



THE CITY OF SAN DIEGO
REPORT TO THE CITY COUNCIL

DATE ISSUED: January 9, 2008

REPORT NO: 07-210

ATTENTION: Council President and City Council

SUBJECT: Managed Competition Status Update

REFERENCE:

REQUESTED ACTION:

Receive the Report.

STAFF RECOMMENDATION:

Staff recommends the Budget and Finance Committee schedule quarterly updates on managed competition program activities.

SUMMARY:

The voters expressed their enthusiasm for a managed competition program within the City of San Diego (City) through their approval of Proposition C in November 2006. An update on the state of the managed competition program was provided to Council on September 12, 2007. This report serves as an update for the September 12 – December 12, 2007. Staff continues to make significant progress on moving the managed competition program forward. Over the last three months, that progress has focused on preparing to initiate and initiating pre-competition assessments, establishing a Labor Advisory Committee (LAC), and hiring a Program Manager for the managed competition program. The City will use managed competition as a means to deliver quality services to residents in the most economical and efficient way possible for years to come.

Background

The City of San Diego is committed to delivering quality services to taxpayers, residents, and visitors in the most economical and efficient means possible. This commitment can also be expressed as delivering services through “competitive government,” defined as government with processes in place to validate that service quality and costs are comparable to those offered by any legitimate available provider.

Managed competition provides a structured, transparent process that allows an open and fair comparison of public sector employees and independent contractors in their ability to deliver services to our citizens. This strategy recognizes the high quality and potential of public sector employees and seeks to tap their creativity, experience and resourcefulness by giving them the opportunity to structure organizations and processes in ways similar to best practices in competitive businesses. Inherently governmental¹ functions are not considered for this procurement strategy.

Pre-competition Assessments

The first step in managed competition is conducting a pre-competition assessment to understand whether a function is eligible and appropriate for competition. The pre-competition assessment evaluates questions such as whether a function is inherently governmental, whether there are legal limitations to competitively sourcing a function, and whether there are opportunities for improved economic advantage.

The managed competition program has kicked-off pre-competition assessments for sixteen functions within two Departments (Environmental Services and General Services). The pre-competition assessments for the following functions have been initiated:

- Bindery and reproduction services (Publishing Division of the General Services Department)
- Container delivery services (Environmental Services Department)
- Dead animal pick-up (Environmental Services Department)
- Disposal operations (Environmental Services Department)
- Fee booth operations (Environmental Services Department)
- Graphic design (Publishing Division of the General Services Department)
- Greenery compost facility operations (Environmental Services Department)
- Landfill monitoring and maintenance (Environmental Services Department)
- Pavement markings and signs (Street Division of the General Services Department)
- Sidewalk maintenance (Street Division of the General Services Department)
- Solid waste collection services (Environmental Services Department)
- Storm drains maintenance (Street Division of the General Services Department)
- Street lights maintenance (Street Division of the General Services Department)
- Street maintenance (Street Division of the General Services Department)
- Street sweeping (Street Division of the General Services Department)
- Traffic signals maintenance (Street Division of the General Services Department)

We are working to schedule employee meetings to which all of the potentially impacted employees will be invited to ensure that there is open communication about what a pre-competition is and is not and to ensure that there is a forum at which employees can have their questions answered. Most importantly, we want for employees to understand that the pre-competition assessment is the first step in managed competition but that it does

¹ Inherently governmental services are those so intimately related to the public interest as to require performance by government employees. The City of San Diego has included police officers, firefighters and lifeguards in this definition.

not necessarily result in a competitive procurement—and that even if a function is deemed eligible and appropriate for competition, that function might not proceed to competitive procurement immediately.

Labor Advisory Committee

The Labor Advisory Committee was formed to provide a venue for organized labor to voice opinions and vet issues related to managed competition. The LAC held its first meeting on October 9th, which was attended by representatives from the AFSCME Local 127, Local 145, and the Municipal Employees Association. The second LAC meeting was held on December 6, 2007. At this meeting, a regular, monthly meeting schedule was agreed upon.

Program Manager for Managed Competition

Mark Patzman joined the City as the Program Manager of the Managed Competition Program on October 29, 2007. Mr. Patzman works with the managed competition team in the Business Office and reports to the Director of the Business Office, Anna Danegger, who continues to oversee the Managed Competition Program.

Mr. Patzman came to the City from his position as a Project Director for Serco, North America supporting the Commander, Fleet Industrial Supply Centers. Prior to that, Mark served a 20-year career as a Supply Corps Officer for the U.S. Navy. He has a Bachelor of Arts in Political Science from the University of Arizona and a Master's degree in Business Administration from the London Business School, where he specialized in Strategic Change Management.

Mark brings extensive experience leading business reform efforts and oversight of large-scale contracts and projects. He served in various logistics and finance capacities on three ships. He managed the Navy's \$750 million Aviation Component Repair Program and subsequently served as a subject matter expert on the Navy's NAVAIR/NAVSUP Business Process Reengineering team. He developed business and logistics reforms now implemented Navy-wide while serving as the Supply Officer of the Navy's "Smart Ship" experiment on the USS YORKTOWN. Additionally, Mark introduced several business reform programs while the Executive Officer at Defense Finance & Accounting Service, San Diego. Mr. Patzman brings both relevant reform experience and enthusiasm to this position and is well suited to lead the managed competition team to our first competition and to ensure that all aspects of post-competition activities—including performance monitoring and re-competition plans—are crafted and executed appropriately.

