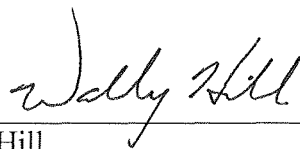


Managed Competition Pre-competition Assessment Report

General Services Department:
Fleet Services Division

December 2010

The Pre-competition Assessment Report was prepared in accordance with the Managed Competition Guide dated July 26, 2010. The report was prepared by the Business Office with Assistance from a PCA Team consisting of subject matter experts from the Fleet Services Division.



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I. INTRODUCTION

Managed competition is a structured, transparent process that allows public sector employees to be openly and fairly compared with independent contractors for the right to deliver services. This strategy recognizes the high quality and potential of public sector employees and seeks to tap their creativity, experience and resourcefulness by giving them the opportunity to structure organizations and processes in ways similar to best practices in competitive businesses, yet still compatible with public sector realities.

The first step in managed competition is to conduct a Pre-competition Assessment (PCA) to evaluate whether a function is eligible and appropriate for competition. The purpose of this report is to document the PCA of the Fleet Services functions, which include:

- Schedule (Preventive Maintenance), Non-Schedule (Repair) & Warranty Maintenance for City Automotive Equipment
- Body Repair & Painting of City Automotive Equipment
- Repair Parts Support for City Automotive Equipment
- Fuel Services for City & Customer Automotive Equipment
- Washing Services for City Automotive Equipment
- Up-Fitting, Metal Fabrication, Machine Shop, Welding and Modification Services for City & Customer Automotive Equipment
- Information Technology Support Services
- Rental Pool Services for City Department Customers
- Automotive Training Services for City Departments Customers
- Fleet Safety Services for Fleet Personnel & Facilities and City Departments Customers
- Vehicle Specification, Management of the Procurement Process
- Disposal Services for City Automotive Equipment
- Administrative Services for Fleet Services to include:
 - Budget preparation, monitoring and adjustments
 - Payroll for assigned personnel
 - Personnel Records maintenance for assigned personnel
 - Accounts Payable
 - Accounts Receivable
 - Service Level Agreements with Customers
 - Other Administrative Services as required.

The Fleet Services Division is one of the services provided by the General Services Department.

II. OVERVIEW OF FUNCTION

A. Background

Non core functions which make up the overhead costs include administration for budget, payroll, accounts payable & receivable and word processing. In addition, information services provided include the day-to-day functions & troubleshooting of the Fleet Division's personal computer, printer and copiers, cell and landline telephone services, and maintenance of the Fleet & Fuel Management Information Systems.

Figure 1 depicts the organizational structure of Fleet Services and highlights the fleets and organizations where various functions are performed.

