

# November JIMEE Report

In the November JIMEE Committee meeting, we explored reshaping the Cost Allocation Plan rates for competitive in-source bidding. This is a recommendation from the JIMEE Committee that we'll make to the City Council and mayor.

CAP rates are indirect cost rates for departmental administration, support and employee benefits.

The LA City Controller's office gave us a brief history and discussed the present practice of levying CAP rates. They also provided examples of interdepartmental contracting using modified CAP rates for performing services.

Many of the departments' representatives at the meeting thought that department heads knew the opportunity existed for interdepartmental contracting work using modified CAP rates.

However, we believe that a strong reminder about this opportunity may foster more in-house use of MOUs 8 and 17 technical services.

Studies have shown using altered CAP rates that the cost of city technical services staff can be reasonable and even lower than the cost of employing outside consultants to perform the same engineering tasks.

**It's clear: our work can be as cost effective as any outside consultant.**

We must nudge management in this direction. We can do upcoming work and deliver results with sufficient up-front planning. Awareness of the cost of in-house services and the technical span and diversity of services we can offer, along with the long lead time for RFP processing, should cause a "culture shift" to use more in-house engineering services.

We will release an MOU between departments that documents the advantages of in-house technical employees. It will also ask all parties to agree to explore maximizing the use of internal technical services providers through the use of interdepartmental agreements.



## We Need Your Help

During the meeting, we had a brief discussion about what will it take to get department heads to look in house first for technical services, or at least attempt to put together hybrid teams comprised of city workers and outside consultants, for us to gain more work and technical experience.

Please email me your ideas as soon as possible.

I will compile a list and use it for discussion at the next JIMEE gathering: **michael.simpson@lacity.org**.

Best wishes this holiday season.



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