Managed Competition Independent Review Board

With the passage of Proposition C and the amendment/addition of subsection (c) to City Charter section 117, the Managed Competition Independent Review Board (MCIRB) was established to advise the Mayor/City Manager on whether the proposal of City employees or that of an independent contractor will provide services more economically and efficiently while maintaining service quality and protecting the public interest.

Per the Charter, the public members of the MCIRB “shall have professional experience in one or more of the following areas: finance, law, public administration, business management or the service areas under consideration...”. After having received from City Council recommendations/nominations of qualified private citizens to serve as candidates to fill four (4) vacant Board seats, the proposed Independent Review Board candidates were approved by the City Council on December 4, 2007. Four accomplished individuals were approved by the City Council to serve on the MCIRB. Desa Burton, Murray Galinson, Charles Kim, Jr., and Faye Wilson are the first members of the MCIRB

Follow-up from September 12 Budget & Finance Committee Meeting

The attachment to this report provides responses to the questions received from the Budget & Finance Committee as a result of our presentation to the Committee on September 12th.

Next Steps

We expect to complete our initial set of pre-competition assessments in late winter or early spring. This will ensure that we have continued moving forward appropriately in our managed competition preparatory activities while in parallel to reach agreement on the Ordinance. Once pre-competition assessments are complete, the results of the assessments will be forwarded to the Mayor for his decision on whether the assessed functions are eligible and appropriate for competition. The Mayor will then announce the first function(s) to undergo competitive procurement and work will commence on preparing for the solicitation.

The managed competition program is complex, with many difficult tasks at each stage and with numerous stakeholders playing key roles throughout its execution. As a result, we are not able to provide a timeline that has great specificity for each stage of the process. However, we continue to track to the high-level timeline presented in September and appearing below.

Activity	Timeline
Initiate pre-competition assessments	By end of 2007
Complete initial pre-competition assessments	Winter 2007/Spring 2008
Announce functions for initial procurement	Spring 2008
Develop RFP	Spring – Summer 2008
Advertise solicitation	Summer 2008
IRB reviews proposals	Fall 2008
Mayor/Council consider award recommendations	End of 2008
City Meets & Confers with impacted labor organizations	Early 2009
Transition to proposed service delivery process completed	By Summer 2009
Begin performance monitoring	Thereafter

In addition to the operational timelines set out above, there are some legislative issues still to be addressed. At the December 5, 2006 hearing which approved the implementation ordinance, staff indicated that some “clean up” of both Council Policies and Administration Regulations regarding the “cooling off” period for classified employees would be necessary to fully implement the text and intent of the Implementation Ordinance. In addition, certain Council members expressed an interest

in addressing other elements of the Municipal Code which might further their stated goals of transparency and good governance. The Council President indicated that such actions should move through the Rules Committee prior to full Council consideration. These actions/processes will not impact the pre-competition process, but should be accomplished before completion of the first Request for Proposals (RFP).

FISCAL CONSIDERATIONS:

Although the managed competition program will have a positive impact on the City's financial situation, at this juncture there are no fiscal considerations.

PREVIOUS COUNCIL and/or COMMITTEE ACTION:

March 27, 2006. City Council adopted Ordinance O-19474, placing on the November 7, 2006 ballot the proposition to amend Article VIII of the City Charter by adding subsection (c) regarding the use of managed competition to section 117.

December 5, 2006. City Council approved Ordinance O-19565, which amended Article 2, Division 37 of the Municipal Code.

COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS:

The managed competition program was initiated with the citizens of the City voting to approve Proposition C in November 2006. As we have worked to establish the managed competition program, staff has spent considerable time working with the labor unions (AFSCME Local 127, POA, IAFF Local 145, and MEA) to receive input on program plans. In addition, we have established a Labor Advisory Committee to facilitate continued work with the unions.


With the passage of Proposition C and the amendment/addition of subsection (c) to City Charter section 117, the Managed Competition Independent Review Board was established to advise the Mayor/City Manager on whether the proposal of City employees or that of an independent contractor will provide services more economically and efficiently while maintaining service quality and protecting the public interest.

KEY STAKEHOLDERS AND PROJECTED IMPACTS:

Given that no pre-competition assessment has yet been completed, it is premature to speculate on impacts. However, key stakeholders in this process are City employees, the City's recognized labor unions and the residents and visitors of the City of San Diego.



Anna Danegger
Business Office Director



Jay Goldstone
Chief Operating Officer

**Attachment to Managed Competition Status Update of December 10, 2007
 Managed Competition Questions Received at Budget & Finance Committee
 Discussion on September 12, 2007**

General Process Questions

Question:	Where Addressed? (B=Ballot, IO=Implementation Ordinance, G=Guide)
<p>What is the step-by-step process leading up to competitive procurement? How will functions be selected? Will a phased approach be considered?</p>	
<p>After the Business Processing Reengineering (BPR), a function will undergo a Pre-competition Assessment to determine if it is eligible and appropriate for competition. The Pre-Competition Assessment will review questions such as whether: (1) a function is inherently governmental, (2) a competitive market for the function exists, (3) significant legal limitations exists, (4) more efficiencies may be gained by competitively procuring, (5) the function is too complex to be carried-out by an outside entity, thus making the likelihood of failure too great, and/or (6) failure of performing the function would be too detrimental to the public welfare. The results of the assessment will be presented to the Mayor and, based on the report and its findings, he will decide whether a function is eligible and appropriate for competition, whether it will proceed to competition, and on what timeline it will be competed.</p> <p>Should a function not be appropriate for competition, the BPR results will be implemented as the Most Efficient Organization (MEO). The Mayor will inform all stakeholders of the decision.</p>	<p>IO (22.3702), G (pages 5-13)</p>

