
**JOSE HUIZAR**  
Councilmember, 14<sup>th</sup> District

SECONDED BY: 

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