



THE CITY OF SAN DIEGO

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## OFFICE OF THE INDEPENDENT BUDGET ANALYST REPORT

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**Date Issued:** October 18, 2012

**IBA Report Number:** 12-45

**City Council Docket Date:** October 23, 2012

**Item Number:** 331

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# Sunshine Act Fiscal Impacts

## OVERVIEW

On Tuesday October 23, 2012 the City Council will be asked to approve the establishment of a Sunshine Act proposed by Councilmember DeMaio. The Sunshine Act requires the following information be posted online in a searchable and well-organized format for access by the public:

- The text of all contracts for consultants, goods, and services entered into the City valued at more than \$25,000 in a given fiscal year;
- Written justification from the Mayor for any sole source contract for consultants, goods, or services valued at more than \$25,000 in a given fiscal year;
- A list of all vendors of goods or services that received payments totaling \$25,000 or more cumulative from the City by fiscal year;
- City construction contracts in accordance with section 22.4403;
- All Memoranda of Understanding with each of the City's recognized employee organizations for the proceeding five years;
- Employee compensation information as mandated and defined by the State Controller's Office for the preceding five years.

This item was heard at the Rules, Open Government and Intergovernmental Relations Committee (Rules) on June 27, 2012. The Rules Committee voted to direct the City Attorney to prepare a draft ordinance and forward to the full City Council with a request of the IBA to evaluate the costs and steps associated with the creation of an ordinance based upon information provided by staff. This report provides an overview of the estimated costs associated with the Sunshine Act, as provided by department staff, and what will be required to implement the Act. In addition, this report provides an update to the estimated costs associated with posting the text of all construction contracts valued at more than \$25,000 on the City's website as required by Proposition A.

## FISCAL/POLICY DISCUSSION

The following sections provide an overview of what will be required to implement the various components of the Sunshine Act and the estimated increased budget impacts. As noted below, in many cases the data required to comply with the Sunshine Act is already available or being produced resulting in a zero dollar impact to the City's Budget. With the exception of posting construction contracts over \$25,000, existing City staff will be used to comply with the Sunshine Act. As a result, the implementation of the Sunshine Act could increase the workload of staff thus impacting other programs in the various departments. Staff has stated that the expense and workload impacts of implementation of the Sunshine Act are preliminary and will need to be reviewed once implemented. Staff estimates that they will be able to fully implement the Sunshine Act starting in July 2013.

**Consultants, Goods, and Services Contracts valued at more than \$25,000 (Post Text, Sole Source Justification, and list of Vendors)**  
***Estimated Increased Budget Expense: \$0 annually***

Under the Sunshine Act, existing staff from the Purchasing and Contracting Department (P&C) in consultation with the City Attorney's Office will review contracts and work with vendors as necessary to redact protected information and then post required information on the City's website. In addition, City Comptroller staff will work with the Department of Information Technology's Enterprise Resource Planning Division to develop a quarterly report of all vendors paid more than \$25,000 (cumulative) in a single fiscal year that will be posted on the City's website. P&C Staff will also post any sole source justification memos as necessary.

P&C Department staff has stated that if approved, the new vendor registration and eSourcing Software, Planetbids, will assist in posting the text of contracts for consultants, goods, and services valued at more than \$25,000. P&C Staff has stated that to perform this function minimal programming to the Plantbids system would need to be provided. However, if any additional resources are required, which are not anticipated, they will be requested as part of the annual budget process.

**City Construction Contracts valued at more than \$25,000 (Post Text and Sole Source Justification in accordance with Proposition A)**  
***Estimated Increased Budget Expense: \$97,000 annually (Included in the Fiscal Year 2013 Budget); \$18,000 in one-time set-up expenses (Included in the Fiscal Year 2013 Budget)***

Included on the ballot for Proposition A was a Fiscal Impact Analysis of the measure. For the Fiscal Impact Analysis, Mayoral staff had preliminarily estimated the cost of posting the text of construction projects over \$25,000 at \$450,000 annually with \$500,000 required for one-time set-up expenses. Since that time, staff has reduced their estimates to \$97,000 annually and \$18,000 for one-time set-up expenses after further review. The IBA asked staff why the estimated expenses were drastically reduced from what was provided prior to the development of the Fiscal Impact Analysis and they stated that the estimates prepared in March were very preliminary and conservative. In addition, since the passage of Proposition A, staff has been working through the logistics of what will be required to comply with the measure and the original estimate of staff time is substantially less than what was projected. Staff also notes that

the streamlining of contracting operations and the anticipated vendor registration software will help collect some of the data resulting in a reduced fiscal impact.

The Public Works – Engineering & Capital Projects Department’s (E&CP) Fiscal Year 2013 Budget included 6.00 new positions related to the Management of the Deferred Capital/CIP Streamlining program. Staff had anticipated that one of the responsibilities for these positions would be to facilitate compliance with Proposition A if it passed. In addition, E&CP’s Fiscal Year 2013 Budget included funding to develop the City’s new CIP website and also provide for the necessary programming to post contracts on the City’s website if necessary.

**Post All Memoranda of Understanding (MOU) with each of the City’s recognized employee organizations for the preceding five years**  
***Estimated Increased Budget Expense: \$0***

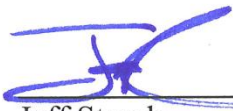
Staff notes that the Human Resources Department already posts the current MOUs with the City’s labor organizations on the City’s internal website. To meet the Sunshine Act’s requirements, staff will post the MOUs on the City’s public website. The location on where they will be posted is still being determined.

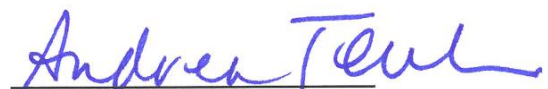
**Employee compensation information as mandated and defined by the State Controller’s Office for the preceding five years**  
***Estimated Increased Budget Expense: \$0***

City Comptroller staff notes that they already prepare an annual employee compensation report for submission to the State Controller’s Office. As a result, posting the information on the City’s website will not require any substantial change in workload or expense. The Comptroller currently has employee compensation reports for calendar years 2009, 2010, and 2011 and will post these reports on the City’s website.

## CONCLUSION

As noted above, in many cases the data required to comply with the Sunshine Act is already available or being produced resulting in a zero dollar impact to the City’s Budget. With the exception of posting the construction contracts over \$25,000, existing City staff will be used to comply with the Sunshine Act. As a result, the implementation of the Sunshine Act could increase the workload of staff thus impacting other programs in the various departments. Staff has stated that the expense and workload impacts of implementation of the Sunshine Act are preliminary and will need to be reviewed once implemented.

  
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