



Potential City Charter Amendments

JUNE 26, 2018

ITEM 3.8



Background

1. Background and Direction
2. Updating Procurement Processes
3. Survey Results
4. Recommendations and Next Steps

Direction

October 17, 2017

- ▶ Direct the City Manager and City Attorney to draft ballot language, removing Mayor and Council from setting Mayor and Council salaries.
- ▶ Direct the City Manager to develop other “clean-up” Charter amendments to accompany this measure, saving funds

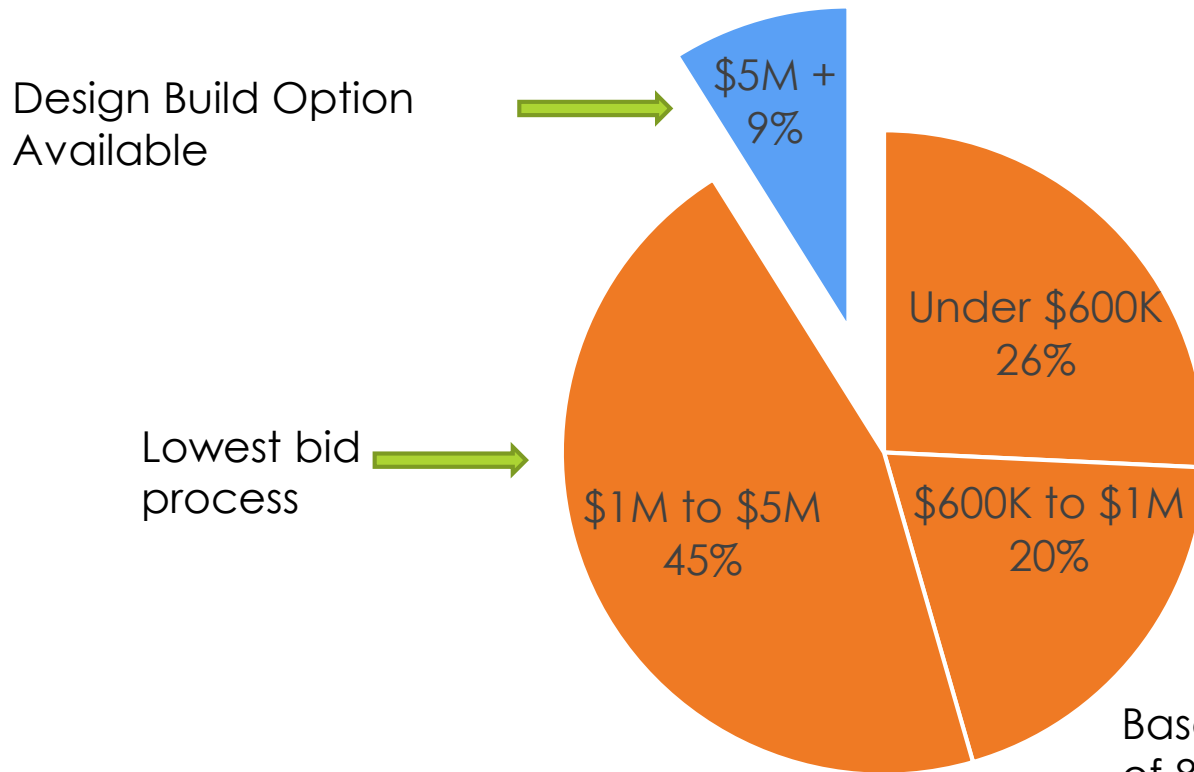
April 3, 2018

- ▶ Direct the City Manager and City Attorney to evaluate alternatives to supplant the “lowest-cost bidder” mandate, including polling to ascertain the viability of amendments to the City Charter.

Public Works Bidding Options

- ▶ Minor Public Works Projects (under \$100,000): Governed by Municipal Code.
- ▶ Major Public Works Projects (over \$100,000): Governed by Charter—award to lowest responsible bidder.
- ▶ Design-Build: Charter allows for projects over \$5 million.

