



COUNCILMEMBER DAVID ALVAREZ

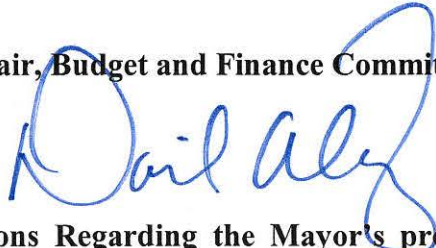
City of San Diego

Eighth District

MEMORANDUM

DATE: January 27, 2012

TO: Councilmember Todd Gloria, Chair, Budget and Finance Committee

FROM: Councilmember David Alvarez 

SUBJECT: Response to Request for Questions Regarding the Mayor's proposed CIP Streamlining and Transparency proposal

In response to your request of January 25, 2012, the following is a list of outstanding issues related to the Mayor's proposed CIP Streamlining and Transparency proposal. Please note at the outset that I fully support the incorporation of all of the Independent Budget Analyst (IBA) recommendations set forth in IBA Report 12-04 (January 23, 2012). I strongly suggest the Department include a sunset provision as described in the Report.

I have also received a copy of the Center for Policy Initiatives January 27, 2012 letter, addressed to all Budget and Finance Committee members, laying out its concerns and ideas for this proposal. I request the Public Works Department (Department) also respond to these questions within your specified timeline.

Information Provided To Council

1. How will the Department provide detailed information to the City Council during the CIP Budget process? For instance, street resurfacing has typically been a budget item where the particular street segments have not been identified prior to the budget approval.

2. Specifically, what information will be provided to Council during the 'more robust budget process'? What does a 'high-level full report' mean?
3. Please provide an example of the summarized list of projects proposed to be included in the Annual CIP budget document provided to Council.
4. What is the Department's opinion of the potential for developing a 5-year CIP plan to give context for the Council to make an informed decision regarding the annual budget? What progress has been made, if any, towards that goal?
5. What have been the current obstacles to providing the 'high level full report'? How does the Department expect to overcome these hurdles under the streamlining proposal?
6. How would Consultant agreements for Public Works Projects be presented in annual budget documents?
7. How does this streamlining proposal fit in with prioritization efforts? Does the Department have plans to provide Council with a prioritized CIP budget by district?
8. In the FY 12 budget there are significant disparities in the amount of money spent on CIP projects across council districts. In the case of non-citywide non-public utilities projects, Districts 3, 4, 5, 7, and 8 combined received less money than district 1. Please explain how this disparity will be addressed through the streamlining proposal.
9. At the January 25, 2012 Budget and Finance Committee meeting, the City Attorney confirmed that the Council does have the authority to pull projects from the summarized project list for final approval prior to awarding the contract. Given that authority, what is the specific process to accomplish this? How, and when, would the projects come back to Council if they were pulled?
10. How will pending operating budget impacts and their effect on the CIP Budget be relayed to Council if the only approval timeframe is once a year?
11. How will Council be notified of Change Orders and Job Order Tasks?
12. How does the proposal address deferred maintenance? Does the Department concur that linking such maintenance with the capital project process would give Council a true picture of the state of the CIP?

Multiple Award Construction Contracts (MACC) Process

13. Testimony at the January 25, 2012 Budget hearing seemed to suggest that a set group of organizations were consulted by the Department to craft the MACC proposal. Please confirm which groups or individuals the Department met with.
14. Much of the discussion and testimony at the January 25, 2012 Budget and Finance Committee meeting centered on the proposal for the inclusion of a MACC process within the proposal. Given this discussion and the IBA's Report, how would the Department structure MACC to address the concerns voiced at the meeting?
15. What is the potential impact of the MACC proposal on the Small Local Business Enterprise (SLBE) Program?
16. How will the MACC program address federal restrictions on quotas?

Land Development Code Amendments

17. Please summarize why the Land Development Code amendments are not moving forward with the other recommendations. What is the timeline for those amendments? I strongly suggest that if the amendments are to move forward, they are heard in the Land Use and Housing Committee as part of the vetting process.

Threshold Increases

18. What was the Department's methodology in selecting the \$30 million figure? Please include in the response how any potential trade-off between public involvement/transparency and cost or time savings was determined
19. Is a cost threshold the most useful proxy for public interest, or do some lower cost projects potentially engender more public discussion?

Transparency and Community Outreach

20. Please provide a detailed community outreach plan, including organizations or individuals to be contacted, should this proposal move forward.
21. Please provide an implementation timeline for the CIP Transparency measures.
22. The IBA's recommendation was to have the transparency measures implemented concurrently or before other changes. Does the Department accept this recommendation. If not, why will the measures be delayed?
23. How would the website and other transparency measures fit into planned or existing IT/SAP software interface enhancements?
24. Reducing Council oversight to the annual CIP Budget approval process necessarily puts more discretion and authority in the hands of unelected officials who would decide specific contract awards. How would the Department achieve transparency and accountability for those transactions? Please provide thoughts on whether a disclosure process (either stand alone or linked with existing procedures such as the Lobbying Ordinance) would be appropriate and sufficient to address this issue.
25. At the January 25, 2012 Budget and Finance Committee hearing, Mr. Heinrichs referred to time and cost savings that would be realized by implementation of this proposal. A specific figure of 'at least 3 months' was suggested as a minimum time savings. What are the expected cost savings if the streamlining mechanisms are implemented?
26. I have requested at two Land Use & Housing Committee meetings to be provided with the OCI data. Please provide this data.

Specific Suggested Changes to Municipal Code and Council Policy

27. On page 65 of the report (Exhibit D), Section 22.3201 states that: "This Division establishes requirements for award of contracts other than public works contracts." Please confirm that

these changes are related to CIP and public works specifically, or whether they apply to all contracts for services, goods and consultants.

28. On page 72, (Exhibit D) Section 22.3224, Contractor Standards, is being deleted. This section of the Municipal Code establishes contractor standards, sets forth what happens if the contractor violates the law, and allows that if a contractor is deemed non-responsible they may request a public hearing before the Budget Committee, and makes the determination of the City Council the final administrative remedy. Is this language being moved to another part of the Municipal Code or just being deleted? If it is being deleted please provide the rationale for such a decision.
29. Are there any changes, additions, and/or deletions to the Municipal Code or City Council Policy suggested by this proposal that are not directly related to the Public Works Contracts? Examples would include authorizing additional mayoral and/or department authority, changing any current approval thresholds, eliminating existing language, reducing/eliminating public hearings, etc.
30. Does this proposal suggest any changes to current requirements that the City Attorney sign off on contracts? Are there currently any contracts that the City Attorney does not review and/or sign off on and if so, which ones?

September 2011 CIP Performance Audit

31. The Department made reference to the CIP Performance Audit by the City Auditor (issued in Sept 2011). Does the Department agree with all the recommendations referenced in that Audit report? If not, what are the specific disagreements and how can they be resolved?
32. The Department's November 2, 2011 Report to the Budget Committee states that some of the changes made as a result of the auditor's report have "materially shortened the time required to award contracts." How much time has been saved (what does the word "materially" mean in this context) and how many CIP contracts were involved in determining that time savings?
33. Were any of the following items proposed by the Department suggested by the City Auditor or recommended in the Auditor's report?
 1. Adjustment of current approval thresholds (CIP related consultants agreements, Change Order Limit, Job Order Contracting Tasks)
 2. Modification of the Municipal Code to allow for a design-build MACC process

DA/gs