

# Memorandum of Understanding

Public Utilities Department

Water Fund Employees

Labor/Management Partnership

## BID TO GOAL PUBLIC CONTRACT OPERATIONS AGREEMENT

### I. PREAMBLE

This Memorandum of Understanding (MOU) constitutes the basis of a successor Public Contract Operations Agreement (Agreement) for the two original Water Bid to Goal Agreements (one covering system operations and the other covering customer support services). While these agreements were developed in the past with different original end dates, this successor Agreement consolidates and supplants both previous agreements, as well as incorporates all remaining Water support functions into one comprehensive agreement effective July 1, 2009 through June 30, 2014. This MOU is between the Mayor, on behalf of the City of San Diego (City), the Public Utilities Department Director (Director) and Water Management Team, and all employees compensated by the Water Fund; hereafter referred to as the "Parties". The Labor-Management Partnership (LMP) is comprised of employees represented by the American Federation of State, County and Municipal Employees (AFSCME), Local 127; employees represented by the San Diego Municipal Employees' Association (MEA); as well as Classified Unrepresented Non-management employees and the Water Management Team. Any employee of the Public Utilities Department (Department) who accomplishes work justifiably compensable from the Water Fund is deemed to be a member of this LMP.

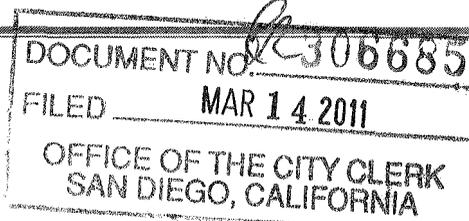
### II. RECITALS

WHEREAS, employees compensable from the Water Fund are responsible for the operation and maintenance of the City of San Diego's raw and potable water impoundment system, potable water treatment and distribution system, and recycled water distribution system (collectively the "System"), long term diverse water supply planning, customer support, planning and oversight of the implementation of system capital repairs and replacements, and administrative services in support of the system; and

WHEREAS, the City desires to have this System operated and maintained in the most efficient and effective manner possible; while complying with all federal, state, and local laws, rules, and regulations; and while protecting the environment and promoting the health, safety and well-being of System employees, ratepayers, and other stakeholders; and

WHEREAS, the efficient and effective operation and maintenance of the System requires unique, specialized skills and certifications together with experience and expertise in established and new technologies; and

WHEREAS, Water Fund employees have acquired, refined, and maintained these same skills, certifications, and expertise; and



WHEREAS, with the assistance of external consultants, and review by citizen and employee groups, the Parties have critically assessed the organization, processes, procedures, practices, budget, and staffing supported by the Water Fund, including process improvements analyzed through extensive business process reengineering, optimization efforts, and associated benchmarking;

NOW THEREFORE, the Parties agree that the organizational arrangement, LMP, and accountability structure described in this MOU, referred to as Water Bid to Goal Public Contract Operations Agreement (which is designed to combine the most beneficial aspects of the private and public sectors), the process by which they to continue the optimization of the organization, policies, and practices of the Department.

### **III. SCOPE AND DEFINITIONS**

The Agreement is hereby defined as a commitment by the Parties to the goals related to meeting budgets (efficiency) and maintaining service levels (effectiveness) in a manner consistent with the findings of the Business Support Consolidation Study completed in fiscal year (FY) 2009. This MOU constitutes the entirety of the agreement along with the companion LMP Bid document as accepted by the Mayor of the City of San Diego constitute the entirety of the Agreement..

Commencing on July 1, 2009, the Water LMP shall operate and manage the system on a 24-hour per day, 7-days per week basis, and shall meet all regulatory standards; and shall otherwise manage the business and operations of the City's water infrastructure in accordance with the terms of the Agreement.

The scope of this Agreement includes the operations, maintenance and support services associated with all facilities and customer requirements recognized as supported by the Water Fund at the conclusion of FY2009. It is the intent of this Agreement that service levels provided shall meet or exceed stated benchmarks, and in any event shall not be less than those service levels provided in FY2009 unless stipulated in this Agreement or specified by City Management for business reasons.

The Bid to Goal Program will be administered by the Department in accordance with Department Instruction 15.24.

Any new facilities and/or activities that have not been accounted for in the MOU or the LMP Bid document, or that were not part of the Water Utility's mission and operating scope in FY2009 (acknowledged as the base year), shall not be within the scope of the Agreement. Changes in facilities or activities considered within the scope of the Agreement must be reflected in amendments agreed to by all Parties.

