

## Demonstration Partnerships Policy

**Scope: CITYWIDE**

### **Policy Contact**

Jennifer Venema

Sustainability Manager

Department of Public Works

(916) 808-1859

[JVenema@cityofsacramento.org](mailto:JVenema@cityofsacramento.org)

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### **Regulatory References**

Council Resolution 2017-0150

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## **I. PURPOSE AND INTENT**

The purpose of the Demonstration Partnerships Policy is to create a framework for innovative demonstration partnerships. The policy facilitates the City in entering into Demonstration Partnership agreements to test, evaluate, and/or demonstrate innovative solutions consistent with specified criteria. The City will use this policy as a tool to improve service delivery and catalyze a vibrant entrepreneurial sphere for broad social, economic, and environmental benefit. This framework seeks to attract and streamline new types of partnerships that meet adopted City goals.

Examples of potential Demonstration Partnerships include but are not limited to citywide car share programs, autonomous vehicle demonstrations, collaborative research and development efforts that augment City services, and the demonstration and potential adoption of new technologies at City facilities.

## **II. DEFINED TERMS**

The following terms are used in this policy and defined as follows.

1. “Demonstration Partnership” or “partnership” refers to an agreement with an external entity to provide innovative products, processes, services, or information technology. Such items may be considered “innovative” when they are new, improve existing applications, or are not widely deployed in the region.
2. “Partner” refers to an external entity that the City is considering entering into an agreement with for a Demonstration Partnership. Partners may include any non-City entity, such as non-profits, businesses, and governmental agencies.

## **III. POLICY OBJECTIVES**

With implementation of this policy, the City seeks to achieve the following objectives.

1. Streamline partnerships that provide new and innovative solutions to implement City goals and policies.
2. Support pragmatic and innovative approaches to City operations and services.
3. Attract new services, amenities, products, and industries with civic and social impact.
4. Structure partnerships to maximize public benefit and advance financial, operational, and environmental sustainability.
5. Encourage partnerships that embed equity and quality of life metrics into work programs and outcomes.
6. Report partnership performance metrics in a transparent, publicly-accessible format and encourage the collaborative evaluation of outcomes.
7. Engage the public in innovative solutions and partnership opportunities.

#### IV. GUIDING PRINCIPLES FOR PARTNERSHIPS

The following principles shall guide the City's evaluation of potential Demonstration Partnerships.

1. **Partnership purpose:** Partnerships will offer new and innovative solutions to enhance customer service, improve City operations and infrastructure, and support the quality of life in a sustainable manner. Partnerships should offer cross-sector solutions with numerous co-benefits, such as the research and development of new clean energy technologies that attract higher-wage jobs, or better connectivity of underserved neighborhoods to services and employment opportunities.
2. **Mutual benefits and consistency with City policy:** Both the City's and the potential partner's goals should be openly and clearly stated. The City will strive to structure proposed partnerships to be mutually beneficial for both parties. All partnerships shall be consistent with all applicable City policies and ordinances, with deviation from policy subject to any applicable City Council approvals. The City seeks to use this policy to allow short-term testing of potential deviations to policies and codes. Such testing shall be to determine suitable long-term solutions. For instance, this policy may allow for deviation from regulations to trial new types of pop-up events, prior to creation of a new permit process. Any such demonstrations shall be limited-duration trials, to inform options and next steps for the City.
3. **Public benefit:** Partnerships should provide a direct public benefit for residents and businesses in Sacramento. Partnerships may address an array of issues to improve the quality of life, including:
  - Mobility
  - Housing affordability
  - Transitional housing and shelter
  - Workforce development
  - Higher-wage industries
  - Creative economy
  - Air quality
  - Water resources
  - Urban agriculture
  - Public health
  - Energy efficiency
  - Clean energy
  - Public safety and emergency response
  - Arts and culture amenities
  - Youth programs and services
  - Education

