



City Council Report

915 I Street, 1st Floor

Sacramento, CA 95814

www.cityofsacramento.org

File ID: 2017-00447

April 25, 2017

Discussion Item 17

Title: Proposed Policy for Demonstration Partnerships

Location: Citywide

Recommendation: Pass a Resolution: 1) approving adoption of the Demonstration Partnerships Policy as set forth in Exhibit A to the Resolution; 2) authorizing the City Manager to enter into Demonstration Partnership agreements when not otherwise subject to any City Code restrictions, if the agreements meet specified criteria of the Demonstration Partnerships Policy; and 3) directing the City Manager to lead implementation of the Demonstration Partnerships Policy; as specified therein.

Contact: Jennifer Venema, Sustainability Manager, (916) 808-1859; Hector Barron, Interim Director, (916) 808-2669, Department of Public Works

Presenter: Jennifer Venema, Sustainability Manager, (916) 808-1859, Department of Public Works

Attachments:

1-Description/Analysis

2-Resolution

3-Exhibit A (Demonstration Partnerships Policy DRAFT)

4-Demonstration Partnerships Policy - Redline

Description/Analysis

Issue Detail: The recommended policy would create a framework for innovative demonstration partnerships and facilitate agreements for the City to test, evaluate, and/or demonstrate innovative solutions consistent with specified criteria. The intent of the proposed policy is to attract and streamline creative partnerships that improve City services, meet adopted City goals, and provide public benefit.

Cities are leaders in achieving results in government and are well positioned to realize the benefits of new “smart” technologies and innovative approaches. However, doing so requires coordination and prioritization of initiatives that best serve Sacramento. Acting wisely on behalf of the City does not always require costly investment or the newest technologies. The proposed policy offers guidance to evaluate partnership proposals and structuring agreements. The City can leverage internal and external resources to deliver smart, efficient, and appropriate solutions that improve the quality of life.

Although led by Public Works, this policy has broad potential to support many City operations and services across the organization. The policy resulted from a collaborative effort involving multiple City departments, with primary City stakeholders providing guidance, review, and internal vetting. Key departments that participated in policy development included the Mayor’s Office for Innovation and Entrepreneurship, Community Development, Economic Development, Information Technology, Police, and the Independent Budget Analyst’s Office.

The policy builds on numerous City initiatives across departments and offices. Examples include the SacPark parking modernization program and the Rapid Acceleration, Innovation, and Leadership in Sacramento (“RAILS”) grant program.

Examples of potential partnerships anticipated by this policy include, but are not limited to, the following:

- Citywide car-share programs with zero emission vehicles that use the public right-of-way.
- Partnerships to provide green “micro transit” service, with flexible, dynamically-generated routes.
- Privately-funded infrastructure in public places, such as electric vehicle charging stations or streetlights.
- Temporary parklets or privately-developed parks and private community gardens on City land.
- Testing of autonomous vehicles in designated areas.
- Transitional housing and shelter.

- Demonstration of new technologies, such as interactive kiosks for wayfinding, advertising, and provision of internet service.
- Piloting of new technologies and equipment for public safety services.
- Web-based tools for improved public data access, such as information on City assets for acquisition, leasing, or use.
- Agreements that are no cost or revenue-generating for the City and supplement public services.
- Partnerships for youth and education programs or services.

Policy Considerations: On June 21, 2016, the City Council adopted the Innovation and Growth Fund (IGF) Policy to establish Sacramento as a hub of innovation, technology, and entrepreneurship (Resolution No. 2016-0240). The IGF policy seeks to attract new types of investment by enabling Sacramento to present itself as an attractive platform for private sector innovation. The policy recommended in this report would support other types of innovative approaches for City services, operations, and infrastructure.

Economic Impacts: None

Environmental Considerations: The recommendation in this report is not a project under the California Environmental Quality Act (CEQA), because it does not involve any commitment to a specific project which may result in a potentially significant physical impact on the environment, as contemplated by Title 14, California Code of Regulations, Section 15378(b)(4).

Sustainability: The proposed policy would encourage partnerships that provide public benefits in a sustainable manner. Streamlining of contract processes would be available to partnerships consistent with the policy that also provide measurable economic, social, and environmental outcomes. The policy anticipates that partnerships would address an array of topics, including but not limited to sustainability issues such as mobility, air quality, energy efficiency, and clean energy.

Commission/Committee Action: On February 14, 2017, the Law and Legislation Committee voted unanimously to approve the proposed policy with amendments and forward it to City Council. The policy recommended for adoption includes the Law and Legislation Committee's requested amendments to reference youth and education programs. Additional edits in the policy respond to discussion at the Law and Legislation Committee, such as engagement of external stakeholders for guidance, direction to establish review periods for an unsolicited proposal process, and evaluation of performance outcomes in coordination with the Independent Budget Analyst's Office. Attachment 4 to this staff report shows a redlined, track changes version of all edits to the policy presented to the Law and Legislation Committee.