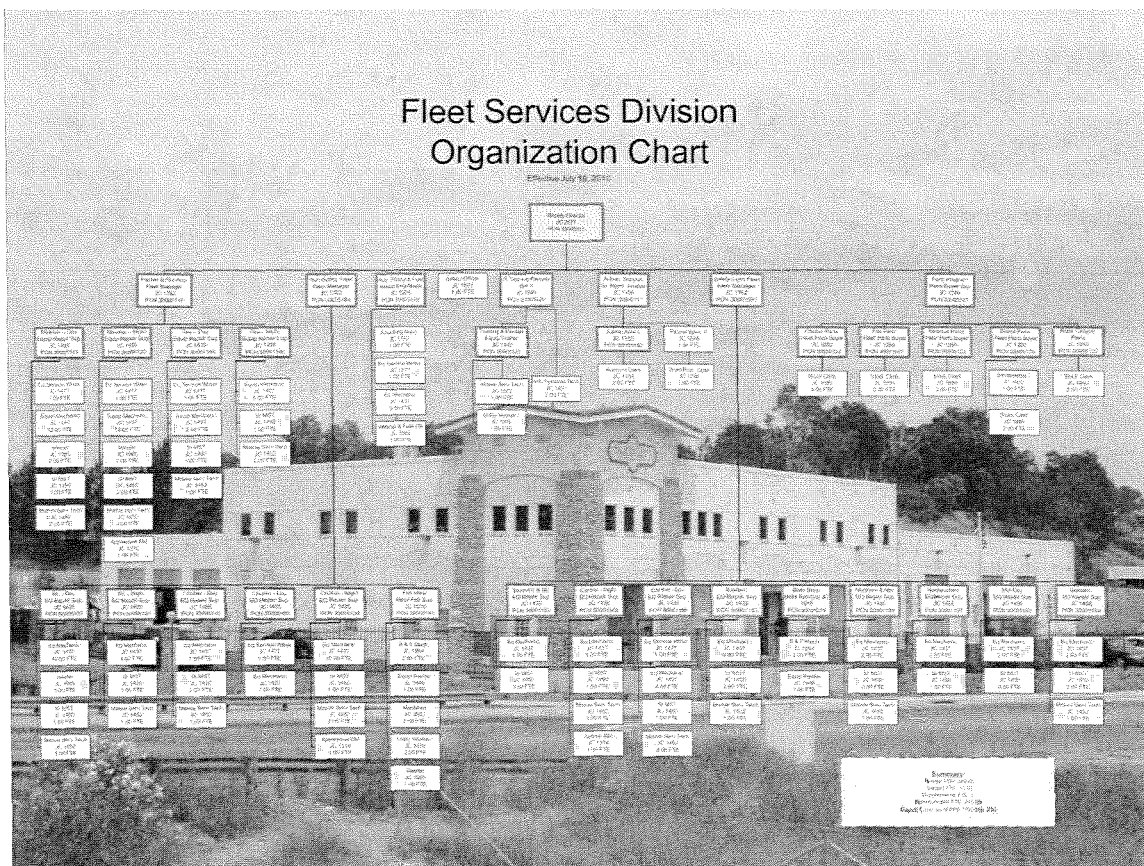


Figure 1: Organizational Chart

The Fleet Services Operations are performed by **REDACTED** budgeted Full Time Equivalents (FTE), who oversee over **REDACTED** pieces of motive equipment, including **REDACTED** street sweepers, **REDACTED** trash packers, **REDACTED** Police light-duty vehicles, and more than **REDACTED** Fire-Rescue Vehicles/apparatus. The labor classifications that perform these fleet services functions are listed in Table 1. Table 1 (below) displays the fiscal year 2011 staffing for all fleet functions.

Job Title	Job Classification	FTE
Account Clerk	20000011	
Senior Management Analyst	20000015	
Administrative Aide II	20000024	
Asst Engineer Mechanical	20000088	
Associate Engineer Mechanical	20000154	
Fleet Parts Buyer Supervisor	20000182	
Fleet Parts Buyer	20000183	
Body & Fender Mechanic	20000193	
Information Systems Analyst II	20000290	
Information Systems Technician	20000377	
Equipment Repair Supervisor	20000417	
Equipment Mechanic	20000420	
Equipment Trainer	20000433	
Equipment Painter	20000438	
Equipment Service Writer	20000439	
Senior Motive Service Technician	20000443	
Motive Service Technician	20000445	
Machinist	20000618	
Metal Fabrication Supervisor	20000644	
Payroll Specialist II	20000680	
Word Processing Operator	20000756	
Fleet Manager	20000774	
Safety Officer	20000847	
Stock Clerk	20000951	
Storekeeper I	20000955	
Utility Worker I	20001051	
Vehicle Fuel Clerk	20001056	
Welder	20001058	
Deputy Director	20001168	
Total FTE Count		

Redacted

Redacted

Redacted

Redacted

Redacted

Table 1: Fleet Service Staffing¹

B. Scope of Work and Grouping of Tasks and Activities

A critical step of the PCA process involves ‘scoping and grouping,’ defining the activities and tasks that comprise a function and determining whether they are suitable for competitive procurement together, individually, or not at all. A high-level Work Breakdown Structure (WBS) is provided as Table 2.