It is understood that the LMP Bid represents the proposed cost to provide In-Scope services by the LMP and is based on performance service levels optimized at benchmarks determined by a

third party industry expert to be within the competitive range for public and private water service providers nationally.

The LMP Bid is designed to yield economic benefits to ratepayers while maintaining the integrity and soundness of capital investments, infrastructure, and operations; and to ensure public safety and safeguard the environment. In addition, the LMP Bid is designed such that the City can continue to meet its commitments to employees and promote cooperative labor-management relations. In order to remain in compliance with federal/state mandates and bond covenants, operation and maintenance procedures and process modifications planned or executed to attain the goals are subject to review by an independent feasibility engineer or other competent agent, if deemed necessary by the Mayor. Results of such review may impact proposed modifications and future-year adjusted LMP Bid amounts. Key Performance Service Levels are specified in Table 1.

It is noted that the Bid to Goal concept embodies continual improvement through industry benchmarking and process assessment, both on an ongoing basis and periodically (approximately every 5 years) via a very rigorous and thorough review. The periodic major benchmarking and continuous process improvement effort is designed to account for such very significant changes in the operating environment as improved technology, enhanced industry best practices, and changes in the competitive marketplace. This aspect of the Agreement is analogous to the periodic refreshment of private contract operations via re-negotiation of ongoing contracts with updated information.

The Parties agree that the LMP Bid will be submitted after the City Council's ratification of this MOU, and that the Mayor will evaluate the LMP Bid and facilitate reasonable actions to achieve final acceptance assuming the LMP Bid is responsive, responsible and superior to the Private Market Proposal (PMP). The LMP Bid will be a plan offered by the LMP to meet the performance service levels indicated in this MOU, along with implementation and interpretive details. Operating as companion and complementary documents, this MOU plus the associated LMP Bid constitute the contract-like provisions needed to assure mutual accountability in delivering the functions and service levels specified in a clear and transparent manner.

#### **IV. PROGRAM ELEMENTS**

##### **A. Key Performance Service Levels**

All strategies employed to meet the LMP Bid will be consistent with the premise that primary service levels of core Water Fund functions must be maintained at current standards, or better, unless otherwise noted in light of refreshed benchmarks or analyses of stakeholder requirements. The Parties acknowledge that there may be reasonable differences of interpretation regarding service level components and standards. In this regard, the LMP Bid will provide clarifying information as appropriate. The performance service levels stipulated in Table 1 below are considered key metrics to overall Water Fund service delivery.

**Table 1: Key Performance Service Levels**

<b>Key Performance Indicators (KPIs)</b>	<b>Service Levels</b>
Drinking Water Compliance – Miramar WTP	No primary Maximum Contaminant Level violations
Drinking Water Compliance – Alvarado WTP	No primary Maximum Contaminant Level violations
Drinking Water Compliance - Otay WTP	No primary Maximum Contaminant Level violations
Drinking Water Compliance – Distribution System	No primary Maximum Contaminant Level violations
Drinking Water Compliance – Distribution System	No Violations of the backflow/cross-connection control regulations
ELAP Certification for Water Quality Laboratory	Retain certification
ISO 14001 Certification for Water Operations Branch	Retain certification

**B. LMP Bid**

A competitive budget objective (the Goal of the Bid to Goal program) was developed by an industry expert as a representative offering by a private sector firm to accomplish the mission of the Water Fund. For In-Scope services, the LMP is committed to continuing performance at the established service levels and the LMP Bid is reflective of an optimized organization.

In response to the competitive budget objective for FY2010, the LMP arrived at a Total FY2010 Bid for In-Scope services. Going forward, each fiscal year’s LMP Bid will be recalculated with Non-Personnel Expenses (NPE) increasing/decreasing proportionate to the Consumer Price Index (CPI) using the All Urban Consumers index for the San Diego region as of June 30<sup>th</sup> and Personnel Expenses (PE) adjusted based on negotiated employee salary and compensation changes. In addition, the LMP Bid will be adjusted down by the amount of any audited incentive award payout. This will provide a lower bid target in subsequent years in recognition of permanent efficiencies which have become institutionalized. In addition, by adjusting downward only by the amount of audited incentive award payout (not the entire savings) the process recognizes the effort required to maintain ongoing savings and provides an incentive to the LMP for continual improvement. If the LMP Bid is adjusted down as a result of an incentive award payout, it may also be adjusted up in future years if the actual expenditures exceed the adjusted bid in any future year. The LMP Bid adjustment up shall equal an amount of the prior year actual expenditures, plus approved NPE and PE adjustments, however not to exceed the original LMP Bid amount, plus NPE and PE adjustments.

