



FOR IMMEDIATE RELEASE

September 7, 2007

## FACT SHEET

# **SANDERS ANNOUNCES PROGRESS AND NEXT STEPS FOR VOTER APPROVED MANAGED COMPETITION PROCESS**

## **GREATER EFFICIENCY, COST SAVINGS AND PROTECTIONS COMING FROM MAYOR'S COMPETITION PLAN**

Keeping faith with the majority of San Diegans who voted for Prop. C last November, Mayor Sanders today announced the completion of the Guide that lays out the process for fully implementing the managed competition effort. As a result, the Mayor's staff will within the next several months initiate the critical pre-competition assessments to help select City functions as candidates for competition.

A significant amount of progress has been made in the managed competition program, culminating in today's announcement. The progress includes:

- Completing Business Process Reengineering studies on eleven (11) sets of City functions, while initiating studies on another nine (9) areas, with many of those additional studies expected to be completed by the end of 2007
- Establishing the Managed Competition Ordinance, which included negotiating with the unions
- Developing a Managed Competition Guide, which defines the process to be used for our managed competition program and the role of key decision makers in the program
- Meeting with the unions for feedback on the Managed Competition Guide
- Soliciting support for a consultant firm to provide program support
- Requesting recommendations for citizens to participate on the Managed Competition Independent Review Board

### **FUNDAMENTAL PROTECTIONS CREATE LEVEL PLAYING FIELD**

The City's managed competition program includes some far-reaching protections that will create a level playing field for both employee teams and independent contractors interested in providing

City services. All of these protections are intended to provide for a fair, open and transparent process.

- The contracting recommendation will be based upon “best value” to the taxpayers as opposed to lowest price. At least two bids from independent contractors must be received.
- In order for an independent contractor to win, the firm must be able to provide the service at a savings of 10% or more than the bid made by employees.
- The recommendation to award a contract to an external vendor or a team of City employees is made by an Independent Review Board of qualified professionals who are subject to tough conflict of interest standards and prohibited from future employment opportunities with contractors.
- The Mayor can only accept or reject a contracting recommendation from the Independent Review Board. He cannot amend it. City Council can only accept or reject the Mayor’s proposal.
- Should an award go to an independent contractor, employees will not be precluded or hindered from seeking employment with that contractor.
- Employee teams will be provided with support to develop a competitive response.
- Appropriate “firewalls” will be established between the various employee teams to protect the integrity of the process.
- Contracts will be limited to a 5-year period and regular audits will ensure the agreed upon level of services are being provided.
- The Mayor has proposed a “Labor Advisory Committee” as a formal mechanism to receive advice from the employee labor unions.

## **MANAGED COMPETITION PROCESS OVERVIEW**

### **Step 1. Completing Business Process Reengineering (BPR)**

BPR is the essential first step before managed competition. Only those functions that have completed BPR will be considered for managed competition.

### **Step 2. Pre-competition Assessments**

Once a function within a City department has completed its Business Process Reengineering study, it will be evaluated through a pre-competition assessment to determine if it will proceed on to a competitive procurement process. The pre-competition assessment will determine whether:

- (1) A function is inherently governmental and should not or cannot be considered for managed competition;
- (2) A competitive market for the function exists;

- (3) Significant legal limitations exist that would prevent the City from including a given function in the competition process;
- (4) More efficiencies may be gained by competitively procuring the specific service;
- (5) The function is too complex to be carried-out by an outside entity, thus making the likelihood of failure too great; and/or
- (6) Failure of performing the function would be too detrimental to the public welfare.

As part of the pre-competition process, key data will be collected and functions chosen as candidates for competition will be evaluated to determine if they should be competed independently or in conjunction with other functions.

### **Step 3. Acquisition Plan and Statement of Work**

If the decision is to move forward to the competitive procurement of a function or set of functions, an acquisition plan and Statement of Work (SOW) will be developed. The SOW defines the services and tasks to be performed, and forms the basis of the Request for Proposals (RFP). Appropriate firewalls will separate the employee team that prepares the SOW from the employee team that will respond to the RFP.

### **Step 4. Requests for Proposals**

Once developed, the Requests for Proposals will be released to the City employee team interested in providing the selected service(s) as well as outside vendors. In response to the RFP, an employee team will use their Most Efficient Governmental Organization (MEGO) developed during the BPR process as the foundation for developing the in-house technical and cost proposals. The team may be assisted by a consultant, the Business Office, and other City stakeholders.

### **Step 5. Submission and Evaluation of Technical and Cost Proposals**

The employee teams and independent contractors will submit a Technical Proposal and a Cost Proposal in response to the RFP. Each proposal will be evaluated separately by the Technical Evaluation Group and a Cost Evaluation Board established by the seven-member Managed Competition Independent Review Board (IRB).

The IRB will make a determination as to whether a proposal of an independent contractor or the employee proposal is the “best value,” meaning it provides the specific service to the City most economically and efficiently while maintaining quality and protecting the public interest.

The IRB will provide the Mayor with a final recommendation regarding the “best value” coming from the combined scores given by the Technical Evaluation Group and a Cost Evaluation Board.

### **Step 6. Mayor’s Recommendation and Council Response**

Upon receipt of a recommendation from the IRB that a City service should be awarded to an independent contractor, the Mayor can either accept or reject that recommendation only in its entirety. If the Mayor accepts the recommendation, then the Mayor will forward it to the City

Council. Should the IRB recommend that the employee team be awarded the right to provide the competed service(s) the Mayor will inform the City Council of that recommendation.

**Step 7. Transition Plan**

Upon selection, the service provider, whether in-house or independent contractor, will have six (6) months to transition to providing the services in accordance with their proposal. A comprehensive transition plan will be required from each contract award winner.

**Step 8. Monitoring and Audits**

During the course of the contract, which shall not exceed five years, the performance of the provider will be monitored on a monthly basis and audited after the end of each annual performance period.

**TIMELINE BEGUN FOR MANAGED COMPETITION PROPOSAL PROCESS**

Activity	Timeline
Initiate Pre-competition Assessments	By end of 2007
Complete Initial Pre-competition Assessments	Winter/Spring 2008
Announce Functions for Initial Procurement	Spring 2008
Develop RFP	Spring-Summer 2008
Advertise Solicitations	Summer 2008
IRB Reviews Proposals Submitted	Fall 2008
Mayor/Council Consider Proposal Recommendations	End of 2008
Transition to Proposed Service Delivery Process Completed	By Summer 2009
Begin Performance Monitoring	Thereafter

**DELIBERATION HAS BEEN HALLMARK OF COMPETITION PROGRAM**

Mayor Sanders has been extremely deliberate in his design of the City’s managed competition program. The Mayor’s staff began meeting with union representatives on February 16, 2006, more than 18 months ago. At every step of the way, the City has either negotiated in good faith with employee unions or consulted them on various aspects of the program. To date, there have been a total of 68 separate meetings on this subject.

FUNCTION	NUMBER OF MEETINGS
Ballot Measure	35
Implementing Ordinance	20
Guide	13
<b>TOTAL</b>	<b>68</b>