¹ Source: City of San Diego Financial Management Information System

Function		Description
1	FLEET SERVICES	The Fleet Services Division provides all City departments and outside customers with motive equipment and a full range of fleet management services. These services include acquisition, fitting, maintenance and repair, the provision of parts and fuel, body repair, painting, metal fabrication and welding, disposal services, and other motive equipment-related support services, such as machining, equipment rental, Information technology and operator training
2	Administration	
2.1	Budget	Develops, tracks and manages the annual operations and vehicle replacement budgets
2.2	Payroll	Processes payroll and maintains personnel records of division personnel
2.3	Accounts Payable & Receivable	Processes invoices and ensures payment on time; receives and processes revenue
2.4	Fleet Support Staff	Management of Service Level Agreements
3	Acquisition & Fitting	
3.1	Acquisition	Provides customer vehicle specifications, support for RFPs and recommendations on contract awards. Maintains Fleet Management Information on all automotive assets.
3.2	Fitting	Provides up-fitting of mission equipment on vehicles prior to fielding. Coordinates work with other inside and outside vendors
3.3	Disposal	Provides disposal services for automotive equipment and vehicles to include contract award to auction company, monitoring of contract performance and reporting and recording of auction results
3.4	Fuel Management	Provides a full range of fuel services at 15 internal underground storage tank fuel sites and 4 customer aboveground storage tank fuel sites: includes Automated Fuel Management Interface with the Fleet Management Information System; ordering of fuel; verifying and reconciling fuel deliveries with vendor invoices; fuel payment authorization; tracking of fuel inventories; and CA State off road reporting
4	Heavy Fire Apparatus Fleet	Maintenance support for all heavy duty Fire-Rescue Department vehicles
4.1	Preventive Maintenance	Maintenance support for all heavy duty Fire-Rescue Department vehicles
4.2	Unscheduled Repair Maintenance	Provide scheduled preventive maintenance
4.3	Parts Support	Provide unscheduled maintenance support
4.4	Warranty Repair	Provide automotive repair parts
4.5	Fabrication Repair	Provide in-house authorized manufacturer warranty repair for assigned vehicles
4.6	Mobile Repair & Road-Call Services	Provide on-site fabrication and welding support for body repairs for assigned vehicles
5	Packer Fleet	Maintenance support refuse packers in the Environmental Services Department
5.1	Preventive Maintenance	Provide scheduled preventive maintenance
5.2	Unscheduled Repair Maintenance	Provide unscheduled maintenance support
5.3	Parts Support	Provide automotive repair parts
5.4	Warranty Repair	Provide in-house authorized manufacturer warranty repair for assigned vehicles
5.5	Fabrication Repair	Provide on-site fabrication and welding support for body repairs for

		assigned vehicles
5.6	Road-call, Tire Repair & Towing	Provide City-wide 24 hour road call and tire repair support except for heavy fire vehicles; and medium and heavy vehicle towing services not provide by city contract
6	Non-Safety Fleet	Maintenance support for all non-safety light and medium-duty vehicles, heavy-duty and construction vehicles in City departments
6.1	Preventive Maintenance	Provide scheduled preventive maintenance
6.2	Unscheduled Repair Maintenance	Provide unscheduled maintenance support
6.3	Parts Support	Provide automotive repair parts
6.4	Warranty Repair	Provide in-house authorized manufacturer warranty repair for assigned vehicles
6.5	Fabrication & Machine Shop	Provide City departments metal fabrication and machine shop support
6.6	Body & Fender Repair and Painting	Provide vehicle body repair & painting for medium and heavy-duty vehicles
6.7	Road-call, Tire Repair & Towing	Provide supplemental City-wide road call, tire repair and towing support for City vehicles
7	Safety Light Fleet	Maintenance support for all light-duty public safety vehicles and law enforcement motorcycles, scooters, and ATVs in the Police and Fire-Rescue Departments
7.1	Preventive Maintenance	Provide scheduled preventive maintenance
7.2	Unscheduled Repair Maintenance	Provide unscheduled maintenance support
7.3	Parts Support	Provide automotive repair parts
7.4	Warranty Repair	Provide in-house authorized manufacturer warranty repair for assigned vehicles
7.5	Body & Fender Repair and Painting	Provide vehicle body repair and painting for City light-duty vehicles
7.6	Road-call & Towing	Provide supplemental road call and towing support for safety light-fleet vehicles
8	Support Services	Provide support services
8.1	Information Technology	Provide full range of IT support for Fleet and Fuel Management Information Systems, the Fleet Division's computers, printers, copiers, office and cell telephones and a wide variety of reporting tools.
8.2	Vehicle Rental Pool	Operates two City rental pool operations to include reservations, dispatch, returns, cleaning, maintaining, replacement, and invoicing
8.3	Automotive Training	Provides City wide automotive training

