

COUNCIL POLICY

SUBJECT: COMPETITION PROGRAM
POLICY NO.: 000-30
EFFECTIVE DATE: June 27, 1994

BACKGROUND:

In an environment of limited revenues and increasing demand for services, the City of San Diego must ensure to maximize use of its resources. It is the desire of the City Council to evaluate the City's service delivery program to determine the best model for providing selected services based upon cost efficiency and effectiveness, customer service and maintenance of essential public services.

GOAL/PURPOSE:

To insure that the City of San Diego is competitive and provides and maintains the highest quality service for the optimum cost to residents, businesses, tourists and visitors.

POLICY:

It is the policy of the City of San Diego to deliver services through the most effective and efficient means available. The Competition Program is one process the City plans to use in an effort to achieve this policy.

In order to insure that services are competitive, the City will:

- 1) benchmark its performance in selected service areas against other providers (public, private or non-profit) of comparable services,
- 2) analyze performance measures,
- 3) evaluate how the City could become more competitive and implement changes,
- 4) evaluate alternative service delivery models, determine the most appropriate model (based on criteria specified herein) which ensures the maintenance of an essential public service, and
- 5) implement changes based on the results of the process.

This policy is not intended to apply to all service areas provided by the City. Where applied, it is intended to insure the best expenditure of funds for the service provided. It is the responsibility of the City Manager, annually, along with the Proposed Budget, to identify and recommend the City Council those service areas which should be candidates for evaluation and consideration for alternative service delivery models.

The Competition Program is being implemented in a phased manner, with the first phase being a pilot program. This will allow for evaluation of the process, program implementation and modifications to the policy and processes as necessary.

POLICY PROVISIONS:

1. The City of San Diego is committed to providing the highest quality service, at the specified level, for the lowest cost to taxpayers.
2. The City Manager will annually submit a two year plan, with the Proposed Budget, to the City Council which identifies services to either study or implement alternative means of delivery.
3. For alternative means of service delivery, the potential providers include but are not limited to, the City, private services, volunteers, inter-agency agreements, public/private partnerships, and non-profit agencies.
4. As a guideline, the City will directly deliver those basic public services where effectiveness and efficiency is equivalent to or greater than alternative means and where the potential savings for an outside service provider are less than ten percent (10%) for the same level of service. Variations may occur depending on the Circumstances and the size of the contract.
5. The City will directly provide essential public safety including basic police protection and fire suppression.
6. The City may propose to provide services that are currently provided contractually. The City may propose to provide basic government services to other governmental agencies if there is a benefit to the City and the taxpayers.
7. The City will benchmark its services performance against other providers of comparable services.
8. Departments will be given an opportunity to develop and implement efficiency and effectiveness improvements in their operation before the bidding process begins.
9. Before the City contracts out some or all of an essential or mandated service, a plan for service interruption will be considered.
10. The City will make every reasonable effort to assure continuing employment for its employee when change is contemplated in the model of service delivery.
11. Service delivery options will be evaluated using uniform criteria plus specific criteria related to the service.
12. An advisory Panel will include private sector leaders with operating, financing and contracting expertise, who will be appointed by the City Manager. The Panel will also include ex-officio members from the City Manager's Office and labor organizations representing City of San Diego employees. The Advisory Panel will assist in the implementation stages of the Program, and act as a sounding board for alternative service delivery endeavors. Panel activities may include but are not limited to:

Participation in the identification of City services and programs to be considered for competition

Participation in proposal review and evaluation (Labor representatives will not participate in this activity)

Participation in the evaluation of this Program, including periodic reports to the City Council regarding progress and accomplishments of the Program

13. An internal advisory committee called the Competition Committee, will address three subject areas of policy, process and employee development. The members of this Committee will include managerial appointed City employees and representatives from the City's labor organizations.
14. All contracts for services are subject to all current and future applicable federal, state and local laws, regulations and the Charter of the City of San Diego.
15. Where City Capital is invested in equipment, real property or other capital assets, the City shall evaluate the appropriate measures, such as retaining ownership to insure the ability to resume operations in the case of default, changed circumstances, or high price proposals.
16. Every service considered for competitive bidding must be evaluated for potential cost savings versus impact on the public good, especially in the areas of reliability, safety, public health, employee compensation, economic benefit and potential liability. Cost savings alone will not be the determining factor. Real improvements to efficiency will also be considered.

PROGRAM CONSIDERATIONS

TIMING & NUMBER:

The number of programs and services to be evaluated annually will be determined by evaluation of the capacity of the City to administer multiple processes and an estimate of the net financial value to be accrued.

In identifying programs for potential alternative service delivery, the City may perform an evaluation to consider offering entire programs or portions of programs for competitive proposal.

COST SAVINGS:

Cost comparison evaluations will be required. Proposals for service delivery will be prepared by both the City and alternative service providers based on the scope of work outlined in the Request for Proposals issued by the City.

The City will utilize reliable information pertaining to performance and work load standards and costs is comparing public and private service options. Cost savings alone will not be the only consideration in a decision to change the model of delivering services. For example, the ability of the City to

guarantee a consistent level of quality, and uninterrupted provision of essential public services will also be considered in the evaluation.

The basis for comparison of proposal costs may vary by the type of service. The City will detail the basis for comparison, including but not limited to the elements of overhead, costs of administering and monitoring contracts, transition costs and liability estimates in the Request for Proposals.

QUALITY OF SERVICES:

In addition to cost savings, comparisons of City versus alternative models for providing services must indicate that quality of service can be maintained or improved without increasing costs. This may be accomplished by specific performance standards and financial penalties for non-performance. Service level specifications will be included in the Request for Proposals and used to establish the level of service.

ABILITY TO GUARANTEE SERVICE:

There must be reliable service providers available or a strong likelihood that they can be developed within an acceptable time frame. Private providers will be required to maintain predetermined levels of responsiveness. However, providers must be prepared to respond to increased service demands or changing service needs quickly and effectively, if directed by the City. Additionally, private providers should demonstrate the capability to provide continuous service.

DIVERSITY OF WORK FORCE:

Service providers will be encouraged to make efforts to the extent permitted by law to ensure that their work force reflects the ethnic and gender makeup of the available work force in the community at large throughout the life of the contract.

PROPOSAL EVALUATION:

Responsive proposals will be evaluated based upon “best practices” criteria including but not limited to value analysis and an assessment of proposers ability to perform the work with the resources detailed in the proposal.

EMPLOYEE STATUS:

The City will make a good faith effort to offer, or have offered, employment to any City employee who may be impacted by the competitive bidding process. Employees will retain their layoff rights as defined under the Civil Service System.

Where alternative service delivery results in a reduction in force, alternatives to address the status of City employees may include but are not limited to: reduction through attrition, transfer, hiring of qualified employees by a new provider, training, cross-training, or lay-off. Every effort will be made to assist public employees in transition situations.

CITY BID FOR NON-CITY SERVICES:

In area where City forces are consistently productive and cost effective and it is of benefit to the City/taxpayers or a regional benefit, the City Manager has the option to bid on provision of those same services to other governmental agencies.

HISTORY:

Adopted by Resolution R-284169 06/27/1994