Question:	Where Addressed? (B=Ballot, IO=Implementation Ordinance, G=Guide)
<p>What services are considered to be inherently governmental?</p>	
<p>As described in the Managed Competition Ordinance, inherently governmental services are “those services so intimately related to the exercise of the public interest as to mandate their performance by City employees.” Also detailed in the Ordinance, “Police Officers, Fire Fighters and Lifeguards who participate in the Safety Retirement System will not be subject to Managed Competition.”</p>	<p>IO (22.3702)</p>

Question:	Where Addressed? (B=Ballot, IO=Implementation Ordinance, G=Guide)
<p>What is the Council's role in the process?</p>	
<p>The Council plays a critical role in a number of steps in the managed competition process.</p> <p>Independent Review Board:</p> <ul style="list-style-type: none"> ▪ The Council confirms the appointment of four (4) private citizen members of the Independent Review Board. ▪ One (1) member of the MCIRB shall be a City Council designee. ▪ The City Council adopts a conflict of interest code for all members of the MCIRB. ▪ An MCIRB member subject to City Council confirmation may be removed for cause by a vote of the majority of the members of the Council. <p>Contract Award</p> <ul style="list-style-type: none"> ▪ The Council either approves or rejects in its entirety the recommendation that any proposed agreement with an external contractor. 	<p>IO (22.3707, 22.3711, 22.7314) & G (pages 13 & 24)</p>

<p align="center">Question:</p> <p>Has the Managed Competition Program Manager position been filled?</p>	<p align="center">Where Addressed? (B=Ballot, IO=Implementation Ordinance, G=Guide)</p>
<p>The City hired Mark Patzman as the Program Manager for Managed Competition. Mr. Patzman joined the City as the Program Manager of the Managed Competition Program on October 29, 2007. He came to the City from his position as a Project Director for Serco, North America supporting the Commander, Fleet Industrial Supply Centers. Prior to that, Mark served a 20-year career as a Supply Corps Officer for the U.S. Navy. He has a Bachelor of Arts in Political Science from the University of Arizona and a Master's degree in Business Administration from the London Business School, where he specialized in Strategic Change Management.</p> <p>Mark brings extensive experience leading business reform efforts and oversight of large-scale contracts and projects. He served in various logistics and finance capacities on three ships. He managed the Navy's \$750 million Aviation Component Repair Program and subsequently served as a subject matter expert on the Navy's NAVAIR/NAVSUP Business Process Reengineering team. He developed business and logistics reforms now implemented Navy-wide while serving as the Supply Officer of the Navy's "Smart Ship" experiment on the USS YORKTOWN. Additionally, Mark introduced several business reform programs while the Executive Officer at Defense Finance & Accounting Service, San Diego.</p>	N/A

<p align="center">Question:</p> <p>How does the pre-competition assessment work? Have any been completed and if so, when will Council be provided with the assessment?</p>	<p align="center">Where Addressed? (B=Ballot, IO=Implementation Ordinance, G=Guide)</p>
<p>The pre-competition assessment is a deliberative process to evaluate whether a function is eligible and appropriate for competitive procurement. After the Business Processing Re-engineering (BPR), a function will undergo a Pre-competition Assessment to determine if it is eligible and appropriate for competition. The Pre-Competition Assessment will review questions such as whether: (1) a function is inherently governmental, (2) a competitive market for the function exists, (3) significant legal limitations exists, (4) more efficiencies may be gained by competitively procuring, (5) the function is too complex to be carried-out by an outside entity, thus making the likelihood of failure too great, and/or (6) failure of performing the function would be too detrimental to the public welfare. The results of the assessment will be presented to the Mayor and, based on the report and its findings, he will decide whether a function is eligible and appropriate for competition, whether it will proceed to competition, and on what timeline it will be competed.</p> <p>Pre-competition assessments have been initiated for sixteen functions within two Departments (Environmental Services and General Services). Pre-competition assessments are underway for the following functions:</p> <ul style="list-style-type: none"> ▪ Bindery and reproduction services (Publishing Division of the General Services Department) ▪ Container delivery services (Environmental Services Department) ▪ Dead animal pick-up (Environmental Services Department) ▪ Disposal operations (Environmental Services Department) ▪ Fee booth operations (Environmental Services Department) ▪ Graphic design (Publishing Division of the General Services Department) ▪ Greenery compost facility operations (Environmental Services Department) ▪ Landfill monitoring and maintenance (Environmental Services Department) ▪ Pavement markings and signs (Street Division of the General Services Department) ▪ Sidewalk maintenance (Street Division of the General Services Department) ▪ Solid waste collection services (Environmental Services Department) ▪ Storm drains maintenance (Street Division of the General Services Department) ▪ Street lights maintenance (Street Division of the General Services Department) 	IO (22.3702) & G (pages 4-13)

<ul style="list-style-type: none"> ▪ Street maintenance (Street Division of the General Services Department) ▪ Street sweeping (Street Division of the General Services Department) ▪ Traffic signals maintenance (Street Division of the General Services Department) <p>After the Mayor makes a decision regarding the eligibility and appropriateness of competitive procurement for the aforementioned functions, the City Council will be notified of the assessment results and decision.</p>	
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Question:	Where Addressed? (B=Ballot, IO=Implementation Ordinance, G=Guide)
How does the Mayor's proposed LAC differ from a Labor/Management Committee?	
In general, a Labor/Management Committee is established to cover a wide range of issues impacting the interaction between management and represented employees. The proposed LAC is to focus specifically on the managed competition program and the issues that relate to the operation and implementation of managed competition in the City of San Diego.	N/A