4. **Equity:** Partnerships should provide concrete goals and measurable outcomes to reduce disparities and build equity in the City's diverse communities. Partnerships should also seek a fair distribution of the benefits of actions across stakeholder groups, allowing for access to resources in a way that is not reliant on position or social group. Multi-lingual and graphic-based communication tools are encouraged. To the extent feasible, the City supports siting of any capital improvements or design of new services to benefit disadvantaged communities. Consideration should be given to neighborhood-scale solutions. Efforts that address existing inequities will be encouraged, such as the expansion of parks in underserved communities, or development of private community gardens in "food deserts" without grocery stores. As appropriate, partnerships should support capacity-building by connecting existing community needs and activities to new resources and opportunities.
5. **Local Business Enterprises:** The City encourages partnerships with local business enterprises (LBEs). The City recognizes that not all partnerships may be suitable for LBEs. Demonstration opportunities may arise from other enterprises, and the City's LBE Program may not apply to each Demonstration Partnership proposal or agreement. However, the City encourages creative proposals that consider and include LBEs, to the extent feasible.
6. **Flexibility:** Partnerships should be flexible and responsive to evolving need. Partnerships should also be designed to encourage a competitive system. All components of a partnership should be implemented in a modular manner, prioritizing open standards where possible, to ensure interoperability and prevent dependency on a single vendor.
7. **Mitigated Risk:** At its discretion, the City may consider requests to share the potential liability of Demonstration Partnerships in recognition of the public benefits. The City will consider such requests by applying processes used for other similar agreements made by the City. To mitigate City risk, the City may require any partner using a City asset to support operations and maintenance. Depending on the type of the agreement, the City may also require partners to remove any equipment or materials installed on City assets and return the property to its original condition.
8. **Timeframe:** Demonstration Partnership Agreements shall be for a limited duration. The purpose of testing and deployment shall be to identify appropriate long-term solutions. Short-term testing should allow for evaluation of ideas and help bring new solutions to scale. If an external party provides resources to advance a demonstration, such as capital funds, grant funding, or technology deployment, the term of the partnership may occur for a longer duration, if appropriate. Nonetheless, partnership timeframes should seek an optimal balance between project deployment, evaluation, and an open market place that invites new ideas and allows for change over time.
9. **Performance Measurement and Evaluation:** Evaluation of performance measures is critical to gauge the effectiveness of Demonstration Partnerships. At the outset of each agreement, a set of performance measures will be established. The City may require reporting of minimum data during project implementation. At the termination of each agreement, the partner shall submit a report evaluating the project against the stated performance measures, along with any additional information. While the City may consider non-disclosure agreements to protect proprietary or confidential information, the City is committed to transparency and open data.

## V. MINIMUM PARTNERSHIP CRITERIA

The City may enter a Demonstration Partnership agreement (agreement) to test, evaluate, and/or demonstrate innovative solutions, if the agreement meets the following minimum requirements.

- I. The agreement shall fall within one or more of the following categories.
  - a. “Pilot Project” refers to a product, process, service, or information technology that the City may want to explore for further application, subject to a limited duration.
  - b. “Demonstration/Testing” refers to a limited duration trial by an outside party to test, evaluate, and/or demonstrate an innovative solution that involves City facilities, right-of-way, equipment, or related City assets.
  - c. “Joint Development” refers to the joint development of City assets by external entities, such as the acquisition, lease, sale, or shared use of City real property or right-of-way. Joint development may also include co-development of solutions with the City in the form of partnership for staff expertise, residences or fellowships with the City, or co-development of products or technologies.
2. Agreements shall meet the following criteria.
  - a. Implement goals and policies adopted by the City Council, such as those within the General Plan. Relevant goals and policies shall be clearly identified and inform partnership parameters.
  - b. Demonstrate clear community need and business case. The business case shall provide information on project rationale, objectives, the expected value of the services and assets offered through the partnership, responsibilities, and process or methods for implementation,
  - c. Identify stakeholder and user groups that will be impacted by the effort and establish an engagement process or feedback measures for those groups.
  - d. Provide direct or anticipated benefits to the City, its residents, and the community. Benefits shall include measurable economic, social, and environmental outcomes. Examples include, but are not limited to: ridership levels, household cost savings, jobs created, energy savings, and number of low-income households served.
  - e. Operate for a limited duration, with clear milestones for implementation, project completion, and evaluation.
  - f. Include a monitoring and implementation plan that addresses data sharing. The agreement will provide open data, and include key project metrics in an accessible format.

## VI. PARTNERSHIP PROCESS

The City will use the following process to consider, evaluate, and enter into Demonstration Partnership agreements.