The LMP Bid excludes Out of Scope costs, which are not part of the Statement of Work and which would not be part of a private contractor bid. These costs include items specified in Table 2 as well as emergent costs that are out of the control of the LMP.

The Parties acknowledge that on-going organizational process improvement necessary for optimized service delivery is a significant undertaking. The necessary changes to processes, work practices, and staffing must be carefully and conscientiously planned and implemented. When required by law, these proposed changes will be subject to the Meet and Confer process with formally recognized employee bargaining representatives.

**Table 2: Fiscal Year 2010 Water Fund Financial Summary**

<b>CATEGORY</b>	<b>FY 2010 DOLLARS</b>
<b>LMP Bid</b>	<b>\$ 138,763,168</b>
Personnel Expenditures (PE)	\$64,575,156
Non-Personnel Expenditures (NPE)	74,188,012
<b>Out of Scope Costs</b>	<b>\$ 376,889,569</b>
Untreated Water	\$135,696,007
Debt Service	61,086,539
Reserves	30,330,714
Capital Improvement Program (CIP)	149,776,309
<b>Total</b>	<b>\$ 515,652,737</b>

Fiscal accountability and audit of the LMP Performance will be based on total actual expenditures of all In-Scope costs compared to the LMP Bid. The personnel and non-personnel components are presented for information only and shall not enter into comparisons. This means specifically that it is acceptable for operating trade-offs to be made between personnel and non-personnel expenditures as long as the total LMP Bid is not exceeded. As in previous Bid to Goal Agreements, it is understood that any significant changes in service levels required by the City will prompt the inclusion of an amendment to this Agreement. Other specific adjustments for costs related to unforeseen circumstances may be made only pursuant to the Administration of Agreement provisions in Section V.

**C. Accountability: Water Fund Employee Efficiency Incentive Reserve and Resulting Operational Savings**

The LMP Bid described in the above Section IV.B. reflects spending levels validated to be within the competitive range in the current marketplace for supporting, operating and maintaining the existing System. Results of this Agreement will be influenced by a number of factors, including achieving and maintaining specified service levels, and the ongoing ability of the City / Department to implement optimization measures, and to manage and accommodate challenges in the dynamic work environment. A key part of the Bid to Goal concept is accountability through the administration of appropriate performance measurement and management systems to provide transparency of results, alignment of common business goals and objectives, and encouragement of desirable outcomes.

To these ends, and to encourage future efficiency gains beyond the Agreement's LMP Bid, a performance management program modeled on private sector gainsharing principles will be administered. To facilitate this performance management program, the Water Employee Efficiency Incentive Reserve (EEIR) is implemented. The major intent of the EEIR is to motivate continual efficiencies beyond those determined in the extensive FY2009 Public Utilities Business Support Consolidation and the proceeding continuous process improvement efforts. In this context, the Parties agree that 50% of any positive variance between final annual validated In-Scope expenditures and the In-Scope LMP Bid shall be identified, deposited, and accounted for in the Water EEIR. This deposit will be contingent upon validation of key performance

service levels as identified in Section IV.A. above (including any applicable decrements from unmet key performance goals), and any analysis deemed necessary of all enterprise fund expenditures and legal obligations. Should any of these Key Performance Service Levels not be met, the deposit to the Water Fund EEIR shall be decremented by 10% for each unmet key performance metric goal. This EEIR shall be capped at a \$10,000,000 cumulative balance (new share + existing balance from prior years), with all remaining funds designated as savings for the benefit of Water ratepayers. However, the EEIR may at times exceed the \$10M cap if designation of funds to be expended precedes the execution of the actual debit to the EEIR. In no case shall undesignated funds exceed the \$10M account cap. Uncommitted funds – not encumbered officially (unapproved for spending by the Director) exceeding the \$10M cap on June 30<sup>th</sup> of each program year will be transferred into the Dedicated Reserve from Efficiency Savings (DRES). Expenditure of funds from the EEIR shall follow normal City rules and authorization processes with the additional requirements that they will be subject to specific authorization by the Director based upon recommendations from the Water Fund Labor-Management Committee (LMC). The potential uses of the EEIR include, but are not limited to:

- Credits toward meeting the LMP Bid in subsequent years if and when single year expenditures exceed the LMP Bid, and/or;
- Purchase of otherwise unfunded new technology, equipment, training, consultant services, and/or to promote the productivity and professionalism of Water Fund employees, and/or,
- Funding of incentive awards to employees. Incentive awards are discussed in greater detail in section IV.D, below.