Table 2: Work Breakdown Structure

In summary, the information provided for the fleet services functions are grouped into four distinct type automotive fleets and the three sustaining functions that support their operations.

III. ANALYSIS OF ELIGIBILITY AND APPROPRIATENESS FOR COMPETITION

The PCA report should evaluate the eligibility and appropriateness for competition according to the following criteria:

- Inherently Governmental Determination - Is the function inherently governmental or task is “so intimately related to the exercise of the public interest as to mandate performance by City personnel”
- Legal Limitations - Are there are legal restrictions regarding a function, activity or task being competitively procured
- Availability of Alternatives – Does a sufficient market exist and would the City would be likely to receive at least two proposals
- Efficiency & Economic Gain – Could savings be achieved through competitive procurement
- Risks to Competition - Are there risks to competition (including service interruption, financial liability and damage to public trust or welfare) and how could the risks be mitigated (e.g., in the event of default)
- Workload, Performance and Property Data – Do we currently have the information required to conduct a competition?

These criteria provide the framework for assessing the eligibility and appropriateness for the Fleet Services functions to proceed to competitive procurement immediately or at a later date.

A. Inherently Governmental Determination

According to the Managed Competition Guide, inherently governmental functions are defined as “those services so intimately related to the exercise of the public interest as to mandate their performance by City employees.”

The Police and Fire-Rescue component of Fleet Services is a part of this PCA and have both been determined as not inherently governmental functions if the provider can meet security background requirements and the “No Strike” provision of the contract. The Non-Safety portion of the Fleet Services function is not inherently governmental.

Based on initial research other jurisdictions/agencies such as Seminole County in Florida, Wright Paterson Air Force Base in Ohio and a Canadian Forces Base in Goose Bay Labrador with police, fire and medical response/transport vehicles have outsourced fleet maintenance functions. Additionally, the U.S. General Services Administration (GSA) outsources 95% of their fueling and maintenance of federal fleet vehicles across the continental United States. The GSA currently maintains over 210,000 customer fleet vehicles across the continental US, for federal fleet (including military, Border Patrol/ICE, Homeland Security, Treasury, Secret Service, White House, ambulance security and surveillance vehicles, etc) and non-DoD bases. The City of San Diego concept of inherently governmental is consistent with the federal definition.

The Fleet Services function is not an inherently governmental function as determined by the Mayor.

B. Legal Limitations

The Office of the City Attorney has reviewed all potential legal limitations, including but not limited to the City Charter and Municipal Ordinance, and has found no legal limitations that preclude the City from allowing an outside entity to perform a function of its behalf.

C. Availability of Alternatives

Another important element of the competition criteria is identifying whether a potential market exists for the function under review. The Managed Competition Guide requires that at least two independent service providers submit technically acceptable proposals to a Request for Proposals (RFP) or the Managed Competition Independent Review Board will not recommend awarding a contract to an independent contractor.

