



Watered Down Measure Disincentivizes Real Reform

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By Kevin Faulconer

My office is right next to Councilwoman Donna Frye's office, so I could not help but notice the steady stream of union leaders, council members and mayoral staffers filing in and out of her office in the days leading up to the City Council's support of placing a half-cent sales tax on the November ballot.

The result of the last-minute wheeling and dealing: Labor leaders struck better deals for their members, and taxpayers were exposed to greater risk.

In the end, the San Diego City Council voted 6-2 in an emergency meeting to ask taxpayers to send \$100 million a year to City Hall in exchange for 10 token reforms that the City Auditor is required to verify before the sales tax is triggered.

Many of the 10 conditions were watered down in those frantic final hours prior to council's vote August 4. Councilwoman Frye was forced to scale back some of her reforms and make other last-minute changes to the ballot language to get the support of labor unions and some of my colleagues, who have shown they can't be trusted to enact meaningful reforms.

Tony Perry, San Diego bureau chief for the Los Angeles Times, summed it up this way on the August 27 broadcast of Editors Roundtable on KPBS: "They've come up with this Rube Goldberg 10 steps and the auditor, if this, then that. Pick one from this column. I just think that it was not a shining hour of how legislation is put together ... I think the thing is going to collapse."

On the same broadcast, Bob Kittle, KUSI's director of news planning and content, said: "The 10 so-called reforms are nothing. They're window dressing. They're things that could have been done years ago and ... they are 10 steps that would have a negligible impact on the City's fiscal crisis because they do not address the core problem, which is the pension plan."

I am opposed to Proposition D for three reasons:

- Raising taxes in the midst of the Great Recession would put an additional burden on working families and small businesses.
- The tax would go directly into the City's General Fund and could be spent on anything, including pension payments, which are expected to increase to \$500 million in 2025.
- It's process-oriented — not results-oriented — meaning it creates the illusion of significant savings but does not guarantee those savings.

One of Proposition D's 10 conditions says: "Complete Managed Competition Guide." When Councilwoman Frye first released her plan it said: "Begin Implementation of Managed Competition." That's a costly distinction for taxpayers.

Other telling changes to Councilwoman Frye's plan include:

- "The City shall no longer pick up any portion of employee pension contributions" was changed to "Eliminate Retirement Offsets for Elected Officials and Unrepresented Employees."
- "Get out of the Business of the Landfill if it saves money" was changed to "Solicit Request for Qualifications to Take Over Miramar Landfill."
- "Competitively Bid the Remaining IT services ... The lowest responsible bidder will be selected" was changed to "Solicit Proposals to Take Over Information Technology Services."

Four years ago, voters overwhelmingly supported implementing managed competition — an initiative that would allow private companies to bid on city services. A year ago, the Mayor brought a Managed Competition Guide to the City Council. I voted to adopt that guide; the majority of my colleagues rejected it and sent the Mayor back to the negotiating table.

Five of my colleagues were ready to put a sales tax on the November ballot with no conditions. I believe they will adopt a guide but not vote to compete for services, which could save the City up to \$200 million a year, according to a study from the Reason Foundation, a Los Angeles-based think tank.

The conditions that say the City must solicit bids to privatize the landfill and technology services should have required that the services are actually privatized instead of leaving that important step to the City Council's discretion. Again, process not results.

Mayor Jerry Sanders is leading the campaign for this tax hike while telling people he would pull his support prior to November if the City Council has not enacted real reform. The Mayor has not yet defined what he plans to bring to council other than the minimum needed to meet the 10 conditions, and he has not said what savings would satisfy him.

The one thing we can be absolutely sure of is Proposition D's ballot language, which does not exactly embrace change. Nor does it guarantee a single dollar for public safety.

Most of the people campaigning for this tax increase don't want to resolve issues like rolling brownouts prior to Election Day because it would undercut their narrative, but we need to ensure there are no further interruptions to fire services. Public safety is the No. 1 role of government, and the City does not need to raise taxes — especially taxes that do not come with a single earmark for police and fire — to meet that responsibility.

My financial plan explains the roots of the City's financial crisis, what has been done and what is left to do. The changes I recommend go much further than the changes that would trigger the sales tax, and those changes are not just in the best interest of taxpayers; they are in the best interest of City employees.

The key to my plan is the leverage the City has with its employee unions. That leverage would vanish if Proposition D passes. Throwing money at the City's financial problems would disincentivize real reform.

I believe the City is not going to see significant concessions on big ticket items like managed competition and pension and retiree healthcare reform until there is no wiggle room. Past experience tells me labor leaders tend not to make meaningful moves until the 11th hour.

We have a historic opportunity to implement revolutionary reforms, changes that would restore San Diego's financial footing and leave future generations with a better city.

It's a very different storyline than the one that emerged from the backroom deals that helped shape Proposition D.

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