

**SPECIAL MEETING OF THE SAN JOSÉ
COMMUNITY AND ECONOMIC DEVELOPMENT COMMITTEE**

SAN JOSÉ, CALIFORNIA

THURSDAY, MARCH 12, 2008

The Community and Economic Development Committee of the City of San José convened in special session at 9:02 a.m. in Conference Rooms 118 and 119, Council Wing, City Hall.

PRESENT: Council Member Nancy Pyle, Chair; Council Member Sam Liccardo, Vice Chair; Council Members Rose Herrera and Ash Kalra.

ABSENT: None.

STAFF: City Manager Debra Figone, Assistant City Attorney Ed Moran, Senior Deputy City Attorney Brian Doyle, Deputy City Manager Edward K. Shikada and Legislative Secretary Susan Davis.

- 2.1 Roundtable Discussion regarding the City's Policies Related to Contracting for Services. Staff recommends that the Community and Economic Development Committee discuss and direct Staff to return to the Committee with recommendations to update the City's policies related to contracting for services, within the contemporary context of continuous improvement, alternative service delivery options and serve reductions.**

[Rules Committee referral 2/18/09 – Item 11.1(a)]

Documents Filed: (1) Memorandum from Deputy City Manager Edward K. Shikada, dated February 25, 2009, recommending that the Community and Economic Development Committee (CED) discuss and direct Staff to return to the Committee with recommendations to update the City's policies related to contracting for services, within the contemporary context of continuous improvement, alternative service delivery options and serve reductions. (2) Supplemental memorandum from Deputy City Manager Edward K. Shikada, dated March 2, 2009, transmitting to the Committee the roundtable participants for the Special CED Committee Meeting. (3) Supplemental memorandum from Deputy City Manager Edward K. Shikada, dated March 10, 2009, providing Attachment A, slide presentation; Attachment B, proposed revisions to the City Public Private Competition Policy 0-29 and staff analysis.

2.1 (Cont'd.)

Council Member Pyle and City Manager Debra Figone provided opening comments.

Council Member Liccardo arrived at the Committee Meeting at 9:14 a.m.

Deputy Director of Finance Walter Rossman and Deputy City Manager Edward K. Shikada presented the proposed revisions to the City Public Private Competition Policy 0-29 and the Staff analysis.

The roundtable participants were Bob Brownstein, Working Partnerships; Pat Dando, San José Silicon Valley Chamber of Commerce; Patricia Gardner, Executive Director, Silicon Valley Council of Nonprofits; Leslee Hamilton, Friends of Guadalupe; Bill Pope, International Union of Operating Engineers & Busting Bureaucracy Leadership Council; Linda Dittes, Municipal Employees' Federation; Public Works Program Manager Gay Gale; Cal Horton, First Alarm; Deputy Director of Finance and Procurement Management Walter Rossman and Deputy Director of Transportation and Operations Management Jim Ortbal.

Deputy City Manager Edward K. Shikada asked the participants to provide comments on the following: "What are your overall concerns and priorities related to City service delivery methods and decision making?"

Pat Dando noted that City Staff should identify the problems, and make the procedures/processes work more efficiently by fixing them. She added that Staff should engage the private sector and encourage them to participate in the process and suggested that the City start over with managed competition (put aside Policy 0-29) and look at the Request for Proposal (RFP) process first.

Linda Dittes suggested adding more checks and balances to the Policy 0-29, however the details of the policy need to be fine tuned.

Bob Brownstein noted that the policy can still be streamlined, although the structural elements should be maintained and added that Staff should only use outsourcing if a significant amount of money can be saved.

Patricia Gardner suggested that Staff go back to the common sense approach and added that she personally needs more information about the intent of proposals and the dollar threshold triggering policy.

Leslee Hamilton expressed concern with the "one size fits all" approach and suggested that Staff look again at the source of the operations, including what is the intent and how is the public best served. She added that reporting requirements are also a concern.

Public Works Program Manager Gay Gale stated that organizations have inherently conflicting priorities and the "one size fits all" does not work and noted that there needs to be a commitment of staff in contracting for profit agencies.

2.1 (Cont'd.)

Cal Horton suggested that as the RFP is being developed, Staff should consider the best way to achieve the goal and benefits, including looking at the opportunities and asking for suggestions to accomplish the goal.

Bill Pope suggested Staff do a better job with an improved strategy or tools and save money and added that contracts should have a clear expectation.

Deputy Director of Transportation Jim Ortbal agreed with streamlining the procurement process and for the City to be as competitive as possible, including trying to improve and to solve problems.

Deputy Director of Finance Walter Rossman concurred with streamlining the process, to try to figure out how to do things differently and still manage to be as competitive as possible.

City Manager Debra Figone and Deputy City Manager Edward K. Shikada agreed it is important that all problems are identified and to rethink how the City of San José does business.

Council Member Kalra stated that the main theme is to streamline the existing process, remain competitive with a quality of standards, including good management processes.

Council Member Herrera noted that the policy should be streamlined, improve the RFP process and continue to be thoughtful with outsourcing. She suggested creating an improved vendor list.

Council Member Pyle concurred with all the comments from her colleagues and thanked Staff for the presentations.

Council Member Liccardo pointed out that it is very important to first identify the problems, i.e. what is wrong with the RFP process and Policy 0-29. He added that Staff should look at other cities for comparison.

PUBLIC COMMENTS

- (1) David Wall spoke about reinventing the entire process and not to rely on old business models.
- (2) Peter Szego spoke in favor of the competition policy as it stands and urged the Committee to build further on that premise.
- (3) Trish Glassey suggested it would be helpful to revert to core principals and urged the Committee to move forward with Option 2.
- (4) Michele Bertolone spoke in favor to the improvements and changes, and urged the Committee to move forward with Option 2.

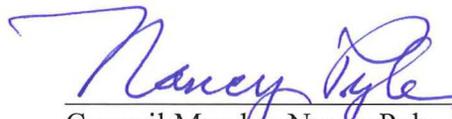
PUBLIC COMMENTS (Cont'd.)

- (5) Erik Larsen, AFSCME 101, stated that Policy 0-29 does not cover all the bases but would work with sensible improvements and urged the Committee to move forward with Option 2.
- (6) Dan Fenton stated that vendors want transparency and urged the Committee to move forward.
- (7) Judy Pipkin stated that the proposed changes make sense and for the Committee to move forward but tighten up the policy.
- (8) Reginald Swilley remarked that this is a good process but keep it open and simple and urged the Committee to move forward.
- (9) Dennis Kyne suggested that the City do more outsourcing to small businesses.
- (10) Brian O'Neill stated that there were solid recommendations contained in the January 9, 2009 joint memorandum and urged the Committee to move forward with Option 2.

Action: The Committee approved retaining in Committee the issue of revising the Public Private Competition 0-29 and directed the City Manager and Staff to include the responses, questions and issues raised from today's meeting of March 12, 2009 and to return to the Community & Economic Development Committee on April 27, 2009 for further discussion.

ADJOURNMENT

Council Member Pyle adjourned the meeting at 12:15 p.m.



Council Member Nancy Pyle, Chair
Community and Economic Development Committee

NP/smd

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