A search for professional fleet services providers produced a list of potential companies listed below in Table 3. Their history with other municipal entities demonstrates that they may have the capability and interest in providing similar scope and depth of services for the City of San Diego. We have also identified potential vendors who may bid out individual functions and subcontract work to fulfill the scope of services required, such as Rush Truck Centers, Vehicle Maintenance Program, and Quality Automotive Parts, Inc. These are listed in the following table.

Service provider	Description	History of providing services to governmental entities
First Vehicle Services	On-site contract fleet maintenance and management solutions.	25 years of diverse fleet of municipal vehicles. From a single-person utility cart to a heavy-duty aerial unit, they provide quality community services.
Donlen Fleet Management Services	Vehicle maintenance programs are available for both cars and trucks and include services such as preventive maintenance, maintenance consultation, fuel management, accident management, emergency roadside assistance, and tax benefit reporting.	Donlen has been recognized as an industry leader for introducing more innovative solutions than any other. They have limited exposure in the public sector and more experience in the private fleet management sector.
Penske Truck Leasing	Penske provides all of the maintenance and fleet management services for a Full Service Line of products and maintain vehicles to high standards.	Penske has a national presence, but they tend to be regionally strong in the mid-west and eastern part of the US.
GSA	GSA delivers products, services, and policies to its federal customers through the Federal Acquisition Service (FAS), the Public Buildings Service (PBS), 12 Staff Offices, and	Currently maintains over 210,000 customer fleet vehicles across the continental US, for federal fleet (includes military, Border Patrol/ICE, Homeland Security, Treasury, Secret Service, White

	the independent Office of the Inspector General and Civilian Board of Contract Appeals. GSA interacts directly with customers through 11 Regional Offices and the Central Office in Washington D.C.	House, ambulance security and surveillance vehicles, etc) and non-DoD base.
All Star Fleet Services	All Star provides innovative fleet maintenance solutions to improve fleet availability, safety and life expectancy while reducing operating and maintenance costs.	Over the past two years contracts for government fleets include Montgomery County, MD (2-10), Los Angeles County, CA (9-09). Clients in the federal, state, and municipal governments at locations throughout the United States.
Serco	Serco established its North American foothold in 1988 by acquiring companies that shared a similar vision of transforming how public services are delivered. Serco's Fleet Maintenance Services provide customized fleet maintenance to customers in the U.S. and around the world.	Currently maintains over 10,000 customer fleet vehicles, for utility, county, municipality, air force base and various other privately owned fleets. Government work for Seminole County in Florida, Wright Paterson Air Force Base in Ohio and a Canadian Forces Base in Goose Bay Labrador that involve police, fire and medical response/transport vehicles.
Dion International Trucks	From acquisition to disposal, PHD-Dion's unique Fleet Management System offers a complete range of options and flexibility to meet any fleet operator requirements. Dion's goal is to provide customers a more efficient and cost effective transportation system with less hassle.	Currently provides services and is a registered vendor of the City of San Diego

Table 3: Possible External Service Providers

D. Efficiency & Economic Gain

Current Service Levels

The current standards displayed in Table 4 are what the division has formulated and also included in the Tactical Plan exercise developed in conjunction with the Business Office.

	Fleet Services Current Measures	Current Service Level ²
1	Number of pieces of motive equipment	4,062
2	Number of non-public safety fleet motive equipment pieces maintained	2,352
3	Number of public safety fleet motive equipment pieces maintained	1,710
4	Number of pieces of equipment replaced or added	267
5	Number of Fleet Work Orders	67,072
6	Number of Fleet Work Orders (Unscheduled repair vs. preventative maintenance)	51,166 (unscheduled) 15,906 (preventive maintenance)
7	Meet or exceed industry and customer standards for designated fleet	Redacted

² Source: Fleet Services' FY2010 Tactical Plan, reported on a quarterly basis; current service level column represents an average of the four quarters.