Major Public Works Projects (over \$100K) Categorized



Based on FY 2016-2017 total
of 87 Major Public Works
Project Awards

Best-Value Alternative

- ▶ Establish as a “tool in the toolbox” for bidding complicated projects.
- ▶ San Francisco and University of California System currently use.
- ▶ Allows evaluation criteria beyond low bid price.

Increasing Minor Public Works Threshold

- ▶ Raising from \$100K to \$600K:
 - ▶ Increases speed, lowers cost, increases ability for small/local business participation
- ▶ 26% of Major projects fall in this category
- ▶ Last updated in 2000
- ▶ Other similar cities:
 - ▶ San Francisco: \$600,000
 - ▶ San Diego: \$500,000

Decrease Design-Build Threshold

- ▶ Lowering from \$5 million to \$1 million:
 - ▶ Multiple projects between 1 and 5 million over past several years that could have benefited
 - ▶ Nearly ½ of Major projects fall in this category
- ▶ 9 projects since inception, over \$1 billion
- ▶ A “best value” process that includes evaluation of local/small

Public Work Procurement Recommendations

Council Directed Items

- ▶ Provide “Best Value” option for toolbox

Additional Staff Proposed Items

- ▶ Increase threshold for minor public works projects to \$600,000
- ▶ Decrease threshold for design-build to \$1 million

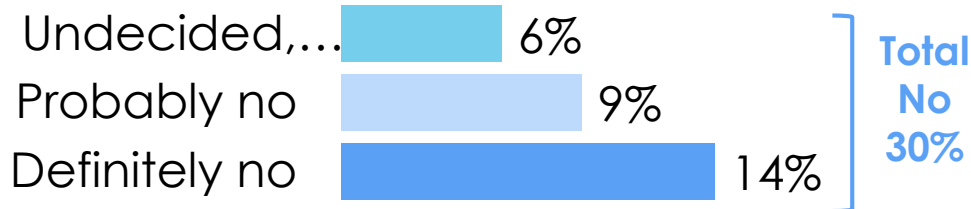
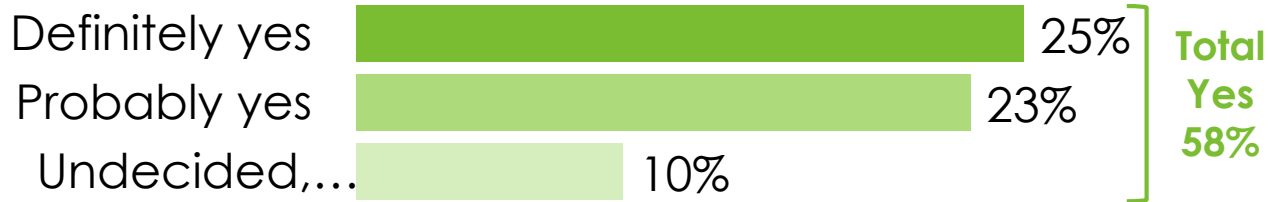
Clean-Up City Charter Amendments

- ▶ When a voter-sponsored initiative qualifies for the ballot, California law allows city councils to submit an alternative ordinance to the voters. If both pass, the measure getting the highest votes becomes law.
- ▶ Under Section 1603 of the San Jose City Charter, the San Jose City Council may not submit an alternative ordinance on the same ballot as a voter-sponsored initiative.
- ▶ Staff recommends removing this limitation from the City Charter and aligning with State Law.

Omnibus Charter Measure

- ▶ Shall the City of San José amend its City Charter to:
 - Remove the ability of the City Council to set their salaries, with increases limited to annual adjustments accounting only for inflation;
 - Streamline the City's construction contract procurement by only requiring projects totaling more than \$600,000 to be competitively bid and ensuring the City evaluates cost, experience, and work quality—allowing opportunities for small business; and
 - Align the City Charter with state law regarding competing measures in Municipal Elections?