Question:	Where Addressed? (B=Ballot, IO=Implementation Ordinance, G=Guide)
Who will select the members of the Pre-Competition Assessment Team? If people within affected departments are considered, how will objectivity be ensured? Will both labor and management be included?	
The Director of the Department that is or has been designated as the lead Department for a particular function appoints the pre-competition assessment team leader. The team leader will then select the individuals required for participation on a team. The particular make-up of a team will be dependent upon the function itself and the extent to which the BPR study gathered information that is useful and relevant to the pre-competition assessment. To ensure objectivity of a pre-competition assessment report, the report will be reviewed and accepted by the Department Director, the Department's Deputy Chief Operating Officer (DCOO) and the City's Chief Operating Officer (COO). Additionally, the managed competition support consultant will review the pre-competition assessments to ensure that they are complete and appropriate.	G (pages 5-9)

Question:	Where Addressed? (B=Ballot, IO=Implementation Ordinance, G=Guide)
What opportunities are there for challenging the conclusions of the Pre-Competition Assessment Team, the IRB or the Mayor's decision to proceed to conduct a managed competition?	
As referenced in the Municipal Code (22.3702), the Mayor "may select appropriate services for managed competition." If a function is deemed eligible and appropriate for competition and is selected to proceed to competition, the pre-competition assessment report will be transmitted to the Independent Review Board (MCIRB).	IO (22.3702) & G (page 24)

Question:	Where Addressed? (B=Ballot, IO=Implementation Ordinance, G=Guide)
Will the Activity Department Employee Proposal Team (ADEPT) members be permitted to use work time to develop their proposals?	
As stated in the Municipal Code, City employees involved in managed competition will "be provided with resources, such as information, technical assistance and staff support, to develop strategies for optimized efficiency, economy and effectiveness, in order to respond to a solicitation."	IO (22.3704)

Question:	Where Addressed? (B=Ballot, IO=Implementation Ordinance, G=Guide)
What is the SOW process? Can it be changed and by whom? If significant changes are made, who has oversight?	
The Statement of Work process utilized in managed competition is fundamentally the same	G (pages 13-16, 21)

process that should be used in all City contracting activities. As referenced in the Purchasing Resource Manual (<http://citynet.sannet.gov/pac/policies/prm/index.shtml>), April 204 (Chapter 5: Preparing Specifications) with regard to City specifications :

Properly prepared specifications describe the service or product you want—accurately, completely, and concisely. Products purchased today should meet immediate needs and anticipate future needs, technologies, or regulations. They should also ensure that the best value is obtained over the life of the item or contract. Specifications must also take into account cost and budget realities.

Properly prepared specifications assist in the timely delivery of materials and services that will meet the user's operational needs and reduce the amount of time and effort spent on acquiring needed items. Incomplete and inaccurate specifications may result in the following:

- Disputes with vendors or contractors
- Delay in soliciting bids and awarding contracts
- ...
- End user not having the materials, supplies, equipment, or service when needed

Research

Preparing specifications will require research. ... A useful method for gathering information is exploring the 5 Ws: who, what, when, where, why. How the product or services will be used should also be considered. This method will generate more than enough information. Careful editing of that information will provide a comprehensive specification.

Who

- Who will use the item or service?
- ...
- Who will provide on-going supplies and service?
- ...

What

- What are the minimum standards a product or service must have to be acceptable?
- For what purpose will the product or service be used?
- What is the function?
- ...
- What functional/operational criteria should be included?
In your specification include information to ensure bidders will know what is **not** acceptable and why.
- What items must bidders furnish with bid for evaluation (e.g. samples, references, copies of certifications)?
- What about insurance requirements?
Anyone performing work at City facilities must provide certificates of general liability and workers' compensation insurance which covers the company and its employees. If City-owned equipment is moved to the contractor's site for maintenance, the contractor will have to provide evidence of appropriate insurance.
- What about a performance bond?
- What licenses or certifications will the supplier be required to have?
- What optional features would you like to have?
- What about a product or service warranty or guarantee; are they required or offered?
- What are the life-cycle costs of the item or product?
- ...

Where

- Where will the equipment be used or where will the service be performed?
Location could influence size, weight, color, and shape of the equipment being considered. Additionally, does the location affect the operating environment (e.g. extreme heat, cold, dampness, corrosiveness, etc.) or the accessibility?
- ...

<p>Why</p> <p>...</p> <ul style="list-style-type: none"> ▪ What are the minimum acceptable features or characteristics required for your operation? ... <p>How</p> <p>...</p> <ul style="list-style-type: none"> ▪ How will the bids be evaluated? What are the evaluation criteria? ... ▪ How will you monitor performance of a service contract? Will there be regular inspections? Will any reports be required from the contractor? How will the contractor be paid - per invoice for each service, weekly, monthly, or upon completion of entire contract? <p>Within managed competition, the SOW Team is overseen by the Activity Department's pre-competition assessment team leader or a designee of the Assistant Deputy Chief Operating Officer (ADCOO) for the relevant Department. The SOW team is firewalled from the Employee Proposal Team and all other parties without a need to know. The SOW will be performance-based and will specify desired outputs, performance levels, and outcomes. The SOW focuses on "what should be done" rather than on "how it is currently done" and must provide the information necessary for independent contractors as well as the Employee Proposal Team to develop an approach and cost for providing the most economical and efficient service to the City.</p>	
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Question:	Where Addressed? (B=Ballot, IO=Implementation Ordinance, G=Guide)
Will Council be provided the SOW and accompanying report that will be provided to IRB?	
The Statement of Work (SOW), one component of a Request for Proposals (RFP) is a public document upon issuance and will, accordingly, be available for Council review.	IO (22.3714) & G (page 24)
The MCIRB will be provided the proposals received as a result of an RFP process, rather than any kind of report. If the MCIRB recommends that an award be made to an independent contractor and the Mayor accepts that recommendation, the recommendation will be forwarded to the City Council. As referenced in the Municipal Code, that recommendation will include "the written recommendation of the Independent Review Board and a transition strategy that addresses contract monitoring, service interruption and affected employee procedures, as well as a proposed agreement with the independent contractor."	