At the conclusion of the term of this Agreement (after a final determination is made of appropriate funds for the final year and final incentive awards if warranted), residual EEIR funds may be applied toward: a) an EEIR in a successor agreement, if any; or b) enhancing the productivity and/or professionalism of Water Fund employees and the Department, as recommended by the LMC and approved by the Director. All residual funds utilization must be completed within 12 months of the issuance of the final year Audit Report. All unused residual funds will be transferred into the DRES.

At the end of each program year, administrative costs associated with establishing and maintaining this 5-year Agreement shall be reimbursed from the EEIR. Since costs will be reimbursed, these costs will be held out of scope of program year expenditures. This reimbursement must occur prior to any funds being available for recommended use from the EEIR balance. Administrative costs associated with establishing the Agreement include an amount equal to the amount appropriated for consultant assistance in the FY2010 Private Market Proposal (\$250 K) and all one-time costs (calculated at the close of FY2010) associated with staff work spent in writing the Statement of Work, the MOU, and the LMP Bid document. These reimbursements may be repaid by the LMP at a rate of 20% annually from the funds available in the EEIR. Costs for maintaining the Agreement which will be calculated at the close of each program year will also be deducted from the annually-established EEIR balance. If in any given year that there are insufficient funds to pay for the administrative and development costs, these costs will be carried forward to succeeding years until the full obligation is met. This reimbursement must occur prior to any funds being available for other recommended use from the EEIR balance.

## **D. Gainsharing**

The Gainsharing option for EEIR funds is defined as a team cash performance pay incentive award, and will be in-lieu of all other team incentives governed by the Department, such as the previously-existing Pay-for-Performance Program. Basic Gainsharing program guidelines are as follows:

- 1) This successor Water Bid to Goal Gainsharing program is intended to be a unified performance pay incentive utilizing aspects of previous Bid to Goal Gainsharing and Pay-for-Performance programs. As a result, this redefined Gainsharing program consolidates the previously administered Gainsharing and Pay-for-Performance systems into one unified performance management system designed to appropriately recognize and provide accountability for achievement of organizational goals.
- 2) Subject to funds available in the Water EEIR, actual individual incentive awards shall be recommended annually by the LMC and approved by the Director. Individual incentive awards shall be capped at \$4,000 (net of taxes) per year, and shall be based on goal achievement at department and division/section levels, as well as individual employee eligibility and performance. Department Instruction 15.24 provides details regarding how incentive awards are calculated and specific eligibility requirements.
- 3) When no savings are generated in any program year, no incentive awards will be authorized from existing EEIR balances for that year.

## **V. ADMINISTRATION OF AGREEMENT**

### **A. Term of Agreement**

This Agreement is effective on July 1, 2009. It is acknowledged that the extensive level of assessment and benchmarking undertaken to effect this Agreement is not cost-effective on a continual basis, but must be renewed periodically to appropriately account for potential changes in technology, industry best practices, and the relevant marketplace. Accordingly, it is the intent of this Agreement that the basic provisions remain in effect until June 30, 2014, subject to the termination provisions described in V. B. and V. C. below. Other benchmarking and goal-setting actions appropriate for assuring quality service delivery shall be conducted within the provisions and intent of this Agreement.

### **B. Termination for Default**

Should In-Scope spending exceed the adjusted LMP Bid by more than 10%, this Agreement may be deemed in default by the Mayor for inefficiency.

Should any three of the key performance service levels specified in Table 1 remain unmet at the end of a fiscal year, this Agreement may be deemed in default by the Mayor for ineffectiveness.

All prior annual LMP Bid expenditures over the original LMP Bid amount, plus any approved PE or NPE adjustments, must be repaid in total before a positive balance can be established in the EEIR and before funds can be expended from the EEIR. In-Scope Water spending (as defined in the LMP Bid) in excess of the original LMP Bid amount is defined as a Bid shortfall.

The Parties agree that if LMP performance results in default, as defined above, the Agreement may be terminated at the sole discretion of the Mayor. In addition, a competitive procurement pursuant to and consistent with applicable laws, regulations, and policies may be initiated at the sole discretion of the Mayor.

