



ROB S. SAXTON
Deputy Superintendent of Public Instruction

January 9, 2013

Heather Conroy
SEIU Executive Director, Local 503
PO Box 12159
Salem OR 97309-0159

Dear Ms. Conroy:

The attached feasibility study is being sent to you pursuant to Article 13 (Contracting Out) of the 2011-2013 Collective Bargaining Agreement between the Oregon Department of Administrative Services and the Service Employees International Union (SEIU), Local 503, OPEU. It is in regard to contracting out services related to information technology related project management.

Sincerely,

Deborah Lincoln, Director
Employee Services
Office of Finance & Administration
(503) 947-5885

Attachments

J:\HR\Feasibility Studies - SEIU\Notice to SEIU Exec Dir.doc

cc: DAS Labor Relations
Shawna Akin, SEIU
Michael Elliott, SEIU
Josh Klein, OAIS
ODE Procurement

**FEASIBILITY STUDY FOR CONTRACTING-OUT WORK AFFECTING
SEIU, LOCAL 503, OPEU-REPRESENTED EMPLOYEES**

- Page 1 of 4 -

SECTION 1

A. Have you consulted with the agency's Human Resource Manager regarding intent to contract-out work that could potentially fall under Article 13?

Yes No

▪ **Identify staff contacted:** Chris Stewart

B. If question A is YES, has notice of the agency's decision to conduct a feasibility study been provided to SEIU Local 503, OPEU?

Yes* No

* If YES, attach copies of the correspondence.

C. Is this a new or continuing contract?

* If it is a continuing contract, skip questions C to N and go directly to Section 2 (questions O and P).

New Continuing*

D. Is the work to be contracted-out due to legislative mandate or agency decision?

* If legislative mandate, reference below:

Legislative Mandate* Agency Decision

E. Why is contracting-out being considered?

Due to recent staff vacancies, the Oregon Department of Education (ODE) has an immediate need to complement current project management staff with a contracted project manager. ODE has many high priority Information Systems initiatives or projects that require the role of a project manager to ensure their successful delivery. Some of the projects have grant funding, some are mandated and some are projects that need to be completed due to stakeholder requests for work.

F. Is the work to be contracted-out being performed by SEIU Local 503, OPEU bargaining unit employees?

Yes No

**FEASIBILITY STUDY FOR CONTRACTING-OUT WORK AFFECTING
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G. Describe the work to be contracted-out, including affected classifications and geographic locations/work areas:

Contracted Project Manager work is being requested to augment the current project management staff to perform and use industry standard Project Management Institute, Project Management Body of Knowledge (PMBOK) techniques and processes or ODE supplied process/procedure to draft, review and finalize deliverables and execute Information Systems Projects. Furthermore some of the work may be organized into groups of operational work packaged into releases. All project schedules, deliverables, risks, dependencies must be monitored, controlled, reported and mitigated using methods referenced in the PMBOK or ODE supplied process/procedure. The contractor shall manage the processes and activities of large and complicated state projects. Projects at this level are often high-risk that address the combined interests and missions of Oregon government entities including state, public education entities; or various communities of interest. The contractor shall be responsible for their assigned projects being accomplished within the prescribed scope, time frame, funding parameters, and stakeholder quality requirements and expectations. Projects at this level typically involve the Education Deputy Superintendent, Oregon Education Investment Board, or the Governor's Office as sponsors or key stakeholders.

The contractor will be expected to perform at the senior-professional level and apply project management standards and principles, available resources, general policy direction and planned outcomes to manage projects of significant importance. The contractor shall direct and control projects that require gaining the cooperation of multiple governmental organizations both internal and external to ODE.

Contractor will be complementing current staff at the Project Manager 3 level.

Affected Classification: C0856, Project Manager 3

Geographic Location: Salem, Oregon

H. Will SEIU Local 503, OPEU bargaining unit employees be displaced as a result of contracting-out this work?

Yes*

No

** If yes, list number of affected bargaining unit employees by classification and geographic location.
(Attach additional page(s), if necessary.)*

**FEASIBILITY STUDY FOR CONTRACTING-OUT WORK AFFECTING
SEIU, LOCAL 503, OPEU-REPRESENTED EMPLOYEES**

I. Estimate the cost to perform work by SEIU Local 503, OPEU bargaining unit employees, including labor, equipment, materials, supervision, and other indirect costs:

Estimate Worksheet (detail cost calculations):

Direct costs are those costs for performing the work to be contracted. In calculating direct in-house costs, list only those costs which will be eliminated if the work is contracted-out.

<u>DIRECT COSTS</u>	
Labor*	\$ 48,564
Equipment	\$ _____
Materials	\$ _____
	\$ _____
	\$ _____
TOTAL = * \$	48,564

Indirect costs include, but are not limited to, the costs of facilities, utilities, and other administrative costs apportioned among agency programs. Write in these costs below, as necessary.