Question:	Where Addressed? (B=Ballot, IO=Implementation Ordinance, G=Guide)
Will public comment be permitted at the open meeting at which the IRB announces its decision? Will public sentiment be a formal factor included in the IRB guidelines for decision making?	
As a standing board, meetings of the MCIRB are subject to the requirements of the Brown Act regarding public noticing and comment. While proposal evaluation meetings and/or meetings of the Technical Evaluation Group (TEG) and Cost Evaluation Board (CEB) may be conducted in closed session if deemed appropriate, the meeting in which the IRB announces its recommendation will be subject to the Brown Act regarding public noticing and comment.	G (page 22)
Evaluation factors are developed as part of the RFP and are formalized prior to issuance.	

Question:	Where Addressed? (B=Ballot, IO=Implementation Ordinance, G=Guide)
Will there be public disclosure of bids and proposals during the IRB review process or at end of selection to ensure transparency?	
The MCIRB is expected to use a Technical Evaluation Group (TEG) and a Cost Evaluation Board (CEB) to support proposal evaluation. These groups are deemed to be <i>ad hoc</i> advisory	IO (22.3714) & G (page 22)

<p>groups to the IRB and, as such, are not subject to the requirements of the Brown Act. Their review and evaluation of proposals (containing proprietary information) will not be open for public participation.</p> <p>If the MCIRB recommends that an award be made to an independent contractor and the Mayor accepts that recommendation, the recommendation will be forwarded to the City Council. As referenced in the Municipal Code, that recommendation will include “the written recommendation of the Independent Review Board and a transition strategy that addresses contract monitoring, service interruption and affected employee procedures, as well as a proposed agreement with the independent contractor.”</p> <p>If the recommendation is made that an award be made to an independent contractor, the City Council will receive the employee proposal alongside the aforementioned information on the recommendation and transition to independent contractor.</p>	
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<p>Question: Given the revised timeframe, when is the first RFP anticipated to be issued and managed competition actually implemented?</p>	<p>Where Addressed? (B=Ballot, IO=Implementation Ordinance, G=Guide)</p>
<p>Managed competition begins with the pre-competition assessment. As such, managed competition is being implemented. The timeline for the initial competition is shown below:</p> <ul style="list-style-type: none"> ▪ Develop RFP: Spring-Summer 2008 ▪ Advertise solicitation: Summer 2008 ▪ MCIRB reviews proposals: Fall 2008 ▪ Mayor/Council consider award recommendations (if applicable): End of 2008 	<p>N/A</p>

<p>Question: How will customer satisfaction surveys be administered in order to ensure that results are both statistically significant and representative of a range of residents receiving the service?</p>	<p>Where Addressed? (B=Ballot, IO=Implementation Ordinance, G=Guide)</p>
<p>Appropriate methods for customer service monitoring is function dependent and, as a result, may differ from competition to competition. Along with other qualitative and quantitative measures, customer service monitoring is to be addressed in each SOW under the Quality Assurance Surveillance Plan (QASP) and must be a part of each solicitation proposal.</p>	<p>IO (22.3716) & G (pages 14 & 20)</p>

<p>Question: Will performance audits be provided to the City Council? Who will perform the performance audits? Will additional staffing be needed to perform this service (if performed by in-house staff)? If performed by outside consultant, will cost be accounted for in bid proposals?</p>	<p>Where Addressed? (B=Ballot, IO=Implementation Ordinance, G=Guide)</p>
<p>As referenced in the Municipal Code, “the (Mayor) shall be required to produce annual performance audits for contracted services, the cost of which must be accounted for and considered during the bidding process. In addition, the (Mayor) shall seek an independent audit ... to evaluate the City’s experience and performance audits.”</p>	<p>IO (22.3716) & G (page 28)</p>

<p>Question: What will be the mechanism for re-negotiating a contract if there is a change of circumstances, necessitating a change in the way this particular function is performed (e.g. new mandates, emergency situations)?</p>	<p>Where Addressed? (B=Ballot, IO=Implementation Ordinance, G=Guide)</p>
<p>As referenced in the Purchasing & Contracting Department’s “Policy & Procedure Manual,” part of the City’s normal contracting procedures, any change in the requirements for the scope of work will be re-negotiated between the City and the service provider and will be formalized in an amendment to the contract.</p>	<p>N/A</p>

Question: At the end of a contract, if the decision is to conduct another managed competition; can the same contractor apply again? How would employees, long since laid off, be able to participate in this competitive process?	Where Addressed? (B=Ballot, IO=Implementation Ordinance, G=Guide)
A service provider is not prohibited from submitting a proposal for a follow-on contract, unless there is a specific clause in the contract that prohibiting them for doing so.	N/A
The City retains the right to bring a function back in-house at any time.	