If the Mayor does deem the Agreement in default, the Mayor may terminate the contract or specify terms to remediate the unsatisfactory performance. Such terms may include suspension of incentive awards until the default condition is resolved or other specified provisions stated in writing are met.

#### **C. Termination for Convenience**

The Mayor shall have the right at any time after the completion of the first fiscal year of service, exercisable at his/her sole discretion, for his/her convenience and without cause, to terminate this MOU upon 60 days written notice to the Water LMP and the two signatory labor organizations.

#### **D. Performance Monitoring**

The Parties agree that the methods to be used to monitor performance during the term of the Agreement shall be typical of the methods used by public agencies in assessing the performance and costs of private contract operators of water utilities. To that end, expenditures charged against this agreement will be limited to those associated with core operations and maintenance functions of the Water Utility and those business support functions which support the Water Fund. As defined more thoroughly in the LMP Bid document, the costs charged shall exclude:

- Unplanned costs directly associated with the Capital Improvement Program
- Employee time or Water Fund resources, beyond current levels, for activities which are mandated by the City but are not associated with core or direct support functions.

Changes in revenues associated with operation will not directly impact system performance with respect to the LMP Bid. However, revenue changes resulting from employee innovation and initiative may be discussed on a case by case basis with the Mayor, who may, based upon his review, authorize some or all of the surplus revenue to be allocated to the EEIR or other Water Fund uses (including LMP Bid shortfalls) in accordance with the bond covenants.

Annually, no later than November 30, the Director shall submit Performance Results to the Mayor so that the annual audit may begin based on these performance results. The performance report shall include the following:

- Performance standards and actual performance (both financial & operational) - quantitative measures of performance which demonstrate level of services provided;

- Explanations for all instances where efficiency and/or performance standards are not met and an action plan for correcting the situation in the current year; a narrative description of issues and events bearing on current and prospective oversight of the Agreement; and
- A summary of performance and claim of savings resulting from efficiency gains to be deposited in the EEIR.

After its submission, the Annual Performance Report shall be reviewed by an independent auditor who shall issue a report to the Mayor and the Director. A copy of the audit report shall be provided to each labor union and may be reviewed by other governing bodies as required. Results of this audit or review will be taken into account with regard to any amounts of claimed savings allocated to the EEIR. Employee Gainsharing may be disbursed only after the external audits are completed.

The form and content of performance monitoring will be further defined in the LMP Bid. It is understood that the LMP Bid as accepted by the Mayor shall remain inviolate for the term of this Agreement, subject to adjustments pursuant to the express language of this MOU.

#### **E. Uncontrollable Events/Change in Law**

The LMP Bid is based on reasonable assumptions of projected costs and savings. However, the Parties understand and acknowledge that extraordinary unforeseen events, beyond the reasonable control of Water employees and management, may result in costs and/or savings that could significantly affect their ability to meet the stated objectives.

To protect and promote the objectives of Bid to Goal, the Parties agree that cost impacts associated with extraordinary and unforeseen events may lead to adjustments of the LMP Bid for the purposes of assessing the performance in this program. Such events may include but are not limited to:

- Inflation in major NPE beyond appropriate consumer price indices;
- Mandates for increased and/or decreased service levels;
- Mandates for changes in governmental policy or regulations;
- Significant detrimental changes in influent characteristics;
- Catastrophic breakdowns of major equipment or capital; and
- Force majeure.

Any other events beyond the reasonable control of Water employees and management, including changes in law, that have a material effect upon costs or their ability to perform to the terms of this Agreement and/or corollary service agreements may have the effect of re-opening negotiations between the Mayor and the LMP to make appropriate adjustments to the LMP Bid.

A Change in Law shall generally include any of the following events which occur after the Agreement date:

- a) the promulgation, modification, or written change in interpretation by a controlling authority of any applicable law unless the Department had or should have had notice and sufficient interpretive information of such a change as of the date of this Agreement; or
- b) the order or judgment of any court or other controlling authority as long as it was not the result of a willful or negligent act or lack of reasonable diligence by a Party to this Agreement; or
- c) the inclusion of a new relevant permit condition or the denial of a permit application if such denial is not the result of a willful or negligent action or lack of diligence by a Party to this Agreement.

A Change in Law shall not include a change in any tax law.

