

From: Eddie Truong
Sent: Tuesday, June 26, 2018 11:49:56 AM
To: Eddie Truong
Subject: The SVO comments on potential ballot measures

Honorable Mayor Liccardo and City Council:

Attached is The SVO's letter commenting on two potential ballot measures under consideration by the city council – the general obligation bond and the “Best Value Contracting” charter amendment.

Thank you for your consideration.

Regards,
Eddie

EDDIE TRUONG

Director of Public Policy & Advocacy

The Silicon Valley Organization

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June 26, 2018

Mayor Sam Liccardo and City Council
City of San Jose
200 East Santa Clara Street
San Jose, CA 95113

Re: The SVO comments on Potential Ballot Measures

Honorable Mayor Liccardo and City Council:

On behalf of The Silicon Valley Organization (The SVO), I am writing to comment on the proposed ballot measures under consideration by the San Jose City Council. Specifically, we have serious concerns regarding both the \$950 million citywide general obligation bond and the proposed charter amendment to shift the city's procurement process to "Best Value Contracting". By way of background, we are the Silicon Valley's premier business advocacy organization representing 1,400+ companies that employ nearly 300,000 workers and we represent our membership as the region's largest Chamber of Commerce.

There are several drafts of the proposed general obligation bond and could potentially add more than \$950 million to the city's long-term debt liabilities. We are concerned about the City's long-term financial sustainability when taking on this additional long term debt. Perhaps a smaller, more specific bond that has less impact on the City's finances should be considered.

Furthermore, the "Best Value Contracting" charter amendment would change the public works procurement process to require new additional considerations of labor compliance that is not likely to be the lowest cost to taxpayers. The City Charter already requires that a "Responsible Bidder" is selected at the lowest cost to maximize tax payer value. "Best Value Contracting" is highly likely to increase the cost of public works projects by reducing competition from small contractors and merit shops. In fact, taken together, we believe that a significant portion of the potential \$950 million general obligation bond will indirectly pay for the increased construction costs mandated by "Best Value Contracting".

To that end, these proposed ballot measures may not achieve the city's stated goals, of reducing the existing construction backlog at the best value to taxpayers. Unless we reconsider the provisions of "Best Value Contracting", the dollars produced by this very large general obligation bond will not stretch as far to deliver results expected by San Jose residents and taxpayers.

If you have any further questions about The SVO's position, please contact Eddie Truong, Director of Public Policy & Advocacy, at

Sincerely,

Matthew R. Mahood
President & CEO

Executive Committee

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