Displaced Workers

Question: What does the County's employee protection plan provide for and does the City have anything similar?	Where Addressed? (B=Ballot, IO=Implementation Ordinance, G=Guide)
As referenced in the City's Municipal Code, "City employees who will be laid off as a result of Managed Competition shall be entitled to utilize the layoff procedures set forth in Section L-5A of the Personnel Regulations of the City of San Diego, entitled 'Layoff, other than Police or Fire Units,' as well as Rule V of the Civil Service Rules, entitled 'Layoff and Reemployment.'	IO (22.3715) & G (pages 25-26)
As referenced in the County of San Diego's Managed Competition Guide (I-1.1 http://www.co.san-diego.ca.us/cnty/cntydepts/CAR/services/MCG.pdf): "When another service provider is selected, and the department must reduce the number of employees in the Compensation Ordinance, the Department Head must notify the Department of Human Resources in writing, including the number of employees to be laid off, their class titles and the proposed layoff date. The Department of Human Resources will provide seniority listings to the departments and labor organizations, prepare the Board Letter along with appropriate amendments to the Compensation Ordinance, provide sample notification letters and ensure that all other authorizations are obtained. This must be done even if all employees have successfully been placed in other County positions. Please refer to Department of Human Resources Policy and Procedures Manual, Policy No. 0180A for additional guidance."	

Question: What is the process for addressing the issue regarding displaced City employees having the right of first interview? Changes to the implementation ordinance?	Where Addressed? (B=Ballot, IO=Implementation Ordinance, G=Guide)
The City can incorporate contract language into the RFP requiring that city employees have "the right of first refusal" for contracts awarded to independent contractors. In order to include the contract clause "first right of refusal" it is not necessary to revise the implementing ordinance.	N/A

Council's Role in the Process

Question: Will the Council see all of the bids and proposals and at what stage in the process?	Where Addressed? (B=Ballot, IO=Implementation Ordinance, G=Guide)
If the MCIRB recommends that an award be made to an independent contractor and the Mayor accepts that recommendation, the recommendation will be forwarded to the City Council. As referenced in the Municipal Code, that recommendation will include "the written recommendation of the Independent Review Board and a transition strategy that addresses contract monitoring, service interruption and affected employee procedures, as well as a proposed agreement with the independent contractor."	IO (22.3714) & G (page 24)
If the recommendation is made that an award be made to an independent contractor, the City	

Council will receive the employee proposal alongside the aforementioned information on the recommendation and transition to independent contractor.	
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Business Process Reengineering (BPR)

<p align="center">Question:</p> <p>How can we close the gap between BPR completion/savings and implementation when the gap relates to a decision on managed competition?</p>	<p align="center">Where Addressed? (B=Ballot, IO=Implementation Ordinance, G=Guide)</p>
<p>As referenced in Report to City Council Number 07-142, the Most Efficient Government Organization (MEGO) created through the Business Process Reengineering (BPR) process may be withheld from implementation to protect the City workforce's competitive advantage in managed competition. With the Managed Competition Guide now in place and the managed competition program underway, going forward, no BPR results will be held-back from implementation awaiting managed competition for more than one (1) year from the date of BPR completion.</p>	N/A

<p align="center">Question:</p> <ul style="list-style-type: none"> ▪ Why are we withholding the implementation of specific BPRs and how is this determined? ▪ When is the collection services portion of the Environmental Services BPR coming forward? ▪ How long of a BPR/MEO implementation period will be allowed prior to managed competition decision/process? 	<p align="center">Where Addressed? (B=Ballot, IO=Implementation Ordinance, G=Guide)</p>
<p>In instances where BPRs include efficiencies that would provide a competitive advantage for employees if a function were to go to managed competition, the MEGO results may be withheld from implementation for up to one (1) year while a pre-competition assessment and disposition for managed competition is determined. Not all elements of a MEGO have the potential for providing competitive advantage for employees (e.g., if performance of a function is combined within a single City department, there may not be inherent efficiency and as a result, while portions of a MEGO may be held back for competitive advantage, this portion may not).</p> <p>A pre-competition assessment was initiated on Collection Services. We anticipate that the pre-competition assessment will be completed in late winter or early spring.</p>	N/A

Performance Measures

<p align="center">Question:</p> <ul style="list-style-type: none"> ▪ How will existing service levels be identified for services that are candidates for managed competition? How will we ensure that levels of service will be maintained throughout managed competition? ▪ Can the City document/communicate the current level of services provided? If yes, please provide. ▪ Will performance measures be built into contracts? 	<p align="center">Where Addressed? (B=Ballot, IO=Implementation Ordinance, G=Guide)</p>
<p>A Quality Assurance Surveillance Plan (QASP) will be included as an attachment to any SOW for services procured through the managed competition process. The QASP will identify both quantitative and qualitative performance measures.</p> <p>Contract performance will be reviewed monthly for compliance with contract requirements. This includes gathering and reviewing information to ensure compliance with the following:</p> <ul style="list-style-type: none"> ▪ Performance requirements – Are the performance levels as defined in the contract being met? ▪ Outcomes measures – Are the outcome measures as defined in the contract being met? ▪ Cost constraints - Are the performance and outcome requirements being achieved within the cost limits defined in the contract? 	IO (22.3716) & G (pages 7, 26-29)

Cost Development

<p align="center">Question:</p> <p>How are costs going to be defined and what methodology will be used?</p>	<p align="center">Where Addressed? (B=Ballot, IO=Implementation Ordinance, G=Guide)</p>
<p>The City will develop a baseline cost estimate which may include, but is not limited to, the following components:</p> <ul style="list-style-type: none"> ▪ Personnel costs ▪ Asset depreciation ▪ Cost of capital, maintenance and repair ▪ Personnel liability and casualty insurance ▪ Supplies and materials ▪ Existing sub-contract costs ▪ Rental, travel, utilities <p>In order to evaluate independent contractor proposals with ADEPT proposals, the COMPARE software program will be tailored and used as a comparison tool for the Cost Evaluation Board to formulate an evaluation.</p>	<p>G (pages 7, 16,18-23)</p>