The Director or his designee shall be responsible for investigating uncontrollable events/changes in law to determine materiality, as detailed above. Upon such findings, the Director shall issue notice to the Parties of this Agreement stating the cost and consequence of the event. Depending on the nature of the event and findings, at the Mayor's discretion associated costs may either be: a) removed from the total costs charged against the Water Fund for assessing fiscal performance; or b) the Parties of this Agreement shall reconvene to renegotiate the LMP Bid in light of the event. In the latter case, only that part of the LMP Bid related to the specific event shall be reopened; all other terms and conditions shall remain unchanged.

#### **F. Labor-Management Cooperation**

The Parties acknowledge that cooperative labor-management relations as typified by the relationship established in developing and successfully executing the Water Bid to Goal Agreement, are critical to meeting the competitive challenge and objectives detailed in this Agreement. The Parties commit to maintaining the momentum, energy, and good will of this effort.

To that end, the Water Fund employees, AFSCME Local 127, and MEA will participate in the LMC to monitor progress, identify issues, and eliminate barriers to success, and to otherwise maintain a mutual commitment to open communications and consensus.

#### **G. Relationship with Labor Contracts**

It is the intent of the Parties that this Agreement be interpreted in harmony and compliance with the comprehensive labor contracts and/or provisions between the City of San Diego and authorized employee organizations representing Water Fund employees.

#### **H. Dispute Resolution**

Any disputes (except for those concerning audits or reviews) that arise from a charge of a violation or misinterpretation of this Agreement shall be resolved through the applicable use of established processes within labor agreements in effect at the time of the dispute.

**I. Severability**

In the event that any condition, covenant, or provision of this MOU is held to be invalid or void by any court of competent jurisdiction, or is deemed to be contrary to the law or any covenant or condition or provision of any contract to which the City is a party, the same shall be deemed severable from the remainder of this MOU and in no way shall affect any other covenant, condition, or provision. If any covenant, condition, or provision of this MOU is deemed to be invalid due to scope or breadth, such covenant, condition, or provision shall be deemed valid to the extent the scope or breadth is permitted by law.

**J. Impacts on Staff**

The Parties agree that a top priority in the Agreement is to optimize the System operations without infringing upon the employment rights of all affected employees as established under current City of San Diego policies and negotiated Labor MOUs and implementation procedures.

**K. Successor Agreement**

The Parties recognize that insofar as it is in the mutual interest of the public and the Parties, and that insofar that the Parties will have met the terms and conditions of this and corollary service agreements, that it will be the option of the Parties to negotiate a new agreement or extension of the existing agreement at the conclusion of the term of this Agreement.

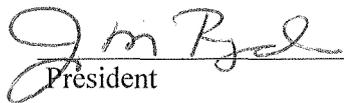
IN WITNESS WHEREOF, the undersigned agree to submit this Memorandum of Understanding to the appropriate bodies for approval and final ratification.

Date: 3.2.11

AMERICAN FEDERATION OF  
STATE, COUNTY AND MUNICIPAL  
EMPLOYEES, LOCAL 127, AFL-CIO

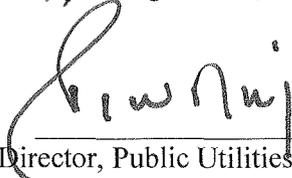
CITY OF SAN DIEGO

  
\_\_\_\_\_  
Mayor, City of San Diego

  
\_\_\_\_\_  
President

  
\_\_\_\_\_  
Chief Operating Officer, City of San Diego

SAN DIEGO MUNICIPAL EMPLOYEES'  
ASSOCIATION

  
\_\_\_\_\_  
Director, Public Utilities Department

  
\_\_\_\_\_  
President

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R. 306685

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RESOLUTION NUMBER R- \_\_\_\_\_

DATE OF FINAL PASSAGE MAR 25 2011

A RESOLUTION OF THE CITY COUNCIL AUTHORIZING THE MAYOR TO IMPLEMENT THE WATER FUND BID TO GOAL PROGRAM FOR FISCAL YEAR 2010 THROUGH FISCAL YEAR 2014 AND RATIFYING THE RELATED MEMORANDUM OF UNDERSTANDING.