	Fleet Services Current Measures	Current Service Level ²
	availability rates	
8	Percent of Non-Safety Light Duty fleet vehicles classified as Low Emissions Vehicles II	61%
9	Percent of Non-Safety Medium/Heavy Duty fleet on-road diesel powered vehicles meeting CA Code Reg. Title 13	58%
10	Percent reduction of carbon footprint of City's fleet	+3.5%
11	Percent of time spent on preventive maintenance as opposed to unscheduled repair	54.5%
12	Total number of Fleet Services (hours/dollars) utilized for overtime	Redacted
13	Number and dollar value of violations (to include remarks and notices to comply)	0 / \$0
14	Percent of the total fleet that is over age and/or mileage	12%
15	Percent of required 1st and 2nd line supervisor training completed	Redacted
16	Percent of master technicians Automotive Service Excellence (ASE)/Welder certified	38%
17	Number of shops Automotive Service Excellence (ASE) certified	2
18	Percent of labor hours lost to workplace injury	Redacted
19	Number workplace injury and/or accident events	Redacted

Table 4: Current Service Levels

Economic Gain

The economic gain analysis is aimed at determining whether there is a possibility that economic gains could be realized through a competitive procurement process, recognizing that actual information cannot be known until competitive procurement is undertaken. The determination is based on comparing the cost of performing the function by City forces with the cost of purchasing the same level of service from an outside entity.

The baseline cost estimate from the Budget Summary Reports for Fiscal Years (FYs) 2010 – 2011 served as a foundation for this assessment. Included in the baseline cost estimate are both budget and actual expenditures for each fiscal year (current fiscal year is projected expenditures which are annualized to provide a comparable frame of reference). Table 5 details the baseline costs estimate for Fleet Services Division.

	Fiscal Year 2010		Fiscal Year 2011	
	Budget w/ Reduction	Actual Expenditures	Budget	Projected Expenditures
Total Personnel Expenses (PE)				
Salary				
Fringe				
Overtime				
Other Pay				
Other Staff				
Fuel (NPE)				

Non-Personnel Expenses (NPE)				
Total Costs				
Total Revenue				

Table 5: Fleet Service Division Baseline Cost Estimate

An average maintenance shop rate of local major vehicle dealerships shows Fleet Services' rate of **REDACTED**. In other government agencies, for example the County of San Diego, the average rate is **REDACTED**. More aggressive pricing may be offered by contractors proposing to take on full fleet maintenance services for the City, based on volume discounting.

Based on the information collected, it appears that savings may be possible if some functions are competitively procured.

E. Risks to Competition

Risk analysis considers the degree to which contracting out a function would expose the City to risk or liability, including service interruption, health and safety issues, financial liability, and damage to public trust.

The Fleet Services PCA did identify five potential risks to competition.

1. The first risk involves potential security and damage to City facilities when accessing fuel stations by contract personnel. Potential misuse of the station can occur by: fuel pilferage; spilling fuel causing hazardous waste; and/or running off with the nozzle. This is moderate risk that also applies to employee-provided services, which could be mitigated through training, orientation and fuel tracking. In addition, applying the same penalties associated with environmental impacts that City employees abide by in order to avoid potential repercussions should be a part of the city contract and oversight. Finally, ensuring the service provider is insured / bonded for hazardous waste disposal costs and damage.
2. The second risk pertains to errors and omissions by a contractor which could expose the City to liability from lawsuits as well as fines (i.e., driver runs over a pedestrian; misuse of city vehicles; etc.). This is a high risk, that also applies to employee-provided services, which could be mitigated by enforcing the following: imposing liability insurance with high limits; requiring the contractor to indemnify the City; as well as applying the same background checks that City employees undergo (finger printing; Class A/B license; DOT requirements, etc.).
3. The third risk relates to a private vendor to require adequate security background clearances for public safety operation & vehicles, training associated with mandatory training and hazardous material involving environmental impacts. This is a high risk that also applies to employee-provided services, which could be mitigated by enforcing the same strict policies and procedures adhered to by City employees and requiring extensive Police background investigations and

polygraph exams for all contract personnel working in public safety operations and with law enforcement vehicles.

