Attachment 1
*Revised

Managed Competition

Do It Right.

✓ Healthcare -- Protect families. Level the playing field.

To prevent an unfair bidding advantage, differences in the employer contribution to employee health coverage should be excluded from bid comparisons. This method is used in federal law.

Private contractors shouldn't win the right to take over city functions simply because they deny workers and their families healthcare coverage. The Managed Competition process is required to protect the public interest, and it cannot do so by stripping jobs of health coverage, thereby transferring the cost of health insurance from the employer to the taxpayers.

✓ Service levels -- Protect quality services.

To ensure that current service levels are maintained, specific service outcomes and performance measures must be described and publicly disclosed before contracts go to bid.

Past experience makes clear that contractors will do only what the contract specifically states. Before a Request for Proposals or any bidding documents are published, the City Council should approve, in a public hearing, a "Statement of Work" defining service levels for the function being bid. This process is used by the San Diego County Board of Supervisors.

✓ Independent auditor approval -- Protect taxpayers.

The City's independent auditor should review the cost comparison data of bids being considered under managed competition, including administrative costs such as enforcement and monitoring.

The City must ensure that the managed competition process actually saves taxpayers money, as required in the Charter. Currently, there is no costing guide and no way to validate cost savings. The review should use methodology recommended by the Government Finance Officers Association.

✓ Retain core capacity -- Protect healthy competition.

Before the decision is made to put a city function out to bid, the City should evaluate whether and how it can retain the core capacity to do the work.

Turning over a service to a contractor could destroy the City's ability to perform city functions, to bid on future work, or to maintain services in case of contractor default or changing market conditions.

✓ Worker retention -- Protect our workers. Protect service efficiency.

In the interest of service continuity as well as fairness, workers whose jobs are transferred to a contractor through Managed Competition should be retained on the same job for 90 days and have first refusal rights to the job.

The 90-day retention is provided now when a City contract changes hands between private contractors.