



City of San Diego

# Capital Improvements Program (CIP): Process Improvement and Streamlining



Citizen Equal Opportunity Contracting (CEOC)  
May 6, 2015



# Objective

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- ❑ **Mayor's goal of Improving CIP implementation**
  - ❖ **State of the City address (January 14, 2015)**
- ❑ **Multi-Year Capital Planning (MYCP) Follow-Up**
  - ❖ **Presented to the City Council's Infrastructure Committee (January 21, 2015)**



# Capital Improvements Program Overview

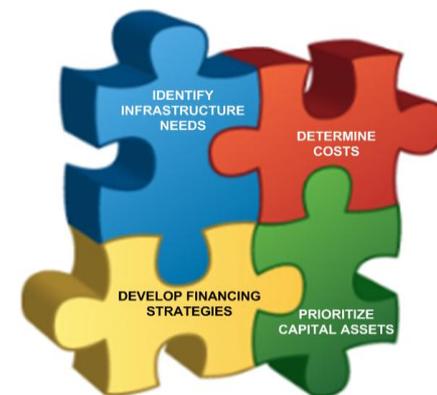
- **Current Value Up to \$3.2B and nearly 1,000 projects**
  - Primarily Managed by the Public Works Dept (PWD)
- **Up to \$300M per year is Delivered**
  - Designed or Constructed





## CIP Process Background

- **Process Improvement and Streamlining in 2012/2013**
  - 13 Measures Implemented
  - Allowed more efficiently and cost effective CIP delivery
- **Additional CIP Challenge Areas**
  - Manual Processing of Construction Contract Bids
  - Lack of CIP Dedicated Environmental Teams
  - Add'l Alternative Delivery Opportunities
  - Small Size of CIP Projects
  - Cash Management
- **New Process Improvement and Streamlining Measures and Cash Management**
  - 13 Measures Planned (20 including Cash Management)
  - 5 Measures Require Council Action





# ***Near Term (July 2015) Process Improvement Measures***



Process Improvement and Streamlining Measure #1 (A):  
**On-Line Bidding and Award of Construction Contracts**

- **Replaces Hard Copy Bids with Electronic Submittals**
  - Similar to On-Line Application or Tax Programs
- **Advantages**
  - Avoids Bid Delays due to Higher Bid Volume
  - Minimizes Human Error during bidding
  - Reduced Number of Bid Protests
  - Improved Audit Capabilities
- **Requires Citywide Administrative Regulation (AR) for Construction and A&E Contracts**





*Process Improvement and Streamlining Measure #2 (B):*

## **Dedicated CIP Teams & Authority for CEQA & Permitting**

- **Create Dedicated CEQA/Permit Review Teams for CIP Projects**
  - Within Development Services
- **Delegate Limited CEQA authority to PWD for Minor Actions**
  - Consultant Agreements and Other Common Exemptions (Pipeline Replacement, Paving, etc)
- **Advantages**
  - Avoid CIP delays from private development demands
  - Allows DSD to focus on complex projects (Environmental Impact Reports, etc)





## Process Improvement and Streamlining Measure #3 (C): Increased Use of Job Order Contracts (JOC)

- **Use Multiple JOC Contracts for Each Asset**
  - Separate Geographical Limits
  - Backup for Each Other (Redundancy)
- **Expand the Size of JOC Contracts**
  - Two \$20M Paving contracts currently being awarded
- **Advantages**
  - Backup for Each Other (Redundancy)
  - Additional Capacity





## Process Improvement and Streamlining Measure #4 (D): Increased Average Public Works Contract Size

- **Increase Average Size from \$2M to \$5M**
  - Combining Similar Projects
  - “One Dig” Approach
- **Advantages**
  - Reduced Duplication of Fixed Costs (Bidding, etc)
  - Better Construction Prices due to Higher Volume



Existing CIP Project Sizes	
CIP Project Size (\$)	% of CIP
0-100K	9%
101K-500K	25%
501K-1M	17%
1M+	49%



## Process Improvement and Streamlining Measure #5 (E):

### Expanded City Construction Crew Usage for Small Const

- **City Forces Work on Projects that Don't Require Plans**

- Small Sidewalks, Curb Ramps, etc

- **Advantages**

- No Plan Development Required
- Faster Construction of Small Items



## Process Improvement and Streamlining Measure #6 (F):

### Portfolio Approach for Consultant Authorizations

- **Approval for Specialty Types and Groups of Work Items**

- Work Not Performed by City Staff
- Overall Portion of the CIP (Sustainable Staffing Levels)

- **Advantages**

- Faster Project Delivery
- Reduced Staff Time for PWD, Human Resources, and Others



## Process Improvement and Streamlining Measure #7 (G):

### Use Current Construction Contracts for Planned Resurfacing

- **Underground Infrastructure Add Permanent Resurfacing**
  - In-Lieu of Future Dedicated Paving Contracts
- **Advantages**
  - Faster implementation of resurfacing needs
  - Less community disturbance



## Process Improvement and Streamlining Measure #8 (H):

### Expanded Use of MACC Contracts

- **Increase MACC Task Limit from \$10M to \$30M (Sept 2015)**
- **Apply to Facilities and Stormwater Projects**
  - Once sufficient funding available
- **Advantages**
  - Substantial Cost and Schedule Savings
- **Requires Amending Design-Build Ordinance**





