

CITY OF SAN DIEGO

Proposition C

(This proposition will appear on the ballot in the following form.)

PROP C **AMENDS THE CITY CHARTER TO ALLOW FOR CONTRACTING OUT OF CITY SERVICES.** Shall the Charter be amended to allow the City to contract services traditionally performed by City civil service employees if determined to be more economical and efficient while maintaining the quality of services and protecting the public interest?

This proposition requires approval by a simple majority (over 50%) of the voters.

Full text of this proposition
follows the arguments

CITY ATTORNEY'S IMPARTIAL ANALYSIS

The City Council has authorized the placement of a proposition on the ballot seeking voter approval to amend Article VIII, section 117 of the San Diego City Charter.

Section 117 creates a civil service system that restricts the City's ability to employ independent contractors to perform public services traditionally performed by City employees. State law permits the City to employ independent contractors to provide public services under limited circumstances. If adopted, this measure would amend section 117 by adding subsection (c), which would allow the City to employ an independent contractor as an alternative to the classified service when the City Manager determines, subject to City Council approval, that City services can be provided more economically and efficiently by a contractor while maintaining service quality and protecting the public interest.

During the time the City operates under the Strong Mayor form of government established by Article XV of the City Charter, all references to the City Manager in the measure refer to the Mayor.

If approved, this measure will require the City Council to pass an ordinance to provide procedural details to implement the requirements of the Charter amendment; to set minimum contract standards; and to protect the quality and reliability of public services.

This measure permits City Departments and independent contractors to submit proposals to provide public services.

This measure directs the City Manager to establish the Managed Competition Independent Review Board ["Board"]. The Board will advise the City Manager whether City employees or an independent contractor may provide certain public services more economically and efficiently while maintaining service quality and protecting the public interest. The City Manager will appoint the seven Board members, who will include three City employees and four private citizens. The City Council must approve the appointments of the four citizen Board members. Citizen Board members must have specific professional experience. Board members may not have conflicts of interest with their duties as Board members, and may not be employed by any contractor selected by the City for the duration of the contract.

If the Board recommends that an independent contractor provide public services, the measure provides that the City Manager may choose to have the City Department continue to provide the services, or accept the Board's recommendation to employ an independent contractor. If the City Manager accepts the Board's recommendation to employ an independent contractor, the City

Manager must forward the recommended and proposed agreement to the City Council. The City Council must accept or reject the proposed agreement in its entirety.

The measure gives the City Manager sole responsibility to administer and monitor any approved agreements with independent contractors. The City Manager must produce annual performance audits for contracted services and seek an independent audit every five years to evaluate the City's experience.

This ballot measure will take effect if passed by a majority of the City's voters.

FISCAL IMPACT STATEMENT

Mayor Sanders has undertaken a number of efforts to streamline city operations with the objective of providing city services in the most cost-effective and efficient manner possible, while protecting the public interest. One method used successfully by other local jurisdictions to achieve greater efficiency has been to seek competitive bids from private- and public-sector providers for certain appropriate services.

However, the City Charter currently limits the City's ability to contract out public services traditionally performed by City employees. This restriction in most cases prevents the City from entering into contracts with private companies even if doing so is shown through the bidding process to save the City money or create improved services or greater efficiencies. Proposition C would expand the City's ability to utilize "managed competition" for delivery of appropriate public services.

No significant new costs are anticipated as a result of the managed competition process. The Mayor would be responsible for oversight and contract utilizing existing City staff. Outside experts on an independent review board will serve without compensation and will be required to comply with strict conflict-of-interest requirements.

Limited costs will be associated with annual financial audits required to confirm that projected savings are in fact being achieved and an independent audit of the process required every five years.

Based on the experience of other jurisdictions, it is anticipated there will be significant cost savings as a result of increased efficiency in operations. The scope of the fiscal impact of this measure is unknown at this time. Cost savings from this measure will not be realized in the FY 07 budget, but will be reflected in future budgets as the program is fully implemented.

ARGUMENT IN FAVOR OF PROPOSITION C

Proposition C amends the City Charter to permit “Managed Competition” between City departments and qualified outside providers to deliver more efficient city services. The Charter prohibits such competition for most services currently delivered by City employees.

A TOOL THE MAYOR NEEDS TO GET OUR CITY BACK ON TRACK

Managed Competition is a tool Mayor Sanders needs to get city government back on track, make it more accountable to taxpayers, and reduce operating costs. It also could help reduce pension costs.

Proposition C authorizes the Mayor to target City departments or services where efficiency and effectiveness could be improved through Managed Competition.

COMPETITION TO IMPROVE EFFICIENCY, EFFECTIVENESS

City employees will be given an opportunity to develop plans for improving the efficiency and effectiveness of a targeted service, while qualified outside providers will be invited to submit proposals for providing the service.

SAFEGUARDS TO PROTECT THE PUBLIC’S INTEREST

An Independent Review Board, whose members must adhere to strict conflict-of-interest standards, will review the proposals and make a recommendation to the Mayor. The City Council would have the authority only to accept or reject the recommendation in its entirety.

Proposition C also includes tough safeguards to protect the public interest and requires regular monitoring and public disclosure to ensure service quality is maintained or improved and projected savings are achieved.

An implementing ordinance will include minimum contract standards and other measures to protect the quality and reliability of public services. The Mayor is required to produce annual performance audits for contracted services, and an independent audit every five years to evaluate performance.