WHEREAS, the Public Utilities Department, consisting of the former Water and Metropolitan Wastewater Departments, currently has Bid to Goal programs in place for the entire Wastewater Fund from Fiscal Year 2008 through Fiscal Year 2012 and for the Customer Support Division of the Water Fund from Fiscal Year 2007 through Fiscal Year 2011; and

WHEREAS, the Water Operations Division of the Water Fund formerly had a Bid to Goal program from Fiscal Year 2005 through Fiscal Year 2009 but other support divisions of the Water Fund have never been party to a Bid to Goal program; and

WHEREAS, the Bid to Goal programs contributed to the \$116.2 million in audited savings identified in the City Auditor's Office Report for Fiscal Years 2005-2008 alone; and

WHEREAS, the Public Utilities Department seeks to adopt a Bid to Goal program for the entire Water Fund to bring all Public Utilities Department employees into a Bid to Goal Program; NOW, THEREFORE,

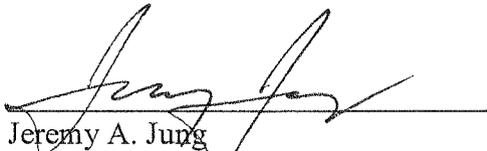
BE IT RESOLVED, by the Council of the City of San Diego (Council), that the Council ratifies the Memorandum of Understanding for the Water Fund Bid to Goal Program for Fiscal Years 2010 through 2014 (MOU), a copy of which is on file in the Office of the City Clerk as Document Number RR- 306685, conditioned on the Mayor's commitment to terminate the MOU under the termination for convenience provision by no later than July 1, 2011 (end of

Fiscal Year 2011), and further conditioned on the Mayor, prior to accepting the results of the audit of the Bid to Goal Program, presenting the audit results to the Audit Committee and to the Council for their respective review.

BE IT FURTHER RESOLVED, the Council approves the implementation of a Bid to Goal Program for the entire Water Fund in accordance with the MOU, conditioned on the Mayor's commitment to terminate the MOU under the termination for convenience provision by no later than July 1, 2011 (end of Fiscal Year 2011), and further conditioned on the Mayor, prior to accepting the results of the audit of the Bid to Goal Program, presenting the audit results to the Audit Committee and to the Council for their respective review.

APPROVED: JAN I. GOLDSMITH, City Attorney

By

  
Jeremy A. Jung  
Deputy City Attorney

JAJ:cla:als  
02/16/2011  
03/16/2011 REV.CORP  
Or.Dept: Public Utilities  
PL#2010-01573

I hereby certify that the foregoing Resolution was passed by the Council of the City of San Diego, at this meeting of MAR 14 2011.

ELIZABETH S. MALAND  
City Clerk

By   
Deputy City Clerk

Approved: 3-25-11

(date)

  
JERRY SANDERS, Mayor

Vetoed: \_\_\_\_\_

(date)

\_\_\_\_\_  
JERRY SANDERS, Mayor

Passed by the Council of The City of San Diego on MAR 14 2011, by the following vote:

Councilmembers	Yeas	Nays	Not Present	Recused
Sherri Lightner	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Kevin Faulconer	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Todd Gloria	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Anthony Young	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Carl DeMaio	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Lorie Zapf	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Marti Emerald	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
David Alvarez	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

~~\_\_\_\_\_~~ **MAR 25 2011**

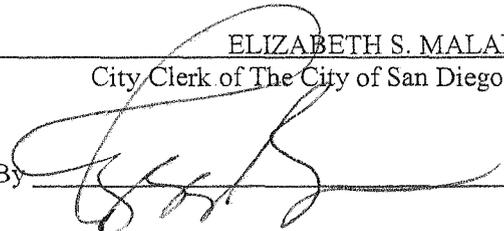
Date of final passage \_\_\_\_\_

AUTHENTICATED BY:

\_\_\_\_\_  
JERRY SANDERS  
Mayor of The City of San Diego, California.

(Seal)

\_\_\_\_\_  
ELIZABETH S. MALAND  
City Clerk of The City of San Diego, California.

By , Deputy

Office of the City Clerk, San Diego, California  
Resolution Number R- 306685

306685

RESOLUTION NUMBER R- \_\_\_\_\_

DATE OF FINAL PASSAGE ~~GE~~ MAR 25 2011

A RESOLUTION OF THE CITY COUNCIL AUTHORIZING THE MAYOR TO IMPLEMENT THE WATER FUND BID TO GOAL PROGRAM FOR FISCAL YEAR 2010 THROUGH FISCAL YEAR 2014 AND RATIFYING THE RELATED MEMORANDUM OF UNDERSTANDING.

