



STATE OF CONNECTICUT  
OFFICE OF GOVERNMENTAL ACCOUNTABILITY  
STATE CONTRACTING STANDARDS BOARD

Final & Approved Minutes  
Tuesday, September 6, 2016 Special Meeting of the State Contracting Standards Board  
Privatization Contract Committee  
First Floor Conference Room, 999 Asylum Avenue, Hartford, CT 06105

Members Present:

Claudia Baio, Chair  
Thomas Ahneman – via teleconference  
Charles W. Casella, Jr.  
Lawrence Fox  
Brenda Sisco

Staff Present:

David L. Guay, Executive Director  
Julia K. L. Marquis, Chief Procurement Officer

1. Call to order

Meeting called to order by Chair Baio at 9:09 A.M.

2. Approve the Minutes of the August 12, 2016 Meeting

Chair Baio entertained a motion to approve the draft minutes of the August 12, 2016 State Contracting Standards Board Privatization Contract Committee meeting.

Motion made by Lawrence Fox and seconded by Charles Casella to approve the minutes of the August 12, 2016 State Contracting Standards Board Privatization Contract Committee meeting. All voted in favor, the minutes of the August 12, 2016 meeting were approved.

3. Department of Transportation (DOT) bridge safety inspection review

Chair Baio welcomed and introduced Wally Lugli, Ava Torello and Tom Harley, guest representatives from the Department of Transportation (DOT).

Lawrence Fox initiated discussion with noting that it appears to be more cost effective, based on the material from the Department of Transportation, to perform the bridge inspection work in-house versus privatized. Mr. Fox asked why the work has not been brought in-house. The answer from the representatives of the DOT is that they do not have the approved positions to bring the work in-house. The DOT representatives report that five positions have been requested for FY 17 and another five positions have been requested for FY 18. The DOT representative further noted that not all of the bridge inspection work would be brought in-house due to specific types of inspections requiring specific expertise and the volume of certain types of inspections.

Representatives from the DOT do believe that savings could be achieved by bringing some of the work in-house.

Charles Casella asked the representatives from DOT about how the savings and costs were calculated. In response, the DOT representatives provided a 2016 Bridge Inspection Effectiveness Evaluation Overview which outlines how the cost effectiveness evaluation was completed. (Incorporated into these minutes by attachment.)

Discussion was held on the bridge inspector series and the need to revise in order to effectively deploy appropriate inspectors.

Charles Casella asked the representatives whether the cost savings had been shared with decision makers. The response was yes, we provide it to whoever asks for the information. Mr. Casella asked if DOT had the calculation of cost savings per contract.

Discussion on the scope of the evaluation and the way in which the evaluations are conducted by category and then attributed to all contracts in that category ensued.

Mr. Fox asked if the Commissioner of DOT received approval to convert over time the bridge inspections in-house, how long the process would take. The DOT representatives did not have a definitive answer without further analysis, and again noted the hiring proposed for FY 17 & FY 18.

Discussion held on the current size of the bridge inspection unit and the number of private contractors. Further discussion held on how a possible transition would occur and the analysis needed along the way to accomplish the conversion.

Ms. Sisco and Ms. Marquis discussed the position approval process for the five proposed new inspectors in FY 17 and five proposed new inspectors in FY 18 and whether the Office of Policy and Management was aware of the cost effectiveness evaluation (CEE) indicating savings in bringing the work in-house. The DOT representatives noted the proposal to hire was in accordance with the CEE.

Ms. Sisco asked about a question asked in the Board's letter to Commissioner Redeker on whether a complete or global review of the program beyond the CEE has been performed and the answer of no was confirmed with it being noted that the value of such a review based on a

hypothesis would be of limited value. Follow up discussion held on what would or should be the perfect or desired components of the CEE.

Ms. Sisco confirmed with the DOT representatives that bringing the work in-house immediately is not a viable solution without a detailed plan and that is why an incremental approach is being used.

Further discussion held on the types of positions needed for the bridge inspection program and the need to review job classifications and series to meet the needs of the program.

Ms. Sisco asked whether DOT had asked the Department of Administrative Services for a review of the classifications and job series and the response is yes, it is ongoing.

Discussion held to understand that the CEE was performed on one contract within the bridge inspection program category in accordance with OPM guidelines and that it is believed that similar results would occur in analysis of similar contracts. The theoretical savings is for only one contract leading to an assumption of similar savings on similar contracts in that category.

Discussion held on the fringe benefit number used in the analysis and the effect on the amount of savings to bring the work in-house.

Chair Baio summarized that it is her understanding based on today's discussion that the DOT is the expert and went through the numbers and gave us their best analysis and was careful to say they are cautiously optimistic that the savings are there.

