

**THE COMMITTEE ON BUDGET AND FINANCE
OF THE CITY COUNCIL OF THE CITY OF SAN DIEGO**

**ACTIONS FOR
WEDNESDAY, MARCH 26, 2008, AT 9:00 A.M.**

**COUNCIL COMMITTEE ROOM (12TH FLOOR),
CITY ADMINISTRATION BUILDING
202 C STREET, SAN DIEGO, CALIFORNIA**

For information, contact Dale Kelly Bankhead, Council Committee Consultant
202 C Street, 3rd Floor, San Diego, CA 92101
Email: Dbankhead@sandiego.gov
619-236-6166

NON-AGENDA PUBLIC COMMENT: None.

COMMITTEE COMMENT: None.

CITY ATTORNEY, IBA, AND MAYORAL STAFF COMMENT: None.

ADOPTION AGENDA

Approval of the Record of Action Items for March 5, 2008

ACTION: Motion by Councilmember Frye, second by Council President Pro Tem Madaffer, to approve.

VOTE: 5-0; Atkins-yea, Faulconer- yea; Frye-yea, Madaffer-yea; Hueso-yea

ITEM-1: Charter Section 39 Report from the City Comptroller regarding FISCAL YEAR 2008 FINANCIAL PERFORMANCE, PERIOD EIGHT

(See City Comptroller's March 19, 2008, report; City Comptroller's March 26, 2008, PowerPoint)

ACTION: Motion by Council President Pro Tem Madaffer, second by Councilmember Frye, to accept the report.

VOTE: 5-0; Atkins-yea, Faulconer- yea; Frye-yea, Madaffer-yea; Hueso-yea

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ITEM-2: Report from the Chief Financial Officer regarding FISCAL YEAR 2008 REVENUES

(See Chief Financial Officer's March 21, 2008, memorandum; Chief Financial Officer's March 26, 2008, PowerPoint)

ACTION: Motion by Councilmember Faulconer, second by Councilmember Hueso, to receive the report.

VOTE: 5-0; Atkins-yea, Faulconer- yea; Frye-yea, Madaffer-yea; Hueso-yea

ITEM-3: Report from the Independent Budget Analyst regarding BUSINESS PROCESS RE-ENGINEERING

(See Independent Budget Analyst's Report No. 08-25; Schedule of BPRs Anticipated To Be Presented)

ACTION: Motion by Councilmember Frye, second by Councilmember Hueso, to adopt and support the Independent Budget Analyst's Recommendations A, B, and C in their Report No. 08-25, and refer to the full City Council.

VOTE: 5-0; Atkins-yea, Faulconer- yea; Frye-yea, Madaffer-yea; Hueso-yea

ITEM-4: Report from the Business Office Director and the City Attorney regarding MANAGED COMPETITION

(See City Attorney's March 24, 2008, memorandum; Business Office Director's March 26, 2008, PowerPoint)

ACTION: Motion by Councilmember Frye, second by Councilmember Faulconer, to forward the following recommendations of the Center on Policy Initiatives to the full City Council for action within 45 days with the IBA, Mayor's Office and City Attorney to provide analyses for the Council's consideration:

I. SERVICE QUALITY AND HEALTH BENEFITS PROTECTION ORDINANCE
(Amendment to the Managed Competition Ordinance)

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§ 22.3702 Pre-Competition Assessment

(a) ...This report will be transmitted to the Managed Competition Independent Review Board for its consideration and recommendation to the City Council. As a strong safeguard to maintain service quality, the City Council shall approve the Statement of Work in a public hearing, prior to issuance of any solicitation for services.

(e) As part of the Pre-Competition Assessment, the City Manager shall consider the level of core capacities, if any, which should be maintained within the City to enable the City to compete for service delivery in the future or to provide the service in the event of a contractor default, changed circumstances, or future non-competitive proposals. Measures to maintain core capacities may include retaining a portion of the service in-house and/or maintaining comparable skills in other units of the City. Where City funds are invested in equipment, real property or other capital assets, the City shall identify appropriate measures to ensure the ability to resume operations in the case of default, changed circumstances or future non-competitive proposals.

§ 22.3713 Consideration of Proposals by Independent Review Board

(a) In determining whether a proposal of an independent contractor or City Department will provide a service to the City most economically and efficiently while maintaining service quality and protecting the public interest, the Independent Review Board will consider the following factors:

(4) unless the bid of an independent contractor is more than ten (10) percent lower than the bid of a City Department currently providing the service for the proposed term of the contract,...In reviewing this factor, the Board will utilize a cost analysis, the purpose of which is to calculate the costs that are saved and the costs that are generated by contracting the service. The cost analysis will be approved by the independent Auditor and shall utilize differential costs to show how each bid will change the government's current cost. This analysis shall include transition costs, monitoring and enforcement costs, and shall ensure that all unavoidable costs associated with an activity are captured.

(5) the independent contractor does not receive an advantage for a bid proposal that would reduce costs by:

(A) not making an employer-sponsored health insurance plan available to the workers who are to be employed in the performance of that activity or function under the contract; or

(B) offering to such workers an employer-sponsored health benefits plan that requires the employer to contribute less towards the premium or subscription share than the amount that is paid by the City.

This provision does not require contractors to provide the same health care as City employees, but is intended to ensure that a contractor does not get an unfair advantage in the contracting out cost comparison that is based on a reduced amount of health insurance coverage.

II. WORKER RETENTION ORDINANCE

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The City of San Diego requires private contractors to retain workers when contractors change, since “replacing these workers could decrease efficiency and result in a disservice to the City” M.C. §22.2801(c). However, the current “Service Worker Retention” ordinance was not designed to address unemployment of city workers as a result of privatization. It refers to “service workers” working for a “contractor”, and excludes persons required to possess an occupational license or certificate. This proposal offers the same level of protection as the San Diego County Board of Supervisors offers to “at-risk” employees by giving them preference in hiring by private contractors, and filling vacant positions in other departments.

(Amendment to the Service Worker Retention Ordinance)

The following changes will need to be made to Chapter 2 Article 2 Division 28 (“Service Worker Retention”):

- (i) All references to “service workers” including the chapter title and definition of “service workers” need to be changed to include all workers, including city employees.
- (ii) All references to “contractor” need to be changed to “service provider”.
- (iii) Adding the following clause to Municipal Code:

Section 22.2807 The impact of contracting on City employees will be minimized by:

- (a) Requiring Contractors, to the extent permitted by law and the particular circumstances of the service, to give first preference in hiring to displaced City employees.
- (b) Departments' use of attrition where contracting is anticipated by holding positions vacant or filling them with temporary employees until a function can be contracted.
- (c) Departments' use of transfers or reassignment within the department or to another department.

VOTE: 5-0; Atkins-yea, Faulconer- yea; Frye-yea, Madaffer-yea;
Hueso-yea

Toni Atkins
Chair