WHEREAS, the Public Utilities Department, consisting of the former Water and Metropolitan Wastewater Departments, currently has Bid to Goal programs in place for the entire Wastewater Fund from Fiscal Year 2008 through Fiscal Year 2012 and for the Customer Support Division of the Water Fund from Fiscal Year 2007 through Fiscal Year 2011; and

WHEREAS, the Water Operations Division of the Water Fund formerly had a Bid to Goal program from Fiscal Year 2005 through Fiscal Year 2009 but other support divisions of the Water Fund have never been party to a Bid to Goal program; and

WHEREAS, the Bid to Goal programs contributed to the \$116.2 million in audited savings identified in the City Auditor's Office Report for Fiscal Years 2005-2008 alone; and

WHEREAS, the Public Utilities Department seeks to adopt a Bid to Goal program for the entire Water Fund to bring all Public Utilities Department employees into a Bid to Goal Program; NOW, THEREFORE,

BE IT RESOLVED, by the Council of the City of San Diego (Council), that the Council ratifies the Memorandum of Understanding for the Water Fund Bid to Goal Program for Fiscal Years 2010 through 2014 (MOU), a copy of which is on file in the Office of the City Clerk as Document Number RR- 306685, conditioned on the Mayor's commitment to terminate the MOU under the termination for convenience provision by no later than July 1, 2011 (end of

Fiscal Year 2011), and further conditioned on the Mayor, prior to accepting the results of the audit of the Bid to Goal Program, presenting the audit results to the Audit Committee and to the Council for their respective review.

BE IT FURTHER RESOLVED, the Council approves the implementation of a Bid to Goal Program for the entire Water Fund in accordance with the MOU, conditioned on the Mayor's commitment to terminate the MOU under the termination for convenience provision by no later than July 1, 2011 (end of Fiscal Year 2011), and further conditioned on the Mayor, prior to accepting the results of the audit of the Bid to Goal Program, presenting the audit results to the Audit Committee and to the Council for their respective review.

APPROVED: JAN I. GOLDSMITH, City Attorney

By   
Jeremy A. Jung  
Deputy City Attorney

JAJ:cla:als  
02/16/2011  
03/16/2011 REV.CORP  
Or.Dept: Public Utilities  
PL#2010-01573

I hereby certify that the foregoing Resolution was passed by the Council of the City of San Diego, at this meeting of MAR 14 2011.

ELIZABETH S. MALAND  
City Clerk

By   
Deputy City Clerk

Approved: 3-25-11  
(date)

  
JERRY SANDERS, Mayor

Vetoed: \_\_\_\_\_  
(date)

\_\_\_\_\_  
JERRY SANDERS, Mayor

Passed by the Council of The City of San Diego on MAR 14 2011, by the following vote:

Councilmembers	Yeas	Nays	Not Present	Recused
Sherri Lightner	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Kevin Faulconer	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Todd Gloria	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Anthony Young	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Carl DeMaio	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Lorie Zapf	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Marti Emerald	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
David Alvarez	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

~~\_\_\_\_\_~~ **MAR 25 2011**

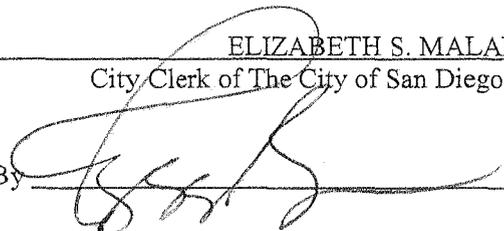
Date of final passage \_\_\_\_\_

AUTHENTICATED BY:

(Seal)

JERRY SANDERS  
Mayor of The City of San Diego, California.

ELIZABETH S. MALAND  
City Clerk of The City of San Diego, California.

By , Deputy

Office of the City Clerk, San Diego, California  
Resolution Number R- 306685

Passed by the Council of The City of San Diego on March 14, 2011 by the following vote:

**YEAS:**               **LIGHTNER, GLORIA, YOUNG, DEMAIO, ZAPF, EMERALD,  
ALVAREZ.**

**NAYS:**               **FAULCONER.**

**NOT PRESENT:**   **NONE.**

**VACANT:**           **NONE.**

**RECUSED:**         **NONE.**

**AUTHENTICATED BY:**

**JERRY SANDERS**

Mayor of The City of San Diego, California

**ELIZABETH S. MALAND**

City Clerk of The City of San Diego, California

(Seal)

By: Peggy Rogers, Deputy

I HEREBY CERTIFY that the above and foregoing is a full, true and correct copy of  
RESOLUTION NO. R-306685 approved by the Mayor of The City of San Diego, California on  
March 25, 2011.

**ELIZABETH S. MALAND**

City Clerk of The City of San Diego, California

(SEAL)

By:  \_\_\_\_\_, Deputy