SUCCESSFUL IN OTHER JURISDICTIONS

Many jurisdictions, including Indianapolis, Phoenix and the County of San Diego, have successfully used Managed Competition to save millions of tax dollars and improve the quality of public services.

www.YesOnBandC.com

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ARGUMENT AGAINST PROPOSITION C

Read it yourself. Prop. C has no real safeguards and no real protections to prevent taxpayers from being ripped off.

Under Prop. C, government contracts will go to the largest campaign contributors and their lobbyists. Do we really want to turn vital city services like public safety, trash collection, or the water department over to well-connected insiders that hire the best lobbyist and make the biggest contributions?

We already waste millions because of decisions that favored land owners, developers and other big campaign donors over the public interest. The Union-Tribune reported that sweetheart city leases cost us millions annually. We're also paying for decisions that let builders and developers build projects without providing adequate roads and other essential services.

Prop. C opens the door to Chicago-style job patronage. Prop. C will eliminate civil service protections. Private employers will be free to replace city employees with their own relatives or reward employees for political activities.

Prop. C will put public safety at risk. Under Prop. C, there is no prohibition on contracting out police protection, fire protection and lifeguard services. These essential public safety services should not be managed by private companies who care more about their bottom line than our safety.

Unscrupulous government contractors COST taxpayers millions. San Diego's Kroll Consulting contract ballooned to \$20 million. Costs doubled when the state outsourced MediCal processing. A private company hired to run Florida's prisons billed millions for non-existent guards. The federal government paid tens of billions for fraudulent billing and contractor waste.

San Diego is incapable of effectively monitoring its current contracts. Prop. C will require spending many more millions for oversight – or we will get ripped off for millions more.

**Prop. C is a bad idea.
It creates more problems than it purports to solve.**

NORMA DAMASHEK
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FRANK DE CLERCQ
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JOHN HARTLEY
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PROPOSED CHARTER AMENDMENT

The portions of the charter to be added are underlined and the portions to be deleted are printed in strike-out type.

117. Unclassified and Classified Services

Employment in the City shall be divided into the Unclassified and Classified Service

(a) The Unclassified Service shall include:

1. All elective City Officers
2. Members of all boards and commissions
3. All department heads and one principal assistant or deputy in each department
4. One assistant to Mayor
5. City Manager, Assistant City Manager, and Assistants to the City Manager
6. City Clerk
7. Budget Officer
8. Purchasing Officer
9. Treasurer
10. All Assistant and Deputy City Attorneys
11. Industrial Coordinator
12. The Planning Director
13. A Confidential Secretary to the Mayor, City Council, City Manager, Police Chief, City Attorney
14. Officers and employees of San Diego Unified School District
15. Persons employed in positions for expert professional temporary service when such positions are exempted from the Classified Service for a specified period of temporary service by order of the Civil Service Commission
16. Interns including, but not limited to, Administrative Interns and legal Interns, temporarily employed in regularly established training programs as defined in the job specifications of the City
17. Managerial employees having significant responsibilities for formulating or administering departmental policies and programs. Each such position shall be exempted from the Classified Service by ordinance, upon the initiation of the appropriate appointing authority and after receiving the advisory review and comment of the Civil Service Commission and the approval of the City Council.

(b) The Classified Service shall include all positions not specifically included by this section in the Unclassified Service; provided, however, that the incumbents in the positions of the Planning Director and the Principal Assistant to the Planning Director on January 1, 1963 shall remain in the Classified Service until the respective positions are vacated by the incumbents.

(c) The City may employ any independent contractor when the City Manager 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. The City Council shall by ordinance provide for appropriate policies and procedures to implement this subsection. Such ordinance shall include minimum contract standards and other measures to protect the quality and reliability of public services. A City department shall be provided with an opportunity and resources to develop efficiency and effectiveness improvements in their operations as part of the department's proposal. The City Manager shall establish the Managed Competition Independent Review Board to advise the City Manager whether a City department's proposal or an independent contractor's proposal will provide the services to the City most economically and efficiently while maintaining service quality and protecting the public interest. The City Manager will appoint seven (7) members to the Board. Four (4) shall be private citizens whose appointments shall be subject to City Council confirmation. Each shall have professional experience in one or more of the following areas: finance, law, public administration, business management or the service areas under consideration by the City Manager. Three (3) shall be City staff including a City Manager staff designee, a City Council staff designee and the City Auditor and Comptroller or staff designee. Such appointees shall not have any personal or financial interests which would create conflict of interests with the duties of a Board member. Members of the Board shall be prohibited

from entering into a contract or accepting employment from an organization which secures a City contract through the managed competition process for the duration of the contract. The City Council shall have the authority to accept or reject in its entirety any proposed agreement with an independent contractor submitted by the City Manager upon recommendation of the Managed Competition Independent Review Board. The City Manager shall have the sole responsibility for administering and monitoring any agreements with contractors. The City Manager shall be required to produce annual performance audits for contracted services, the cost of which must be accounted for and considered during the bidding process. In addition, the City Manager shall seek an independent audit every five (5) years to evaluate the City's experience and performance audits. During the period of time that the City operates under the Strong Mayor form of governance pursuant to Article XV, the reference herein to City Manager shall be deemed to refer to the Mayor.