

1 qualitative as well as quantitative standards that bidders must meet or exceed;

2 (ii) Requirements that contractors meet affirmative action, disability and other
3 nondiscriminatory and service standards currently required of state agencies;

4 (iii) A clear format that will enable comparison of competitive bids and in-house bids.
5 The format must require detailed budget breakdowns;

6 (3) Prepare a “best practice” in-house cost estimate: to the extent that the statement of
7 work differs from the current in-house program procedures or requirements (yet continues to
8 meet quality and performance standards) or current state program employers and their supervisors
9 believe they could perform the work more efficiently, the in-house Rhode Island Public Transit
10 Authority work group must prepare a new cost estimate to match the work performance
11 statement. This new cost estimate in effect becomes an “in-house,” including any innovations
12 those currently doing the work could incorporate in meeting the work performance standards.
13 The new cost estimate will form the basis for the eventual cost comparison;

14 (4) Prepare a request for proposal which must use the statement of work and performance
15 standards;

16 (i) The RFP must require bidders to meet the same statement of work performance
17 standards as required of the final in-house cost estimate. Bid forms must include sufficient
18 breakdown of costs bids to enable comparisons.

19 (ii) Final in-house cost estimates must be kept confidential from bidders.

20 (5) Prior to the issuance of the RFP current public employees and program recipients
21 must be notified of the intent to solicit bid proposals and of the decision timeline; and

22 (6) Prepare a request for proposal (RFP): The RFP must use the statement of work and
23 performance standards. The RFP must include bid forms requesting a detailed breakdown of cost
24 categories by all bidders.

25 **42-137-2. Bid comparison. --** The director of administration shall analyze all vendor
26 bids as compared to in-house service delivery.

27 (1) Cost comparisons must compare bidders with the “best practice” in-house cost
28 estimates. Cost comparison forms must be of sufficient detail to enable analysis of possible
29 performance problems due to understaffing of inadequate supply and equipment costs.

30 (i) Analysis must identify areas where bidder’s costs appear artificially low putting the
31 government at risk for potential future cost overruns.

32 (ii) The Rhode Island Public Transit Authority shall use federal OMB circular A-76 cost
33 comparison forms as suggestive guidelines.

34 (2) To be considered competitive (eligible for a possible contract), vendor bids must

1 come in at least ten percent (10%) below the in-house cost estimate. This “conversion
2 differential” adjusts for transition costs and the costs associated with starting up or closing down
3 during conversion to the purchase of service or in the event of the need to bring services back in-
4 house.

5 (3) The Rhode Island Public Transit Authority must add costs to the vendor bid to allow
6 for state cost of contracting, including, monitoring vendors for accountability. Following federal
7 guidelines, this add-on cost factor requires adding four percent (4%) to personnel costs on
8 average for contracts involving more than two hundred (200) full-time staff, and five percent
9 (5%) to seven percent (7%) for contracts requiring fifty (50) to two hundred (200) full-time staff.
10 The smaller the contract the higher administration costs percentage required for adequate
11 monitoring and enforcement.

12 (4) In instances where the Rhode Island Public Transit Authority will incur new program
13 costs, other than monitoring, but associated with vendor provision of services, such costs must be
14 included in the cost comparison to in-house provision of services.

15 (5) Comparisons must be of performance and qualitative proposals against performance
16 standards to evaluate whether bidders are able to meet quality, accessibility and other public
17 services goals.

18 (6) Services shall not be awarded to vendors unless costs are competitive (after allowing
19 for conversion differential and contract administrative costs) and vendors meet or exceed quality
20 and other performance standards.

21 **42-137-3. Public disclosure. --** The director of administration shall publish public
22 disclosure and appeals process guidelines.

23 (1) Before any final awards are granted, affected parties must have an opportunity to
24 appeal the final decision. Affected parties include recipients, and their families of the affected
25 public program, state employees and their representative organizations and bidders. Appeals
26 shall not apply to questions concerning awards to one contractor in preference to another or the
27 decision to keep the service in-house.

28 (2) Violation of any of the above contracting procedures shall be considered a grounds
29 for appeal. Decisions on appeals shall be made by an independent arbitration process.

30 (3) Parties shall have a minimum of three (3) weeks after the initial cost comparisons are
31 available to initiate an appeal. No contracts shall be awarded or services converted to vendors if
32 an appeal is pending. All detailed documentation supporting the cost and quality comparisons
33 shall be made available to directly affected parties upon request, when the initial decision is
34 announced. If the documentation is not available at that time, the initial appeal period shall be

1 extended by the number of days equal to the delay.

2 (4) The appeals procedure must be independent and objective and provide for a decision
3 within thirty (30) calendar days of receipt of the appeal.

4 (5) The general assembly shall retain the right to review any final program decision to
5 convert a public program to private vendor delivery in the event that it believes that the public
6 interest is sufficiently at risk. Legislative review is also warranted in the event of evidence of
7 conflict of interest in the bidding and award decision process.

8 **42-137-4. Bid procedure. --** All vendors bidding to provide public program services
9 must provide for and include the cost of health insurance for all employees in the contract bid.
10 Insurance must cover the employee and his/her family. Should a contractor fail to indicate actual
11 costs of health insurance in their proposal, the state shall add a factor of at least ten percent (10%)
12 to salary costs to allow for the required purchases of health insurance.

13 **42-137-5. Report to the general assembly. --** The director of administration shall
14 submit all privatization procedures in the form of a report to the house and senate finance
15 committees.

16 No closure prior to the completion and submission of procedure to said committee shall
17 take place.

18 SECTION 2. This act shall take effect upon passage.

=====
LC00173
=====

EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF
A N A C T
RELATING TO RHODE ISLAND PUBLIC TRANSIT AUTHORITY - - PRIVATIZATION OF
SERVICES

1 This act would establish a process by which the Rhode Island Public Transit Authority
2 would bid against private suppliers of such services in an effort to determine those which might
3 be privatized.

4 This act would take effect upon passage.

=====
LC00173
=====