- I. **Phase 1: Opportunity Identification.** The City will support a collaborative approach to identify partnership opportunities. At a minimum, staff will use the following measures.
  - a. When appropriate, City staff will use performance-based requests for proposals or requests for information to invite input from potential partners. Such requests should provide clear problem statements for input and avoid assumed solutions or prescriptive tasks. At the direction of the City Manager, staff will engage external stakeholder groups for guidance and recommendations, such as the Mayor's Tech Council or other advisory bodies, as appropriate. Stakeholders can advise for identification of near-term priorities and opportunities pursuant to this policy.
  - b. Staff may explore alternative procurement processes for unsolicited proposals, which would allow for submission of proposals at the initiative of the submitter for developing a partnership that is not in response to a formal or informal request issued by the City. Such processes should include an established review period for staff consideration and response to proposals that meet specified criteria for submission.
  - c. At the City Manager's direction, department heads will identify staff to participate in an internal stakeholder working group on demonstration partnerships. The frequency of meetings and representation from departments will be as needed, based on project opportunities, status or schedule of any proposals, or other direction from the City Manager and department heads. The working group will coordinate to evaluate needs and opportunities, and consider cross-sector partnership proposals.
  - d. Information on Demonstration Partnerships will be maintained and shared publicly in an up-to-date and transparent manner on a City website.
2. **Phase 2. Partnership Evaluation and Procurement.** Upon receipt of a Demonstration Partnership proposal, the City will evaluate and consider approval of an agreement as follows.
  - a. Considerations for specific partnership categories:
    - i. Pilot Projects should follow existing policies and procedures, unless City Council approves any deviations.
    - ii. Demonstration/Testing Projects should first be subjected to an initial assessment, prepared by the proponent, to identify the potential costs and benefits to the City in engaging in the project prior to agreement execution. Estimated cost factors that should be considered include staff time, out of pocket expenditures, risk to the City, and lost opportunity of providing core services. Projects that are found to have costs that outweigh the benefits should not be engaged in as a Demonstration/Testing Project.

- iii. Joint Development Opportunities must identify potential for a contribution toward City goals and/or offer the potential for a benefit for use by the City. To the extent that the City might not otherwise engage in such a project, the relevant City departments may identify resources for the City to engage in the project.
  - b. Receipt of a Demonstration Partnership proposal does not commit the City to fully evaluate or recommend the project. City staff shall lead consideration of proposals, at the direction of department heads and the discretion of the City Manager.
  - c. When City staff identify a Demonstration Partnership of interest, the relevant department head will consider recommendations for his or her respective service line. Any recommendations to proceed with a partnership shall be made by department heads to the City Manager.
  - d. Based on internal interests and requests from potential partners, the City Manager initially will determine whether to negotiate with a potential partner or pursue, to the extent feasible and practicable, a competitive process. Where the City Code or state law mandates a competitive process (such as City Code Chapters 3.56 or 3.60), any variance shall be authorized and approved in accordance with applicable Code provisions.
- 3. **Phase 3: Agreement Approval.** Demonstration Partnership agreements shall be approved based on agreement characteristics, as follows.
  - a. City Council shall consider approving a Demonstration Partnership agreement when an agreement meets one or more of the following criteria:
    - i. Involves City revenues or expenses of \$100,000 or greater,
    - ii. Exposure of the City to significant risk, and/or
    - iii. Requiring deviation from City policies.
  - b. For agreements that are not subject to any City Code restrictions, this policy authorizes the City Manager to enter into a Demonstration Partnership agreement, when the agreement meets each of the following criteria:
    - i. Consistency with the objectives, guiding principles, and minimum criteria established in this policy, and
    - ii. Involves no-cost to the City or City revenues of less than \$100,000 per year, and
    - iii. Does not expose the City to a significant risk, and
    - iv. Does not require a deviation from City policies.
  - c. Any type of agreement not otherwise addressed herein shall be approved pursuant to existing City polices and procurement procedures.

4. **Demonstration Partnership Implementation.** The City Manager shall be responsible for leading implementation of this policy. The City Manager shall:
  - a. Designate appropriate lead City department(s) to coordinate specific opportunities, in consultation with other City departments and offices, the Mayor, and City Council.
  - b. Provide guidance to City departments for interpretation and application of the policy.
  - c. Direct City staff to support policy implementation, and, in coordination with the Independent Budget Analyst, evaluate performance outcomes.
  - d. Regularly report to the City Council regarding the implementation of this policy and the status of all partnership agreements approved to date.

## **VII. DISCLOSURES**

1. Notwithstanding the intent of this policy to attract new partnerships and activities, all such agreements shall be entered into at the discretion of the City. Consistency of a proposal with this policy shall not constitute a guarantee of consideration or partnership approval.
2. Nothing in this policy shall serve as an exemption or waiver from existing City policies. The City may consider proposals with limited duration requests for deviation from existing City policy and code, but any deviations shall be authorized and approved in accordance with applicable City Code provisions.