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## OFFICE OF THE INDEPENDENT BUDGET ANALYST REPORT

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**Date Issued:** September 30, 2010

**IBA Report Number:** 10-79

**City Council Meeting Date:** October 5, 2010

**Item Number:** 330

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# Selection of New San Diego Data Processing Corporation Executive Director

## OVERVIEW

At the City Council meeting of October 5, 2010, the City Council will be asked to approve the selection of Mr. Larry Morgan as the Executive Director of the San Diego Data Processing Corporation (SDDPC) and to approve the associated Employment Contract.

The SDDPC Executive Director position is currently vacant. The SDDPC Board of Directors undertook a selection process and selected Mr. Morgan to serve as the Executive Director, pending approval by the Mayor and City Council. The Board approved the associated Employment Contract on September 23, 2010. The Mayor approves both the selection of Mr. Morgan and the proposed terms of his employment and is forwarding them to the City Council for consideration.

## FISCAL/POLICY DISCUSSION

On April 6, 2010 the City Council adopted the Sixth Amended and Restated Bylaws, Master Service Agreement, and Governance Policies for SDDPC. At the time of approval, several amendments were requested by the Council. Exhibit A to the Bylaws outlines the Executive Director Selection, Compensation, Performance and Separation Policy (Executive Director Policy), and changes to this policy were requested by the Council to incorporate recommendations from the City Auditor related to the hiring process.

### Executive Director Selection, Compensation, Performance and Separation Policy

The IBA reviewed the recently approved SDDPC Bylaws and the Executive Director Policy in order to determine if the completed selection process was consistent with the process approved by the City Council, and to ensure that the Council carries out its roles and responsibilities appropriately.

Our review showed that at the time language changes were made to the Executive Director Policy to incorporate Council's requested amendments, other clarifying changes were also included which slightly altered the Council's role in the hiring process.

The Executive Director Policy originally presented to the Council provided that the Mayor and Council would meet the final candidate chosen by the Ad Hoc Committee of the SDDPC Board, and the Mayor and Council would provide their recommendations to the Ad Hoc Committee, prior to the final selection.

Upon incorporating the changes recommended by the City Auditor to provide for Council approval of the hiring of the Executive Director and the contract terms, these final steps of the selection process were altered. They now call for the Mayor to approve the recommendation of the SDDPC Board of Directors and then for him to forward the final candidate to the City Council for approval. While these changes clarify the roles and process, it eliminates the Council's opportunity to meet the candidate in advance of the request for final approval.

A strikeout/underline version of the revised Exhibit A – Executive Director Policy is provided as an attachment to this report. These changes may not be considered significant, but we felt it important to explain the changes made since the time Council approval was sought.

#### Recommendation for Executive Director

Included in the materials provided for this item is a letter of recommendation from the Chairman of the SDDPC Board of Directors. The letter describes that SDDPC conducted recruitment efforts in accordance with the SDDPC Bylaws, starting in May 2010. The letter states that the search attracted more than 175 local, regional and national responses, which were then narrowed to 30, with 12 candidates being interviewed.

From this process, the SDDPC Board of Directors selected Mr. Morgan. The associated Employment Contract with Mr. Morgan was also approved by the Board at its meeting of September 23, 2010. The Mayor approves both the selection of Mr. Morgan and the proposed terms of his employment and is forwarding them to the City Council for consideration.

## CONCLUSION

At the Council meeting of October 5, 2010, the City Council will be asked to approve the selection of Mr. Larry Morgan as the Executive Director of the SDDPC.

In our review of this item, the IBA determined that the recently approved Executive Director Policy was slightly revised after City Council approval was received. While the changes clarify the selection and recommendation process, the steps of the process are now different and the changes slightly altered the role of the City Council in the selection of the Executive Director.

Since the process no longer includes an opportunity for the Council to meet with the recommended candidate in advance of the request for Council approval, the IBA suggests that Council Members utilize the time at the Council meeting to raise issues and ask important questions, in an effort to determine the suitability of Mr. Morgan for this important position, prior to approving his selection.

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Elaine DuVal  
Fiscal & Policy Analyst

[SIGNED]

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APPROVED: Andrea Tevlin  
Independent Budget Analyst

Attachment:

Exhibit A - San Diego Data Processing Corporation (SDDPC) Executive Director Selection, Compensation, Performance and Separation Policy (Strikeout/Underline Version): Sixth Amended and Restated Bylaws of San Diego Data Processing Corporation