

**OFFICE OF INDEPENDENT BUDGET ANALYST
CITY OF SAN DIEGO
M E M O R A N D U M**

No. 08-03

DATE: January 4, 2008

TO: Honorable Council President Peters and Members of the City Council

FROM: Andrea Tevlin, Independent Budget Analyst
Jeffrey Sturak, Fiscal & Policy Analyst

SUBJECT: Equal Opportunity Contracting and the Otay Water Treatment Plant Upgrades
(Item # 60 on the January 8, 2008 City Council Docket)

On Tuesday, January 8, 2008 the City Council will consider approving the plans and specifications, as well as authorizing the Mayor to execute a construction contract with the lowest bidder for the Construction of Otay Water Treatment Plant upgrades. The estimated cost for this project is \$37,939,176. The Otay Water Treatment Plant is one of the City's three water treatment plants supplying water to San Diego's southern communities.

The IBA appreciates the importance of starting the work on this project. However, we have concerns with how the City Council will be informed on the primary contractor's compliance with the City's Equal Opportunity Contracting Program once that contractor has been selected. If the action before the City Council is approved, the Mayor, or his designee, will be authorized to execute a construction contract with the lowest and reliable bidder. ***It should be noted that once approval is granted by the City Council, the Mayor is not required to come back to Council with pertinent information about the contractor selected including compliance with the City's Equal Opportunity Contracting Program.***

The IBA is unclear if this action follows standard City contracting approval procedures or is an extra-ordinary occurrence. However, if this action reflects the City's standard approval process, it concerns the IBA that the City Council is not given the opportunity to ensure compliance with the City's Equal Opportunity Contracting Program prior to awarding the contract. In light of the substantial amount of this contract, and the City's well publicized deficiencies with the Equal Opportunity Contracting Program, the IBA questions if this is the best process for approval of these large contracts. The IBA recommends that the current contracting process for projects such as the Otay Water Treatment Plant be reviewed as part of the Mayor's comprehensive look at the City's Equal Opportunity Contracting Program to ensure that the City Council is informed of compliance before awarding the contract.