

Procurement of Third-Party Labor Compliance Support

Golden State

LABOR

COMPLIANCE

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Procurement Considerations

- **A Request for Proposals is not an absolute requirement but is highly advisable unless you are under the umbrella of a master agreement**
- **“Best Value” is the watchword. Balance the quoted price against what you get for that price in terms of service, protection and predictability of end cost**
- **Be sure that the firm you choose has the requisite expertise. Labor Compliance is not all “clerk work”.**

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Types of 3rd Party Services Pricing

- Hourly Fee and Costs
- Hourly Fees & Costs with a Not-To-Exceed
- Fixed Fee per Project or Program
- Combination of Fixed and Hourly Fees
- Task Order Pricing

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Hourly Fees and Costs

- All the risk for ultimate cost is on the district and there is no incentive, other than personal motivation, to be efficient in the provision of services
- More activity means higher billings. Provider may be economically motivated to create adversarial cases, rather than seeking to achieve compliance without conflict

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Hourly Fees & Costs with Not-To-Exceed

- Has an element of cost control but, in practice, the Not-To-Exceed may prove fragile
- There is a temptation to rationalize why external factors fall outside of the Not-To-Exceed.
- Still some cost risk to the District

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Fixed Fee & Costs

- Provides the greatest degree of cost predictability
- Comprehensive service and protection becomes paramount
- Using the Fixed Fee approach is dependent upon good delineation of the duties and obligations of the provider under the umbrella of that fee
- Should include all costs

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Combination of Fixed and Hourly Pricing

- Some proposals may feature a fixed price, per month or per project, for “basic services” (like receiving and checking payrolls) with an hourly fee schedule for “additional services” like investigations, hearings, conferences, training, contractor outreach, etc.
- The additional services are often things that will, without a doubt, be required.
- Exercise caution when considering such proposals. Combination pricing may be nothing more than an hourly proposal with a thin veneer of “fixed price” attached to make it seem cheaper

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How Much Will 3rd Party Support Cost Me?

It depends on a number of factors:

- The pricing format
- The scope of services provided
- The degree of indemnification and defense of the District offered
- The scope and value of the project
- Project duration
- Any non-productive “bells and whistles” requested by the District.

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Thank You !

You've been great!

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