Rationale for Recommendation: Rapid changes in technology, industries, and demographics are heightening competition and accelerating changes in consumer demands for services. The expectations of citizens and customers are growing, with increasing demand on core City services. Yet fiscal, regulatory, and organizational limitations challenge municipalities to keep pace. Complex social challenges also continue to evolve, which further emphasize the importance of more creative, multi-disciplinary initiatives. In this context, the City works to implement adopted policy initiatives with increasingly limited resources.

Emerging technologies and public-private partnerships can help provide services more efficiently, meet community needs, and reduce resource consumption. Early government initiatives show potential for public-private partnership to foster key quality of life improvements across sectors, such as improved mobility. Yet to address quickly changing challenges and benefit from new opportunities, a streamlined and adaptive regulatory environment is key. Rapid deployment and demonstration is critical to take advantage of new opportunities in a competitive environment. Flexible, limited-duration partnerships can also allow for the testing and measurement of improvements to quality of life and City services. Such trial testing allows the City to evaluate and prioritize solutions towards adopted policy objectives.

Recognizing that the City of Sacramento cannot develop these new solutions in isolation, the City seeks to work with outside innovators in the private, government, and nonprofit sectors. Partnering with external entities for the purpose of rapid deployment and demonstration requires a new policy framework, including key criteria to prioritize partnership opportunities and maximize their strategic value.

Financial Considerations: There are no financial considerations associated with this report. The recommended policy seeks to attract a variety of partnerships that could provide financial benefit for the City. Partnerships may include those that require the City to incur expenses, yet the policy would also encourage partnerships that are no cost to the City or offer potential revenue. The policy would allow City Manager approval of agreements that meet policy criteria and are no-cost or generate revenue less than \$100,000 per year. Expediting approval of such agreements can provide a streamlining incentive for proposals consistent with the proposed policy. Other demonstration partnership agreements would require Council approval, or other approvals as otherwise established by City Code.

Local Business Enterprise (LBE): Not applicable

RESOLUTION NO. 2017-

Adopted by the Sacramento City Council

APPROVING A POLICY FOR DEMONSTRATION PARTNERSHIPS

BACKGROUND

- A. Partnership agreements can allow the City to test, evaluate, and identify new technologies and innovative approaches for City services, operations, and infrastructure; and
- B. Implementation of innovative practices requires coordination and prioritization of initiatives that best serve Sacramento; and
- C. On June 21, 2016, the City Council adopted the Innovation and Growth Fund (IGF) Policy to establish Sacramento as a hub of innovation, technology, and entrepreneurship (Resolution No. 2016-0240); and
- D. Emerging technologies and public-private partnerships can improve service delivery, meet community needs, and reduce resource consumption, with potential to foster key quality of life improvements across sectors; and
- E. Partnership with external entities for rapid deployment and innovative demonstrations requires a new policy framework, including key criteria to prioritize partnership opportunities and maximize their strategic value; and
- F. Adoption of this demonstration partnership policy is hereby proposed to establish guidelines for the use of partnerships to test, evaluate, and/or demonstrate innovative solutions, including guidance for attracting and streamlining partnerships that improve City services, meet adopted City goals, and provide public benefit.

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:

- Section 1. Approves adoption of the Demonstration Partnerships Policy as set forth in Exhibit A to this Resolution; and
- Section 2. Authorizes the City Manager to enter into Demonstration Partnership agreements when not otherwise subject to any City Code restrictions, if the agreements meet specified criteria of the Demonstration Partnerships Policy; and

Section 3. Directs the City Manager to lead implementation of the Demonstration Partnerships Policy; as specified therein.

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Exhibit A – Demonstration Partnerships Policy

Demonstration Partnerships Policy

Scope: CITYWIDE

Policy Contact

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Council Resolution 2017-XXX

Effective Date: April XX, 2017

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.

1. **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.

I. Purpose and Intent

The purpose of ~~the Demonstration Partnerships Policy~~this 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.

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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 ~~the business case-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.
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 - Transitional housing and shelter
 - Workforce development
 - Higher-wage industries
 - ~~The eC~~reative 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.

1. 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.
 - a.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,
 - b.c. Identify stakeholder and user groups that will be impacted by the effort and establish an engagement process or feedback measures for those groups.
 - c.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.
 - d.e. _____ Operate for a limited duration, with clear milestones for implementation, project completion, and evaluation.
 - e.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.

1. **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~~will 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 ~~the existing policies and procedures, unless City Council approves any deviations, established by the Department of Finance/Procurement Services Division or the Department of Public Works, as applicable.~~
 - 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 ~~P~~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 ~~demonstration~~ partners, the City Manager initially will determine whether to negotiate with a potential ~~demonstration~~ 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 policies and procurement procedures.
4. **Demonstration Partnership Implementation.** The City Manager shall be responsible for leading implementation of this policy. The City Manager shall:
 - i. Designate appropriate lead City department(s) to coordinate specific opportunities, in consultation with ~~the Mayor's Office for Innovation & Entrepreneurship~~other City departments and offices, the Mayor, and City Council.
 - ii. Provide guidance to City departments for interpretation and application of the policy.
 - iii. Direct City staff to support policy implementation, and, in coordination with the Independent Budget Analyst, evaluate performance outcomes.
 - iv. 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.