

Optimization

Responding to a Changing
Business Model

The City Committee
January 2011



THE CITY COMMITTEE *of* COLORADO SPRINGS

Introduction and Context

- “It’s not government’s obligation to provide services, but to see that they are provided”.
Mario Cuomo
- “Don’t confuse the purpose of public service with its provision”. Milton Friedman
- All monopolies, public or private, are inefficient over time
- *Competition* drives innovation, reduces costs and improves service quality

Introduction and Context

- Can't allow political rhetoric to take the place of careful analysis - data driven
- Success can't be measured by how much privatization has occurred, but by how well government has performed
- Deciding what to contract out and what to do in house requires hard facts
- Outsourcing management is a competency unto itself

The devil is in the details and as Shakespeare said 'The devil hath power to assume a pleasing shape'.



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COS Current Status

- Positive:
 - The City (exclusive of enterprises) uses outsourcing on an opportunistic basis and has had some excellent results. Procurement is open to outside inquiries and bids.

Major Outsourced Services

Service	Contractor	Year	2010 Cost
Facilities Maintenance	El Paso County	1/1/2010	\$836,000
Trash Services	Waste Management	3/1/2010	\$100,000
Engineering Design	Numerous	1/1/2010	\$2,326,000
Janitorial Services	Various	Varies	\$400,000
Laboratory Services	Quest Diagnostics	7/1/2010	\$120,000
Community Centers	Westside Community CTR	4/1/2010	Cost Neutral
Tree Trimming	Various	1/1/2010	\$53,000
Towing	Randy's towing	9/1/2010	\$350,000
Property Disposal	CSU	Ongoing SLA	% of sales
Parks	Various	8/1/2010	\$26,000*

* Significant increase in 2011

COS Current Status

- Positive:
 - The City (exclusive of enterprises) uses outsourcing on an opportunistic basis and has had some excellent results. Procurement is open to outside inquiries and bids.
- Negative:
 - There is not a systematic process to review all major city services to drive innovation and ensure that the highest level of services are delivered at the lowest cost. Due to the lack of a formality the existing process lacks consistency, credibility, and transparency.

2011 Budget Impact

- The 2011 budget assumes no major changes in the use of outside or private sector services except for parks.
- The largest initiative under way is the outsourcing of IT. RFI's have been received and will be reviewed by an independent committee. The City anticipates issuing an RFP in 2011 dependent on the review of RFIs.
- Elected officials have to be the catalyst

Leonard Gilroy



- Leonard Gilroy is the Director of Government Reform at Reason Foundation, a nonprofit think tank advancing free minds and free markets. Gilroy, a certified urban planner (AICP), researches privatization, government reform, transportation, infrastructure, and urban policy issues.

- Gilroy has a diversified background in policy research and implementation, with particular emphases on public-private partnerships, competition, government efficiency, transparency, accountability, and government performance. Gilroy has worked closely with legislators and elected officials in Texas, Arizona, Louisiana, Utah, Virginia, California, and several other states in efforts to design and implement market-based policy approaches, improve government performance, enhance accountability in government programs, and reduce government spending.

- Since early 2009, Gilroy has led Reason's partnership with the administration of Louisiana Gov. Bobby Jindal to research and develop a range privatization opportunities within the Louisiana Division of Administration and develop a statewide privatization program. Gilroy also served as an advisor to Virginia Gov. Bob McDonnell's transition team on budget and government reform issues.

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One in a series of brief guides to the most important public policy issues of the day, written especially for elected officials and other opinion leaders.



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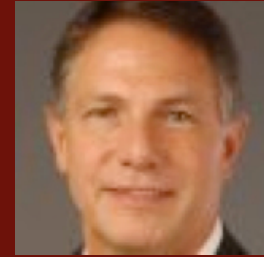
Ten Principles *of* Privatization

By Leonard Gilroy
and Adrian Moore



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Dr. Robert Ginnett



Internationally recognized independent consultant specializing in the leadership of high performance teams and organizations. He is the developer of the Team Leadership Model, which provides the theoretical framework for hundreds of organizations where teamwork is critical.

Robert's has worked with hundreds of organizations including Novartis, CH2M Hill, Prudential, Mars, GlaxoSmithKlein, NASA, the National Security Agency, United and Delta Airlines.

Senior Fellow

Center for Creative Leadership
July 1990 — October 2005

Tenured Professor

US Air Force Academy
March 1980 — June 1990
Director of Leadership & Counseling Division

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City Committee's Role

- Short-term
 - Willing to help all candidates understand the issue and what the city has done to date
- Long-term
 - Want to work with city management and elected officials to define and implement an optimization strategy