



**COUNCILMEMBER KEVIN L. FAULCONER
CITY OF SAN DIEGO
SECOND DISTRICT**

M E M O R A N D U M

DATE: May 14, 2013

TO: Council President Todd Gloria

FROM: Councilmember Kevin Faulconer

SUBJECT: Managed Competition Resolution – Docketing Request

The voter-approved managed competition program is a proven tool to cut government waste and free up tax dollars to be spent on neighborhood services including street repair and public safety. As a result of the five managed competitions to date, \$12 million in annual savings have been identified without reducing service to San Diegans. We are presented with an opportunity to continue the City's fiscal recovery and begin to reinvest in San Diego's neighborhoods and it is important City leaders carry on with managed competition.

As you know, at a recent Budget Committee meeting Mayor Filner's staff stated that the City largely depends on managed competition and recommendations from the City Auditor to find government efficiencies. Nevertheless, the Mayor's office is stopping new managed competitions as it reviews the program – a long and laborious process that could last until the end of the year or longer.

San Diegans expect their tax dollars to be spent on improving their quality of life, not locked up in red tape and bureaucratic redundancies at City Hall. I respectfully request you docket the attached resolution for a vote by the City Council, which reaffirms the City Council's commitment to voter-approved managed competition and urges the Mayor to continue the program without delay.

I appreciate your consideration.

KLF:mta

cc: Honorable City Councilmembers

Encl: Managed Competition Resolution



City Council Resolution in Support of Voter-Approved Managed Competition

Drafted by Councilmember Kevin Faulconer

WHEREAS, on November 7, 2006, City of San Diego voters approved Proposition C to add Section 117(c) to the San Diego Charter (Charter), thereby permitting managed competition between City departments and qualified outside providers to deliver the most efficient city services; and

WHEREAS, Charter Section 117(c) provides that the City may employ any independent contractor when the Mayor determines, subject to City Council approval, City services can be provided more economically and efficiently by an independent contractor than by persons employed in the Classified Service while maintaining service quality and protecting the public interest; and

WHEREAS, the City must comply with the procedural requirements of the Meyers-Milias Brown Act regarding labor relations between public agency employers and their represented employees, pursuant to long-standing California case law authority; and

WHEREAS, on September 27, 2010, the San Diego City Council adopted, by San Diego Ordinance 0-19995, the Managed Competition Guide dated July 26, 2010, as policies and procedures to implement San Diego Charter section 117(c); and

WHEREAS, the Managed Competition Guide requires the Mayor to produce annual performance audits for contracted City services, the cost for which must be accounted and considered during the bidding process, as well as seek an independent audit every five (5) years to evaluate the City's experience and performance audits; and

WHEREAS, five managed competitions have now completed the procurement and proposal evaluation process, including publishing services, fleet maintenance, street sweeping, landfill operations and street/sidewalk maintenance; and

WHEREAS, all five completed managed competitions to date have been won by the City employees; and

WHEREAS, Storm Water Facilities Operations and Maintenance's managed competition statement of work is currently under development; and

WHEREAS, the preliminary statements of work for four other managed competitions await a review by the City Council's Rules Committee: Public Utilities Department's customer service office, capital improvement program delivery, Transportation Engineering Division operations and solid waste collection; and

WHEREAS, the managed competition program has identified annual cost savings of approximately \$12.2 million, while maintaining current service levels; and

WHEREAS, the resulting cost savings have helped the City mitigate the service impacts to San Diego citizens from previous administrations' fiscal mismanagement and deep economic recession; and

WHEREAS, the Independent Budget Analyst has advised the City Council, "[i]t is important to acknowledge the accomplishments that have been achieved but to also remain vigilant about the financial challenges facing the City and continue to exercise caution given the backdrop of a persistent uncertain economy"; and

WHEREAS, in its review of the Mayor's Five-Year Financial Outlook for FY 2014-2018, the Office of the Independent Budget Analyst stated, "our review and analysis of the Mayor's Outlook shows that over the next several years the City will be facing a number of significant financial challenges"; and

WHEREAS, in February 2012, the Mayor's Office reported that the City has an estimated \$898 million in deferred capital projects for buildings, streets, and storm drains; and

WHEREAS, the City Council remains committed to pursuing a fiscally responsible agenda that considers reasonable options to reduce operational costs and identify efficiencies in order to retain a structurally balanced budget and continue the restoration of vital City services to San Diego citizens and communities; NOW, THEREFORE,

BE IT RESOLVED, by the Council of the City of San Diego, that it hereby reaffirms its support of the voter-approved Managed Competition program, and urges the Mayor and all involved City officials to continue to seek operational and economic efficiencies via managed competitions so City leaders may provide more effective services and invest more tax revenue into San Diego neighborhoods.