



# *CITY COUNCIL AGENDA REPORT*

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**MEETING DATE:** March 1, 2011

**ITEM NUMBER:**

**SUBJECT:** OUTSOURCING OF CITY SERVICES

**DATE:** FEBRUARY 24, 2011

**FROM:** CITY MANAGER'S DEPARTMENT

**PRESENTATION BY:** THOMAS R. HATCH, ASSISTANT CITY MANAGER

**FOR FURTHER INFORMATION CONTACT:** THOMAS R. HATCH @ (714) 754-5328

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## **RECOMMENDATION:**

The City Council Budget Working Group is recommending that the City Council outsource the City services listed in this staff report and direct the Assistant City Manager to begin the process of noticing employees of this action.

## **DISCUSSION:**

At the City Council Study Session of February 8, 2011, the City Attorney presented a staff report (Attachment A) that outlined the requirements for noticing employees for outsourcing or layoffs. This report was requested by the City Council Budget Working Group in an effort to understand the process for appropriately notifying employees of future outsourcing. The report states, "For layoffs which would result from contracting out a specific service, each affected employee would be entitled to at least six months' notice pursuant to Administrative Regulation 2.26 and the City is also required to meet and consult with the applicable bargaining units (or employees if not part of a bargaining unit) to identify the specific employees/positions which would be subject to layoff as well as the impact of such layoffs/contracting out on the remaining members of the unit."

The City Council Budget Working Group is concerned that a six-month noticing requirement per applicable Memorandum Of Understandings and/or Administrative Regulations will not allow for implementation of changes until several months into the next fiscal year. Any decision to outsource services by the City Council on March 1, 2011, would not become effective until September 1, 2011 or later date. The financial concern is that with the noticing requirements any budgetary savings from a change in the system for delivering services would not be realized at the beginning of the next fiscal year and likely would not be effective until well into the new fiscal year.

Given the constraints identified above for a six-month noticing process and given the successful outsourcing of similar services by other cities, the Budget Working Group is recommending that the City Council act now to decide on outsourcing these identified City services:

- The entire Fire Department operations;
- Street Sweeping services;
- Graffiti Abatement services;
- Park Maintenance services;
- Parkway and Median Maintenance services;
- Fleet Maintenance services;
- Street Maintenance services;
- Facility Maintenance services;
- Animal Control services;
- City Jail services;
- Special Event Safety services;
- Information Technology services;
- Telecommunications services;
- Building Inspection services;
- Reprographic services;
- Graphic Design services;
- Payroll services; and
- Employee Benefit Administration services.

Per the City Council's direction, the City has commenced a complete organizational review of the structure of how municipal services are provided to the community. This process is expected to take up to six months or more to complete. As portions of this comprehensive review are completed, the detailed analysis and alternatives for service delivery will be provided to the public and employees for review and input prior to the City Council deliberating and determining the new structure for service delivery of each identified service. The options for new service delivery could include the following: a private vendor, another public agency or joint powers agreement, a non-profit agency, restructured City staff operations, or another method still to be determined. As this process moves forward, the formation of recommendations about new service delivery systems will be based on the thorough evaluation of the best and most efficient method for delivering a particular service to the community and may likely require formal bidding processes.

### **ALTERNATIVES CONSIDERED:**

The City Council may decide not to outsource all or some of the services identified.

### **FISCAL REVIEW:**

The fiscal impact for outsourcing the identified City services is unknown at this time.

**CONCLUSION:**

After discussing alternatives and the timing constraints for outsourcing, the Budget Working Group is recommending that the City Council outsource the City services listed in this staff report and direct management staff take the appropriate legal steps to notice employees of this action.

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Thomas R. Hatch  
Assistant City Manager

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Kimberly Hall Barlow  
City Attorney

Attachment:            Attachment 1            [Staff Report on Noticing Requirements](#)