

## CITY OF COSTA MESA OUTSOURCING SUMMARY OVERVIEW

The information below is a summary of the projected impact of outsourcing (pending resolution of legal constraints), as analyzed over the past 18 months. As the outsourcing process progressed, changes in service needs, funding and staff attrition occurred. For example, in the Animal Control area, staffing levels were reduced from three full time positions to two full time positions making outsourcing less desirable from a financial standpoint. Hence, the Animal Control Program is working at this new service level and the savings are included in the annual fiscal impact section of this report. While the analysis of some services did not immediately show that outsourcing would be prudent, the process itself has created a new culture of continually looking at how the City can provide quality services in the most efficient and effective way possible. In the future and as opportunities present themselves, such as through employee attrition or new technology, all City services will continually be reviewed at this level, ensuring high quality, efficiency and fiscal responsibility. Employees impacted by outsourcing will be assisted by the City, where possible, in transitioning to other City positions or private employment.

SERVICE	TOP RANKED PROPOSER	ACTION	OUTSOURCING DECISION	ANNUAL FISCAL IMPACT/SAVINGS
Jail Operations	G4S Security Solution \$743,329	Outsource	On May 15, 2012, City Council approved to outsource this service to G4S resulting in enhanced services and a potential annual savings of \$603,460, pending the resolution of the City's outsourcing constraint.  <b>Annual Savings of \$603,460</b>	
				\$ 603,460
Animal Control	Orange County Animal Control Services (OCAC) \$555,580	Receive & File	On May 15, 2012, City Council approved to receive and file the report, reject all proposals, rescind all layoff notices previously distributed to Police Department employees currently performing the work related to this service and direct staff to further explore measures to increase dog licensing compliance rates either through the County or a non-profit organization. OCAC's proposal cost is \$150,989 greater than the City's net cost for Animal Control Services. In June of 2011, City Council eliminated one (1) Animal Control Officer position, for a fully burdened annual savings of \$98,007.  <b>Annual Savings of \$98,007</b>	
				\$ 98,007
Building Inspections	Willdan Engineering \$720,000	Hybrid	On May 15, 2012, City Council approved a hybrid model that utilizes key senior City staff in combination with contract employees. The new model allows City staff to control inspection activities and maintain the high level of service to the community. It also gives the City the flexibility to expand or reduce contract staff to match the workload. The hybrid model is anticipated to save the City \$214,780 in FY 12/13.  <b>Annual Savings of \$214,780</b>	
				\$ 214,780
Street Sweeping	Athens Services \$478,800	Outsource	On May 15, 2012, City Council approved to outsource this service to Athens Services resulting in enhanced services and a potential annual savings of \$87,707 and a one time Capital Budget savings of approximately \$1,060,000 (the cost of four (4) new alternative fuel sweepers the City would eventually have to purchase), pending the resolution of the City's outsourcing constraint. Additional revenue may be garnered under this agreement by way of potentially renting City Yard space to Athens (potentially \$10,000-\$20,000 in annual revenue) and the sale of the City's existing air quality compliant street sweeper.  <b>Annual Savings of \$87,707</b> <b>One Time Savings of \$1,060,000</b>	
				\$ 87,707
Reprographics	Orange County Publishing Services \$50,000	Hybrid	On June 19, 2012, City Council approved a hybrid model, that includes outsourcing a portion of the Reprographic Services (i.e.offset printing, reprographics and bindery) while maintaining some services in-house. A 3-6 month implementation plan was requested to transition the outsourced services to the County under this model, close the existing print shop on the first floor of City Hall, eliminate the Offset Press Operator position effective upon the retirement of the incumbent employee and rescind layoff notice to the one remaining Central Service Division employee. Additional revenue (an expected \$20,000) may be garnered under this agreement with the sale of the City's existing offset printing and bindery equipment.  <b>Annual Savings of \$34,009</b> <b>One Time Savings of \$20,000</b>	
				\$ 34,009