<p align="center">Question:</p> <p>How will contract monitoring, quality assurance, and management competition oversight costs be factored into proposals?</p>	<p align="center">Where Addressed? (B=Ballot, IO=Implementation Ordinance, G=Guide)</p>
<p>As referenced in Municipal Code, the cost of producing “annual performance audits for contracted services” must be accounted for and considered during the bidding process.</p> <p>Costs associated with contract monitoring and quality assurance will be included in the analysis of proposals.</p>	<p>IO (22.3716) & G (pages 7, 16, 18-23)</p>

<p align="center">Question:</p> <p>Will the amount of staff and consultant time used to implement this process be factored into the economic/cost analysis? How will costs associated with reviewing proposals, staffing the IRB, negotiating with unions, developing and administering customer satisfaction surveys, processing complaints, etc be handled/accounted for?</p>	<p align="center">Where Addressed? (B=Ballot, IO=Implementation Ordinance, G=Guide)</p>
<p>The evaluation of proposals will consider the full cost of performing the services that are being solicited, including contract monitoring and oversight.</p> <p>If customer service management is included as a requirement in the SOW, the costs associated with managing these activities will be included for both external vendors and internal teams. If the City will provide customer service management whether the service provider is internal or external, (including, for instance, processing complaints) the costs associated with performing these duties will not be included in the ADEPT proposal nor will independent contractors be asked to provide costs associated with this function.</p>	<p>G (pages 7, 16, 18-23)</p>

External Service Provider

<p align="center">Question:</p> <p>Are contractors subject to background checks and ethics rules?</p>	<p align="center">Where Addressed? (B=Ballot, IO=Implementation Ordinance, G=Guide)</p>
<p>As referenced in the Municipal Code, independent contractors’ employees must perform background checks if background checks were required of City employees performing those same services. In addition, the same regulations and requirements of service delivery necessary to maintain service quality that will apply to a City department “shall also apply to any independent contractor.”</p>	<p>IO (22.3703(a)(9) and (10)); G (pages 17-18)</p>

<p>Question: Will contract oversight and quality assurance be on a complaint response basis only, or will there be proactive review of compliance and performance? How will the City ensure all compliance requirements are being met by a contractor (e.g. living wage)?</p>	<p>Where Addressed? (B=Ballot, IO=Implementation Ordinance, G=Guide)</p>
<p>As referenced in the Municipal Code, “the (Mayor) shall be required to produce annual performance audits for contracted services, the cost of which must be accounted for and considered during the bidding process. In addition, the (Mayor) shall seek an independent audit ... to evaluate the City’s experience and performance audits.”</p> <p>In addition, the Department Director is responsible for monitoring the performance of independent contractors as outlined in the Quality Assurance Surveillance Plan (QASP) that will be included as an attachment to the SOW. The QASP will identify both quantitative and qualitative performance measures.</p> <p>Finally, the Mayor will require that any independent contractor providing services to the City meet minimum contract standards. As referenced in the Municipal Code, minimum contract standards shall include “that the independent contractor has committed to complying with the City of San Diego Living Wage Ordinance, San Diego Municipal Code Chapter 2, Article 2, Division 42, Sections 22.4201 through 22.4245, if required by the terms of that ordinance.”</p>	<p>IO (22.3703; 22.3716) & G (pages 14, 17-18, 26-28)</p>
<p>Question: Other than compliance with legally-mandated living wage, safety and other requirements, such as state disability and workers compensation, how will the City ensure that employees of an independent contractor receive health, retirement, and other benefits comparable to those provided to City employees?</p>	<p>Where Addressed? (B=Ballot, IO=Implementation Ordinance, G=Guide)</p>
<p>City contracting standards and procedures do not require that contractors’ employee benefits match City employee benefits. Managed competition contracts will follow City standards and procedures in this regard.</p>	<p>N/A</p>
<p>Question: If, after an independent contractor is directed to take corrective action on a failure to perform, the problem persists, what will be the remedy?</p>	<p>Where Addressed? (B=Ballot, IO=Implementation Ordinance, G=Guide)</p>
<p>Corrective action may be necessary if costs, performance levels, outcomes or customer satisfaction do not meet the committed levels, the action plan to correct these deficiencies has not been followed, and/or issues have not been resolved. Corrective action must be consistent with the guidelines established under the terms and conditions in the contract. The guidelines should include specific details regarding the basis for and notification methods of non-compliance, length of time to correct any deficiencies, and penalties involved.</p>	<p>G (pages 28-29)</p>
<p>Question: Will property and materials furnished by the service provider, if it is an external contractor, become City property at the conclusions of the contract?</p>	<p>Where Addressed? (B=Ballot, IO=Implementation Ordinance, G=Guide)</p>
<p>The determination of what will be government-furnished versus service-provider-furnished materials will be made during Statement of Work development. Terms and conditions of the contract are also delineated during this stage of work. Terms and conditions could include, if deemed appropriate, the requirement that service-provider-furnished materials be provided to the City at contract conclusion—or that service-provider-furnished materials be available for purchase by the City at the conclusion of the contract. The type of property and materials required to perform a function is quite dependent on the function. Accordingly, the appropriate disposition of property and materials will be specific to a function or solicitation.</p>	<p>G (page 15, Sections G-5 and G-6)</p>

<p align="center">Question:</p> <p>How will the City's desire to have a diverse workforce be factored into this process?</p>	<p align="center">Where Addressed? (B=Ballot, IO=Implementation Ordinance, G=Guide)</p>
<p>As referenced in the Municipal Code, any independent contractor providing services to the City must meet minimum contract standards to be contained in the solicitation for services. The minimum contract standards "shall include...that the independent contractor has a policy of equal employment opportunity..."</p>	<p>IO (22.3703) & G (pages 17-18)</p>