# ***Longer Term (2016) Process Improvement Measures***



## Process Improvement and Streamlining Measures #9 (I) thru #13 (M):

- **Electronic Review Process for Mayor's (PA 2625) Actions**
  - *Faster Project Delivery*
  - *Prevents Lost Documents*
- **Park General Development Plan (GDP) Reform for Minor Work**
  - *Faster Implementation of Small Park Additions*
  - *Requires Park Board & Community Outreach with Council Policy Revision*
- **Standardization of Fire Stations and Comfort Station Designs**
  - *Faster Design and Delivery for Facilities*
  - *Reduced Operations & Maintenance Costs*
- **Batch/Options Contracting (Design Sequencing)**
  - *Faster Delivery for Large Groups of Similar Work*
- **Concept Based Selection of Design-Build Teams**
  - *Focused Community Input on Multiple Design Concepts*
  - *Requires New/Revised Design-Build Council Policy*





# ***Benefits Summaries***



## Process Improvement and Streamlining Benefits Summary

- **Estimated Individual Project Schedule Savings of:**
  - Up to 15 Weeks for Most Projects
  - Up to 24 Weeks for Some Specific Projects

Process Improvement (Streamlining) Benefit Summary			
Benefit Type	Time Savings (Weeks)		Other Benefits
Measure	Asset Specific Measures	Measures for all Asset Types	
On-Line Bidding and Award of Construction Contracts	0	3	Project Cost Savings
Dedicated CIP Teams for CEQA	0	3	Project Cost Savings
Increased Use of Job Order Contracts	4	0	Project Cost Savings
Increased CIP Contract Size	0	0	Project Cost Savings
Additional Construction Crews for Small Improvements	24	0	Project Cost Savings
Portfolio Approach for Consultant Authorizations	0	3	Project Cost Savings
Use Current Contracts for Resurfacing	0	0	Less Community Impacts
Expand the use of MACC contracts	8	2	Project Cost Savings
Electronic Review Process for PA 2625 Actions	0	4	Better Process Reliability
GDP Reform for Minor Park Improvements	10	0	Project Cost Savings
Standardization of Facility Designs	10	0	Project Cost Savings
Batch/Options Contracting (Design Sequencing)	18	0	Project Cost Savings
Concept Based Selection of Design-Build Teams	12	0	Project Cost Savings
<b>Totals</b>	<b>NA</b>	<b>15</b>	



## Process Improvement and Streamlining Benefits Summary

- **Estimated Overall CIP Cost Savings of:**
  - **Between \$3M and \$9M for All Projects**
  - **Dependant on the Mix of Project Types in the CIP**

Process Improvement (Streamlining) Cost Benefit Estimate					
Estimated Streamlining Benefit (CIP Project Life)	Estimated Streamlining Benefit (CIP Project Year)	Annual CIP Delivery - Constructed or Designed (\$)	Estimated Average Overall CIP Savings (\$)	Minimum* Annual Overall CIP Savings (\$)	Maximum* Annual Overall CIP Savings (\$)
10%	2%	\$ 300,000,000	\$ 6,000,000	\$ <b>3,000,000</b>	\$ <b>9,000,000</b>
<i>*50% variance expected due to the fluctuations in the mix of project types in the CIP.</i>					



# End Of CIP Section





# **Capital Improvements Program (CIP) Cash Management Process Improvements**

**City Council Infrastructure Committee  
March 11, 2015**



# Capital Budgeting Process Improvements

- **Internal Process improvements**
  - **Internal CIP Monitoring Process**
  - **CIP Budget Review**
- **Improvements Requiring Council Action**
  - **Appropriations Ordinance (AO) Changes**
    - **Reallocation of Funding from Projects that are Technically Completed**
    - **Pooled Project Contingencies**
  - **Deappropriation of Annual Allocations and Reappropriations at Year-End**
  - **Semi-annual CIP Budget Review**



## Encumbrance Process Improvements

- **Current Process to Certify Funds**
  - **Certify entire contract against current year budget**
  - **Cash not spent for one or more fiscal years**
- **New Process to Certify Funds**
  - **Only for stable and predictable funding sources**
    - **Pilot program for TransNet-funded projects**
  - **Financial Management estimates revenue**
  - **Frees up budget to be allocated to other priority projects**



## **Certification of Funds Controls**

- **Future year revenue estimated by Financial Management**
- **Future year revenue encumbered when certified**
- **Purchase Orders limited to available budget**
- **Purchase Orders modified as additional budget is appropriated for future years**



## **Commercial Paper (CP) Use**

- **Short term financing tool for General Fund capital needs**
- **City Council training held on February 10, 2015**
- **City debt policy updated to include the use of commercial paper**
- **Use CP line of credit efficiently to establish or pay for contracts**
- **Reduce financing costs and borrow funds only as needed**
- **Enhance change in certifying funds for certain construction projects**
- **Expands capacity of the City to start projects on multiple tracks**
- **CP authorization expected to be brought forward to Council in fall 2015**



# Q & A