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<b>Graphic Design</b>	Jovenville, LLC dba We The Creative (WTC) \$75,000	Hybrid	On June 19, 2012, City Council approved a hybrid model, that includes outsourcing a portion of the Graphic Design Services while maintaining some services in-house, pending the resolution of the City's outsourcing constraints. A 3-6 month implementation plan was requested to transition the outsourced services to WTC under this model and eliminate one of the two Graphic Designer positions effective upon the retirement of the incumbent employee and rescind layoff notice to the one remaining Central Service Division employee.  Annual Savings of \$9,787	
				\$ 9,787
<b>Parks &amp; Landscape Maintenance</b>	Merchants Landscape Services, Inc. \$959,820	Outsource	On August 21, 2012, City Council approved to outsource this service to Merchants Landscape Services, Inc. resulting in enhanced services and a potential annual savings of \$1,370,373, pending the resolution of the City's outsourcing constraint and rescind layoff notices for six (6) positions to be retained by the Parks and Landscape Maintenance Section. Additional revenue (and expected \$100,000) may be garnered under this agreement with the sale of the City's existing equipment.  Annual Savings of \$1,370,373 One Time Savings of \$100,000	
				\$ 1,370,373
<b>Fire Service</b>	No Proposals were received for this service except for the initial OCFA proposal	Receive & File	On April 17, 2012, City Council approved to rescind layoff notices that were distributed to Fire Department personnel and schedule a review of the department's proposed fire services restructuring model. On September 4, 2012, the City Council approved a side letter with the Fire Association. The payment of 5% by employees toward the employee's share of PERS retirement will produce an annual savings of \$420,000. This amount will continue to increase as new employees are hired and contribute a higher percentage (9%) towards their pensions. It is anticipated that the reduced retirement benefit (2.7%@57) for new employees will produce a savings compared to hiring new employees at the current benefit (3%@50). In addition, the City will save \$400,000 annually based on the new 2nd Tier. The agreement to forgo any salary increases through June 2017 would also produce a savings if the City was required to provide a salary increase, however these savings can not be determined at this time. Lastly, the Fire Department Operational Restructuring Plan will also result in a cost savings. It is estimated that six (6) positions will be eliminated as a result of the changes, providing an additional savings of \$993,000 annually.  Annual Savings of \$1,813,000	
				\$ 1,813,000
<b>Video Production</b>	Monarch Media \$198,016	Receive & File	On May 15, 2012, City Council approved to receive and file the report, reject all proposals, rescind all layoff notices previously distributed to Video Production employees and continue with the City's in-house video production services. The Video Production Section has increased its workload to enhance the City's Communications. Specifically a new daily show, the Costa Mesa Minute, was created to provide better and regular information to the community.	
				\$ -
<b>Dispatch</b>	No viable candidate emerged	Receive & File	On July 3, 2012, City Council approved to receive and file the report, reject all proposals, rescind all layoff notices previously distributed to Police Department employees currently performing the work related to this service and direct staff to continue exploring shared services models with neighboring public agencies. None of the three (3) proposals received adequately met or addressed the full scope of services identified in the RFP, hence there were no viable options presented to provide Dispatch Services to the City at this time. City staff is actively exploring options for reducing costs and sharing services with other agencies.	
				\$ -

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<b>Telecommunications Technical Services</b>	No viable candidate emerged	Receive & File	On July 17, 2012, City Council approved to receive and file the report, rejected all proposals, left one (1) layoff notice pending and directed staff to explore shared services models with neighboring public agencies. The only proposal received did not address the full scope of services identified in the RFP, hence there were no viable options presented to provide Telecommunication Technical Services to the City at this time. City staff is actively exploring options for reducing costs and sharing services with other agencies.	
				\$ -
<b>Tree Maintenance</b>	West Coast Arborists \$420,000	Outsource	On August 7, 2012, City Council approved to continue outsourcing this service to West Coast Arborists (WCA) in an annual contract of \$420,000 for five (5) years. WCA has provided Tree Maintenance Services to the City of Costa Mesa for the past 19 years and ranked highest among all other proposers.	
				\$ -
<b>Street/Storm Drains</b>	No proposals were received for this service	TBD	The final analysis for this service is underway and it is scheduled to go to Council on October 2, 2012. With the adoption of the FY2012-2013 Budget, three (3) vacant positions were suspended and resulting in a savings of \$555,789 in labor and materials. Because the suspension of this program will reduce the amount of work to be completed, the savings are not included in the total fiscal impact.	
				\$ -
<b>Facility Maintenance</b>		TBD	The final analysis for this service is underway and it is scheduled to go to Council on November 20, 2012	
				\$ -
<b>Payroll</b>		TBD	The final analysis for this service is underway and it is scheduled to go to Council on November 20, 2012	
				\$ -
<b>Information Technology</b>		TBD	The final analysis for this service is underway and it is scheduled to go to Council on November 20, 2012	
				\$ -
<b>Graffiti Abatement</b>		TBD	The final analysis for this service is underway and it is scheduled to go to Council on December 4, 2012	
				\$ -

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Fleet Maintenance		TBD	The final analysis for this service is underway and it is scheduled to go to Council on December 4, 2012	
				\$ -
Signs & Markings		TBD	On September 18, 2012, Council approved this service to go out for Re-Bid. The expected date this service will go to Council is December 4, 2012	
				\$ -

<b>TOTAL ANNUAL SAVINGS</b>	<b>\$</b>	<b>4,231,123</b>
Total 1 Time Savings	\$	1,180,000
Total 1st Year Savings	\$	5,411,123
<b>TOTAL 5 YEAR SAVINGS</b>	<b>\$</b>	<b>22,335,615</b>

<b>SUMMARY OF OUTCOME</b>	
Receive & File	5
Hybrid	3
Outsource	4
Services Under Review	7
<b>TOTAL # of Services</b>	<b>19</b>