City Staffing/Firewall

<p align="center">Question:</p> <p>How will conflicts over whether a particular individual should be assigned to the ADEPT or SOW team be resolved? It is not inconceivable that a few particularly expert individuals will be in high demand. And since the Pre-Competition Assessment Team and SOW are expected to be the same people, does that exclude key employees from the Pre-Competition Assessment?</p>	<p align="center">Where Addressed? (B=Ballot, IO=Implementation Ordinance, G=Guide)</p>
<p>Conflicts regarding support of the various teams will be resolved by the relevant DCOO, ADCOO, and respective team leaders. Members of the pre-competition assessment team may, but are not required to, continue in their competition role for the development of the SOW as part of the SOW team.</p>	<p>G (page 13)</p>

<p align="center">Question:</p> <p>Will staffing needs for the ADEPT and SOW teams impact operations? How do we ensure this?</p>	<p align="center">Where Addressed? (B=Ballot, IO=Implementation Ordinance, G=Guide)</p>
<p>Activity department DCOOs and ADCOOs are responsible for ensuring their department is capable of responding to normal and contingency operations. Normal operations should be factored into the SOW and ADEPT timelines. Should unforeseen events occur that require extraordinary efforts of a given department, the first priority will be to ensure operational readiness. In such a situation, the DCOO and ADCOO would coordinate with the Business Office to adjust the schedule until a normal operational tempo resumes.</p>	<p>N/A</p>

Confidentiality

<p align="center">Question:</p> <p>Which documents/processes are being treated as confidential? How is this determined? (e.g. ESD-Collection Services BPR)</p>	<p align="center">Where Addressed? (B=Ballot, IO=Implementation Ordinance, G=Guide)</p>
<p>In instances where BPRs include efficiencies that would provide a competitive advantage for employees if a function were to go to managed competition, the MEGO results may be withheld from implementation for up to one (1) year while a pre-competition assessment and disposition for managed competition is determined. Not all elements of a MEGO have the potential for providing competitive advantage for employees (e.g., if performance of a function is combined within a single City department, there may not be inherent efficiency and as a result, while portions of a MEGO may be held back for competitive advantage, this portion may not).</p> <p>A pre-competition assessment was initiated on Collection Services. We anticipate that the pre-competition assessment will be completed in late winter or early spring.</p>	<p>N/A</p>

Meet & Confer

Question:	Where Addressed? (B=Ballot, IO=Implementation Ordinance, G=Guide)
Which aspects of Managed Competition are subject to meet and confer and is there agreement on this?	
Items subject to Meet & Confer must be evaluated on a case-by-case basis. Actions which have an impact on wages, hours, or other terms and conditions of employment may be subject to Meet & Confer.	N/A

PERB

Question:	Where Addressed? (B=Ballot, IO=Implementation Ordinance, G=Guide)
What is the status of the PERB complaint? Hearing was scheduled for late September. Any possible impacts?	
The PERB complaint hearing was conducted in late October 2007 in Los Angeles, California. A ruling for the Administrative Judge is expected in the May 2008 time frame.	N/A

Guide

Question:	Where Addressed? (B=Ballot, IO=Implementation Ordinance, G=Guide)
What does a 'living' Managed Competition Guide entail?	
The Managed Competition Guide is a management tool intended to assist in the implementation of the managed competition program. As the program is refined or evolves, the Guide will be updated to reflect best practices in managed competition as it is implemented in the City of San Diego.	N/A

Question:	Where Addressed? (B=Ballot, IO=Implementation Ordinance, G=Guide)
How do we handle disagreements on the guide?	
The Guide provides an explanation of the particular ways in which the managed competition program will be implemented. It must conform to the Managed Competition Ordination (Municipal Code 2.2.37). Where processes or procedures are articulated in the Guide that are not specifically governed by the Ordinance, recommendations to gaps or issues within the Guide will be entertained and deliberated recognizing that significant changes will be problematic as the City discussed the Guide with the labor organizations to get their feedback and the managed competition program needs to be implemented consistently.	N/A

Question:	Where Addressed? (B=Ballot, IO=Implementation Ordinance, G=Guide)
What is the status of the guide? How will Council be updated if the guide changes?	
The Guide is posted on the Business Office's intranet site. A series of changes were made in advance of the September version of the Guide (version 6.3) being released to respond to comments received from the labor organizations (AFSCME 127 and the Municipal Employees Association) in labor meetings. All changes to the Guide are tracked in a change matrix appearing at the beginning of the Guide. Any additional changes that are made to the Guide are circulated to the Labor Advisory Committee in advance of being made and are tracked in a change matrix at the front of the Guide. One change to correct an overlooked error has been made since the Guide was released on September 7, 2007.	N/A

Additional Question Posed in Council on December 4, 2007

<p align="center">Question:</p> <p>Will consultants be used to staff the MCIRB?</p>	<p align="center">Where Addressed? (B=Ballot, IO=Implementation Ordinance, G=Guide)</p>
<p>A Technical Evaluation Group (TEG) shall consist of subject matter experts who serve as technical consultants to the MCIRB. These consultants may be subject matter experts on loan from other jurisdictions or public agencies or they may be paid consultants. The members of the TEG will be subject to appropriate conflict of interest rules and regulations.</p> <p>A Cost Evaluation Board (CEB) will be assigned by the MCIRB and will be staffed by City analysts.</p>	<p>G (page 22)</p>