



THE CITY OF SAN DIEGO

FACT SHEET

Sanders Announces Ballot Measures for November on Voter Approval for Pension Increases and Managed Competition

Ballot Measures are Culmination of 9 Month Discussion and the Fulfillment of Campaign Promise to Bring Financial Reform to City Hall

February 2, 2006

The Ballot Questions

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| PROPOSITION ____ . AMENDS THE CITY CHARTER TO CHANGE THE APPROVAL PROCESS FOR INCREASES IN CITY EMPLOYEES' RETIREMENT BENEFITS | YES | √ |
| Shall the Charter be amended to require voter approval for any increases in retirement benefits for public employees? | NO | |
| PROPOSITION ____ . AMENDS THE CITY CHARTER TO ALLOW FOR MANAGED COMPETITION OF CITY SERVICES | YES | √ |
| Shall the Charter be amended to allow the City to contract out services traditionally performed by City employees if determined to be more economical and efficient? | NO | |

Background

During the 7 month mayoral campaign, Jerry Sanders spoke daily of his intention to reform City government. Core among his promises were three voter-approved Charter amendments:

1) a measure that requires voter approval for any pension benefit increases;

Page 2

2) a managed competition measure to permit targeted outsourcing of city services when they can be performed better and less expensively by the private sector; and

3) a new pension system that protects taxpayers.

Mayor Sanders has continued talking about all three of these ballot measures during his 2 months in office.

Today, Mayor Sanders is announcing that he will ask the City Council to place the first two of those measures on the November ballot. **If they do not, he will lead a signature drive to have them placed on the ballot.** Because of its complexity, work continues on the third measure.

Process

Next Wednesday, the Mayor will ask the Rules Committee to review, approve and forward to the full City Council the two proposed ballot measures for inclusion on the November 7, 2006 ballot.

The full City Council would review the ballot measures at their meeting of Monday, February 27, 2006.

Measure #1: Voter Approval for Future Pension Benefits

Sanders: Voters Should Have the Right to Decide THEIR Obligations

Mayor Sanders believes that the public has every right to know and be involved in the actions of its government. The 1996 and 2002 pension deals were not approved by voters. The City is presently unable to meet its obligations to the pension system; basic city services will suffer as a result of the City's need to address the pension fund deficit.

In the future, the Mayor believes that voters, not bureaucrats or politicians, should make the ultimate judgment on pension increases. Since the taxpayer will ultimately have to suffer the consequences, they should decide. **Mayor Sanders also believes that the voter should be able to make an informed decision and that's why he is including a requirement that an actuarial study be part of the ballot pamphlet.**

This measure will amend Section 143 of the City Charter to add certain requirements when changes are proposed to the retirement system.

- Any increase in pension benefits must be approved by a majority of the voters.
- Any change to the employee retiree benefits---other than those that result in an increase in benefits---must be approved by a majority of the current members of the system.

- Any change to the system that impacts the vested defined benefits of a retired member of the system must be approved by a majority of the affected retirees.
- Where a benefit increase is placed on the ballot for approval by the electorate, an actuarial study of the cost or savings must be completed ahead of time. A summary of that study shall be published in the ballot pamphlet.
- City officials will still be able to negotiate tentative agreements with employee organizations that include retirement benefit changes. However, those changes shall not be binding until approved by voters.

Measure #2: Use of Managed Competition to the Restructure and Achieve Efficiencies in City Operations

Protections and Level Playing Field for Employees are Hallmark of Measure

- During the campaign, the Mayor promised greater accountability, greater efficiency and less costly government. This tool will help him make this happen.
- The language in the measure protects against special influence or corruption. Mayor Sanders wants the interest of taxpayers protected first.
- The managed competition process will be transparent and will contain detailed safeguards to prevent abuse. The goal of managed competition will be a smaller, more responsive and more cost-efficient city government.
- City employees' jobs won't simply be contracted out. In fact, just the opposite is true. City employees in affected departments will have the right to compete, to put forward a proposal, just like any other proposer, to show how they can provide the service more cost effectively and efficiently.

Currently, the City Charter prohibits the City from initiating a true managed competition program. The proposed measure would amend City Charter Section 117 to allow for the creation of a such a program. This program will be a tool that the Mayor and Council can use to improve organizational efficiency and insure that City residents are receiving quality services in the most cost-effective manner.

Here is how the process would work:

- **Fair and level playing field:** Where the Mayor determines that a service can be provided in a more cost effective or efficient manner, the Mayor will begin a review process. That

process will offer the impacted City Department an opportunity to submit a Competitive Restructuring Plan.

Page 4

- **Allowing Employees to Compete:** At the same time, a public solicitation notice will be issued inviting proposals from outside entities for delivery of the impacted service. The public notice solicitation shall be the same as the notice sent to the impacted City Department.
- **Protections and Safeguards for All:** All proposals will be evaluated by an Independent Review Board, which will then make a recommendation to the Mayor. This committee will be comprised of individuals with expertise in finance, administration or in the service area under consideration. These individuals cannot have a previous or current financial relationship with any of the service providers under consideration.

Further, members of the review board will be prohibited from having a future financial relationship with a winning contractor. Organizations participating in the process, and their representatives, are prohibited from contacting members of the Independent Review Board, with the exception of formal presentations before the whole committee as scheduled by the Independent Review Board.

The Independent Review Board will make its recommendation to the Mayor to either accept the Competitive Restructuring Plan submitted by the Department or accept a proposal from an outside contractor.

- **Making Government More Efficient:** The Mayor will then make a determination that either affirms the City Department as the provider or recommends that the service be performed by an outside contractor.
- **Prevent Political Influence:** If an outside contractor is recommended by the Mayor for an Agreement to provide services, that Agreement will be forwarded to the City Council, which may either accept or reject the Agreement in its entirety.
- **Mayor is Held Accountable:** Once approved, the Mayor will be responsible for monitoring the progress of the service delivery and will provide updates to the City Council.
- **Measure Does Not Apply to Uniformed Officers:** The proposed amendment does not apply to work or services that the Charter, state or federal law requires to be performed by officers or employees of the city. It will not apply to services performed by sworn members of the police, fire or life guard service where those services can only be performed by sworn members as a matter of law. An exception to that provision is where those activities are currently being performed under contract as of the effective date of enactment of the ordinance, in which case they may continue to be performed under such contract or any extension thereof.

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