Managed Competition

Competitive government is a government with processes in place to validate that service quality and costs are as good as, or superior to, any legitimate provider available. This may be achieved via direct outsourcing, managed competition, and benchmarking. The voters expressed their enthusiasm for competitive government within the City through their approval of Proposition C in November 2006, which authorized a managed competition process. Accordingly, the City is committed to delivering quality services to taxpayers, residents, and visitors in the most economical and efficient way possible.

Managed competition is a process to determine when City services can be provided more economically and efficiently by an independent contractor than by persons employed by the City while maintaining service quality and protecting the public interest. This strategy recognizes the high quality and potential of public sector employees, and seeks to tap their creativity, experience, and resourcefulness by giving them the opportunity to structure organizations and processes in ways similar to best practices in competitive businesses, while still being compatible with public sector realities.

Accomplishments

Since 2006, the City negotiated with several labor unions regarding the Proposition C implementing ordinance and corresponding policies and procedures known as the Managed Competition Guide. In Fiscal Year 2011, the City and labor organizations reached agreement, and the City Council approved the Proposition C implementing ordinance and Managed Competition Guide which permitted the re-start of Managed Competition activities.

The Analytics and Performance Management Department staff has continued to support the implementation of Managed Competition. The City has put five functions through the Manage Competition process:

Publishing Services Managed Competition

The first competition was won by the Publishing Service Employee Proposal Team and was officially implemented on July 1, 2011. This competition has resulted in approximately $1.0 million in annual savings starting in Fiscal Year 2012.
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Fleet Maintenance Managed Competition
Fleet Maintenance Operations was awarded to the Fleet Maintenance Employee Proposal Team with an implementation date originally scheduled for January 1, 2012. Due to the time required to carry out mandated processes such as meet and confer, procurement, reduction-in-force, and other necessary processes to implement the proposal, the revised estimated completion date is July 1, 2014. Initial annual savings were projected to be up to $5.3 million beginning in Fiscal Year 2013. However, positions and expenditures have been added back to the Fleet Services’ Fiscal Year 2015 Proposed Budget which may result in an updated annual savings of up to $4.0 million. The processes stated above remain ongoing at the time of this publication and could impact the projected savings which will be revised appropriately.

Street Sweeping Managed Competition
The third competition was won by the Street Sweeping Employee Proposal Team. The implementation began December 1, 2012. The employees’ proposal resulted in cost savings for Fiscal Year 2013 and continues to yield $0.5 million in annual savings in subsequent years.

Landfill Operations Managed Competition
Landfill Operations was awarded to the Landfill Operations Employee Proposal Team with an implementation date scheduled for July 1, 2013 pending the outcome of required processes such as the meet-and-confer obligations with the impacted labor organizations. Partial implementation has occurred with savings being realized in Fiscal Year 2014. Upon full implementation, the Employee Proposal may result in up to $3.5 million in annual savings.

Street & Sidewalk Maintenance Managed Competition
The fifth competition was won by the Street & Sidewalk Maintenance Employee Proposal Team. However, shortly after the award to the employees, the City identified a new approach to organizing this maintenance work that is included in the Fiscal Year 2015 Proposed Budget.