Mr. Fox asked the committee what is the next step. Ms. Marquis indicated that C.G.S. Sec. 4e-16 is specific in that if the cost savings indicated in the cost benefit analysis (CBA) [or substitute the same information in the CEE], indicates a cost savings of 10% or less to the State through privatization, then DOT should prepare a plan to have such services performed by state employees and shall begin to implement such plan, and while the plan is prepared and before it is executed, DOT may prepare a business case that demonstrates 10% or more savings by privatizing the services to be submitted to the Board.

Discussion held concerning the procedure under C.G.S. Sec. 4e-16(l).

(1) The board may review additional existing privatization contracts and shall review not less than one contracting area each year that is currently privatized. During the review of any such privatization contract, no member of the board shall engage in any ex-parte communication with any lobbyist, contractor or union representative. For each such privatization contract selected for review by the board, the appropriate state contracting agency shall develop a cost-benefit analysis in accordance with subsection (b) of this section. In addition, any affected party may petition the board for review of any existing privatization contract, in accordance with the provisions of subsections (f) to (h), inclusive, of this section.

(2) If such cost-benefit analysis identifies a ten per cent or more cost savings to the state from the use of such privatization contract and such contract does not diminish the quality of the service provided, such state contracting agency shall develop a business case for the renewal of such privatization contract in accordance with the provisions of subsections (d) and (e) of this section. The board shall review such contract in accordance with the provisions of subsections (f) to (h), inclusive, of this section and may approve such renewal by the applicable vote of the board, provided any such renewal that is estimated to cost in excess of one hundred fifty million dollars annually or six hundred million dollars or more over the life of the contract shall also be approved by the General Assembly prior to

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the state contracting agency renewing such contract. If such renewal is approved by the board and the General Assembly, if applicable, the provisions of subsection (j) of this section shall apply to any proposed amendment to such contract.

(3) If such cost-benefit analysis identifies a cost savings to the state of less than ten per cent, such state contracting agency shall prepare a plan to have such service provided by state employees and shall begin to implement such plan, provided: (A) While such plan is prepared, but prior to implementation of such plan, such state contracting agency may develop a business case for such privatization contract, in accordance with the provisions of subsection (d) of this section, that achieves a cost savings to the state of ten per cent or more. Any such business case shall be reviewed by the board in accordance with the provisions of subsections (f) to (h), inclusive, of this section, and may be approved by the applicable vote of the board; (B) such privatization contract shall not be renewed with the vendor currently providing such service unless: (i) There exists a significant public interest in renewing such contract, and (ii) such renewal is approved by a two-thirds vote of the board; (C) the state contracting agency may enter into a contract with a term of one year or less for the provision of such service until such state contracting agency implements such plan; and (D) the procedure for the transfer of funds from the General Fund, as described in section 4-94, may be utilized to allocate necessary resources for the implementation of the provisions of this subdivision.

(4) Notwithstanding the provisions of subdivision (3) of this subsection, the renewal of a privatization contract with a nonprofit organization shall not be denied if the cost of increasing compensation to employees performing the privatized service is the sole cause for such contract not achieving a cost savings to the state of ten per cent or more

Thomas Ahneman joined the meeting at 10:40 A.M., with Chair Baio summarizing the prior discussion.

Ms. Marquis suggested that the next step is to communicate to DOT that we agree with their analysis, and to please prepare a plan to move the work back in-house in accordance with C.G.S. Sec. 4e-16(1)(3).

Mr. Guay suggested it would be appropriate for the committee to speak with the budget folks from OPM and the personnel folks from the Department of Administrative Services (DAS) once a plan is received from DOT.

Lawrence Fox motioned and Charles Casella seconded to request from DOT that a CBA be completed in compliance with C.G.S. Sec. 4e-16(1) (1) and if the analysis comes to the same conclusion as the already performed CEE, to please prepare a plan in accordance with C.G.S. Sec. 4e-16(1). All voted in favor.

The Committee asked Ms. Marquis to provide the current Privatization Committee policies and procedures to the Committee for review and possible changes.

Mr. Guay noted we are asking DOT for their CBA and plan by the next Board meeting on October 14, 2016. The Committee agreed to set the next meeting of the Privatization Committee for 11:00 A.M. on October 14, 2016 or immediately following the full Board meeting, if that meeting runs beyond 11:00 A.M.

#### [4. DORS privatization of interpreter services](#)

Ms. Marquis reported that the Committee had asked that she write to the Department of Rehabilitation Services (DORS) and ask if providing interpreters for the deaf was a statutorily mandated service. The answer received back is no, it is not a service mandated for DORS to provide, other than in the same way all public entities must provide interpreters at public events.

6. Other business

No other business raised.

7. Adjournment

Motion made by Lawrence Fox and seconded by Charles Casella to adjourn. All voted in favor and the meeting was adjourned at 11:36 A.M.

Respectfully submitted: David L. Guay