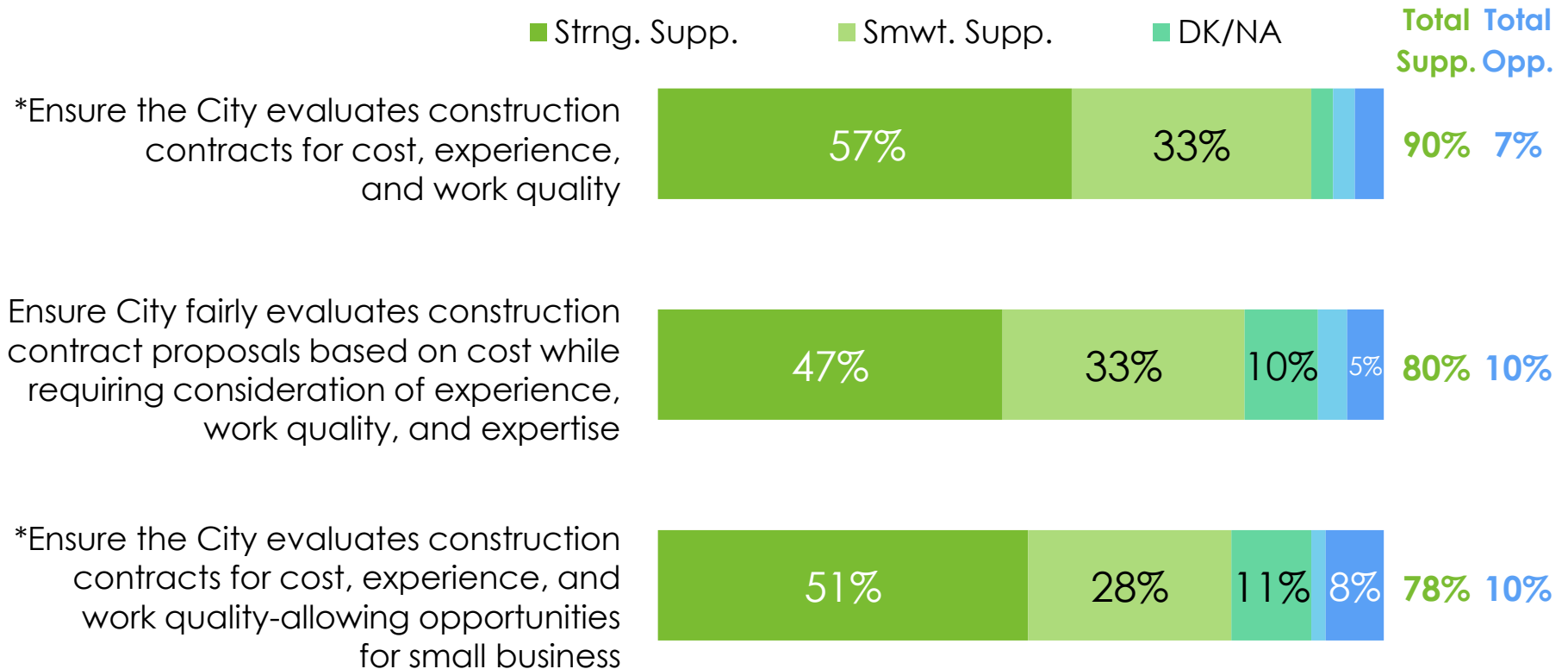
Omnibus Survey Results



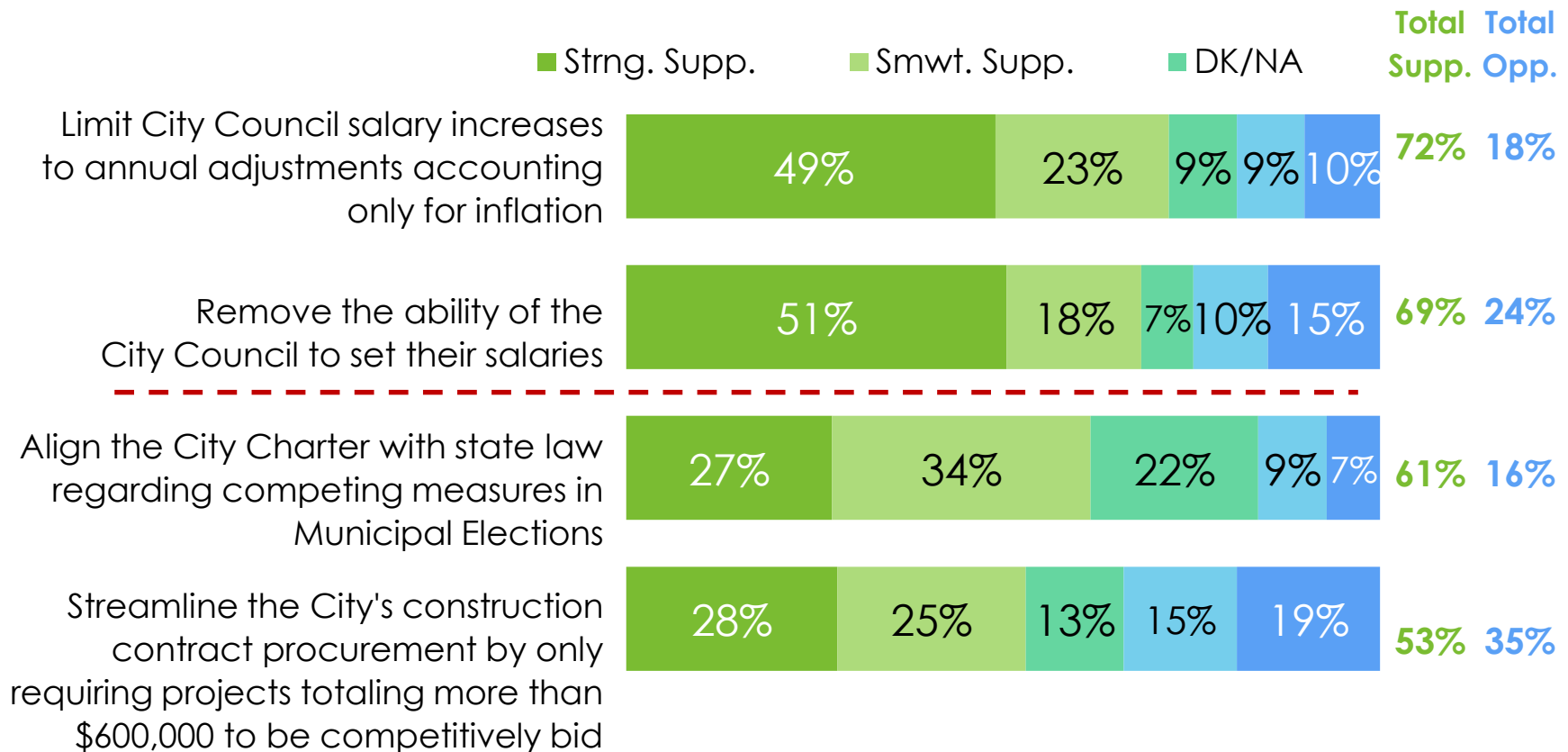
Undecided 12%

28% were undecided, but leaning in one direction, or truly undecided.

Voters clearly want proposals evaluated on cost, experience and work quality.



Voters also support Council salary restrictions



Recommendation & Proposed Timeline

- ▶ July – Refine 75-word ballot statement
- ▶ August 7, 2018 – Council decision on ballot measure & language
- ▶ August 10, 2018 – Registrar of Voters ballot measure deadline

If Council places measure on ballot:

- November 6, 2018 – Election Day

If measure passes:

- January 1, 2019 – Charter Amendments become effective