<u>INDIRECT COSTS</u>	
	\$ _____
	\$ _____
	\$ _____
	\$ _____
	\$ _____
TOTAL = ** \$	_____

* Total Direct Costs \$ 48,564

** Total Indirect Costs + \$ _____

(Item I - Total Costs) \$ 48,564

Attach additional page(s) showing detail on how the above costs were calculated for each item listed, including number of FTEs by classification; costs for each classification, including salary and other payroll expenses (OPE).

* Count only 80% of the state employee's straight-time wage rate.

J. Estimate the cost to contract-out the work, including agency contract administration (inspecting and overseeing contractor's work & contract compliance):

Estimate Worksheet:

Estimated Contract Amount	+ \$	<u>143,520</u>
Contract Administration	+	\$ <u>3,035</u>
TOTAL (Item J)	=	\$ <u>146,555</u>

Attach page(s) showing detail on how the above costs were calculated for each item listed, including, for contract administration costs, the number of FTEs by classification; and components of labor costs/OPE (salary, health, pension, social security).

K. What are the Actual Savings? This is the difference between direct in-house costs from Part I and contract costs from Part J. **\$ (97,991)**

L. Estimate the costs to the agency, if any, for specific activities required preparing for contracting-out of the work (e.g., information technology hardware and/ or software upgrade). **\$ _____**

**FEASIBILITY STUDY FOR CONTRACTING-OUT WORK AFFECTING
SEIU, LOCAL 503, OPEU-REPRESENTED EMPLOYEES**

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M. What factors were considered in the decision to contract-out (e.g., cost, lack of staff or equipment, expertise, etc.):

Lack of permanent staff and the critical nature of current initiatives/projects which require a project manager for successful completion.

N. How will the quality of the services be maintained by contracting-out of work?

Through weekly review meetings with the Project Management Office (PMO) Team, Chief Information Officer (CIO), Assistant Superintendent, peer reviews and meeting stated project milestones.

SECTION 2 = Renewal of Existing Contract

O. How has the contractor's performance affected the delivery of effective and efficient services?

P. Is the cost of continuing the contracting-out of services greater than the most recent bid?

Yes* No

* If yes, itemize the services and additional cost that will be incurred.

Prepared by: Josh Klein Date: January 8, 2013

- Distribution:
- Agency's Human Resource Office;
 - Labor Relations, DAS, Attn: LRU (LRU@state.or.us)
 - SEIU Local 503, OPEU, Attn: Legal Department (seiu_studies@seiu503.org)

SECTION I DETAIL

1/8/2013

OAIS - Project Manager 3 (Staff Augmentation)

DURATION - 6 Months

<u>Direct Costs</u>	<u>Amount</u>
Salary & OPE (@ 80%)	\$48,564
Total Direct Costs	\$48,564

<u>Class Title</u>	<u>Class #</u>	<u>FTE</u>	<u># of Hours</u>	<u>Step</u>	<u>Monthly Salary</u>	<u>OPE</u>	<u>OPE %</u>	<u>Total Monthly Amount</u>	<u>Hourly Rate for Salary/OPE</u>	<u>Total Salary & OPE</u>	<u>80% of Total</u>
Project Manager 3	C0856	1.00	1,040	9	\$6,783	\$3,335	49.17%	\$10,118	\$58.37	\$60,705	\$48,564
		<u>1.00</u>								<u>\$60,705</u>	<u>\$48,564</u>

OPE COMPONENTS (monthly)

BENEFITS	\$1,329
PERS (Employer Contrib)	9.55%
PERS (Employee Pickup)	6.00%
PERS BOND	6.33%
WORKERS COMP	\$2.00
SOCIAL SECURITY / FICA	7.64%
EMP REL BRD ASMT	\$1.35

SECTION J DETAIL
1/8/2013

OAIS - Project Manager 3 (Staff Augmentation)
DURATION - 6 Months

CONTRACT ADMINISTRATION COSTS

<u>Class Title</u>	<u>Class #</u>	<u># of Hours</u>	<u>Step</u>	<u>Monthly Salary</u>	<u>OPE</u>	<u>OPE %</u>	<u>Total Monthly Amount</u>	<u>Hourly Rate for Salary/OPE</u>	<u>Total Salary & OPE</u>
Project Manager 3	C0856	52	9	\$6,783	\$3,335	49.17%	\$10,118	\$58.37	\$3,035
									\$3,035

OPE COMPONENTS (monthly)

BENEFITS	\$1,329
PERS (Employer Contrib)	9.55%
PERS (Employee Pickup)	6.00%
PERS BOND	6.33%
WORKERS COMP	\$2.00
SOCIAL SECURITY / FICA	7.64%
EMP REL BRD ASMT	\$1.35

Contract Estimate Detail

Contract Estimate Summary

Estimated Contract Amount	\$143,520
Contract Administration	\$3,035

TOTAL (Item J) = \$146,555

OR Managed Service Provider (MSP) Project Management Rate	\$138.00
Total Hours	1040
Estimated Contract Amount	\$143,520