4. The fourth risk entails real/perceived conflict of interest between City employees and private vendor (i.e., disgruntled City employee may not report the need to repair a city vehicle knowing that it is being maintained by a private vendor - a sense of mismatched responsibilities). This is low risk which could be mitigated by imposing the performance standards and operating policies & procedures expected of City employees.

5. The fifth risk relates to potential discontinuity of service provision, specifically with public safety, non safety and environmental packer fleets. There are currently two types of customers: City customers and non-City customers. Non-City customers include the County of San Diego, who is a fuel customer, and the University of San Diego and the San Diego Unified School district, both of whom employ the division for service to their police vehicles. Having a private contract vendor maintain vehicle services may suddenly create a burden on the City by determining which customer has first priority. In addition, Emergency Operations may be impacted by a third party contractor or a labor/management dispute may impact City services. This is a low risk which could be mitigated by clearly identifying a detailed transition plan specifying the priorities of all equipment through a Service Level Agreement (SLA), whether by establishing a work order/service request form, as well by the life of the equipment (newest serviced 1st; oldest serviced last); Emergency operations requirements by the contractor; and a no strike clause in the contract.

F. Workload, Performance, and Property Data Assessment

Workload, performance, and property data are critical to developing a Statement of Work (SOW), should a function move to competitive procurement. The range and depth of workload/performance/ property data that are available (or not) also are important factors in determining a future competition schedule. In conducting this assessment, the following criteria were evaluated to establish the current level of data available.

Question	Explanation	Status
Does workload data exist for the function for the last fiscal year?	Indicates whether or not the annual workload for the function is available or easily obtainable. For some functions, there may not currently be a formal collection process for workload information. For those functions, a data collection mechanism and process will need to be defined and developed.	Yes
Is workload tracked using an automated system?	Identifies any records, spreadsheets, logs, or other tracking mechanisms that are currently used to collect workload data.	Yes
Has workload been tracked for at least the last three years?	Indicates whether workload is changing or is relatively consistent from year to year. Workload that is increasing, decreasing, or fluctuating from year to year might affect the amount of data and level of effort that will be required to estimate workload.	Yes

Question	Explanation	Status
Is workload tracked consistently?	Identifies whether tracking systems are collecting workload output data in a timely and accurate fashion. A determination must be made regarding the overall reliability of the data tracked in the existing systems.	Most
Can workload be accurately projected into the future?	Examines whether collected data is sufficient to ensure the future statement of work accurately addresses the function's true requirements and limits the potential for modifications.	Yes
Is the performance level of the City workforce actively tracked?	Identifies whether adequate performance information is available to determining the level of performance in a future competition.	Yes
Is there a property tracking system?	Identifies whether government property is properly tracked in order to maintain proper inventory control and determine its disposition in a potential competitive procurement.	Yes

Table 6: Workload, performance & property data assessment

The result of the workload, performance, and property systems assessment for fleet services is that a system is available for all workload, performance, and property data required. The current Fleet Management Information System Software (provided by AssetWorks) provides the detailed relevant information needed to complete the Statement of Work. Additionally, the data system is evaluated at Level IV according to the PCA data call, which states that a system is available for all workload and workload counts are considered accurate and reliable (with very few data entry errors). There is very little effort required to validate the data.

IV. CONCLUSION

As determined through this pre-competition assessment, the Fleet Services is deemed to be eligible and appropriate for competitive procurement. The pre-competition assessment team determined that it:

- Is not inherently governmental;
- May not be limited, legally, from being procured from an outside source;
- May be procured from an established competitive market;
- Does not face significant risks that cannot be mitigated through the contracting process; and
- Has the potential to realize economic gain.