

## OFFICE OF THE INDEPENDENT BUDGET ANALYST REPORT

**Date Issued:** March 23, 2006

**IBA Report Number:** 06-13

**City Council Agenda Date:** March 27, 2006

**Item Number:** 150

**Item:** Managed Competition Ballot Measure

**Reference:** IBA 06-6

### OVERVIEW

On February 27, the City Council voted to forward to meet and confer a potential ballot measure on allowing managed competition in the City of San Diego. Since then, the Mayor has engaged in meet and confer with the bargaining units to develop a proposal that can be considered by the City Council and voted on for placement on the November 2006 ballot.

### FISCAL/POLICY DISCUSSION

The proposed ballot measure has evolved over the course of the last month. At the time of this writing, there are significant differences between the measure under consideration (“Version G”), the original measure, and the measure forwarded by the City Council. As recommended by the IBA and City Councilmembers, the latest version does include language that requires:

- Appropriate City staff to serve on the Independent Review Board
- Annual performance audits
- Independent audits every five years
- The maintenance of service quality and protecting the public interest when considering a service for competition
- The opportunity and resources for City departments to develop process improvements as part of their proposal.

In addition, other enhancements include language that requires:

- City Council approval when determining a service should be submitted for competition
- The prohibition of Independent Review Board Members accepting contracts or employment with any organization securing a City contract for services through managed competition for the duration of the contract.

The latest version also removes some language the IBA recommended in our original report. Due to concerns from some bargaining units, the language requiring the right of first interview for displaced City employees, should a private contractor need to hire additional employees to provide a service secured through the managed competition process, is eliminated. The intent behind this language was to provide some protection and opportunities for employees. However, it is our understanding that this intent will be pursued appropriately within the context of City of San Diego civil service rules for inclusion in the implementing ordinance, rather than the ballot measure.

As stated in IBA report 06-6, this office is in favor of ensuring certain requirements, like those listed above, are included in the higher authority of the City Charter. Should the voters pass this ballot measure in November, it is important that critical components of the program that provide for a fair and thorough process are built into the very foundation of the program. This will preclude the potential for compromising the integrity of the program. Additionally, the IBA sees no element of the latest version of the ballot measure that would cause concern if placed in the City Charter.

This office continues to support the use of managed competition in the City of San Diego as a valuable tool to ensure that the best services are provided to the citizens at the lowest cost. Further, the discussions that have taken place over the past month have created an opportunity for information gathering and collaborations that have resulted in a stronger product.

## **CONCLUSION**

Based on the latest incarnation of the proposed ballot measure, the IBA recommends the approval of this item for the November 2006 ballot.

**[SIGNED]**

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**[SIGNED]**

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