



APPROVED

APR 9 2002

OFFICE OF THE
CITY CLERK

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OFFICE OF THE
CITY MANAGER

CITY OF SACRAMENTO
CALIFORNIA

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April 2, 2002

City Council
Sacramento, CA

Honorable Members in Session:

SUBJECT: Independent Assessment/ Evaluation of the City's Public Facilities Delivery Process

LOCATION: Citywide

STAFF RECOMMENDATION: The staff recommends adoption of the attached resolution amending the City Manager's Office (CMO) Budget by \$100,000 from Public Works General Fund savings, authorizing the CMO to execute all related contracts and authorizing the CMO to issue a request for proposal (RFP) to conduct an assessment/evaluation of the delivery of City's Public Facilities.

CONTACT PERSON:

Thomas V. Lee, Deputy City Manager, 264-5704

FOR COUNCIL MEETING OF: April 9, 2002

SUMMARY: In accordance with the City's adopted FY 2001-2006 Capital Improvement Project, annually the City is responsible for over 1,000 projects totaling approximately \$1 billion. In recent years, the City has added over 150 projects yearly with appropriations of around \$300 million. These projects include small remodels to major water treatment facilities that range from \$5,000 to \$200 million each. However, in the last twelve months, there have been several major public facilities projects that have raised concerns and issues with the City Council members and the City Manager. As a result of these problem projects, the staff is requesting an independent assessment/evaluation of the City's process for delivery of major public facilities.

COMMITTEE/COMMISSION ACTION: None

BACKGROUND INFORMATION:

According to the City's adopted 2001-2006 CIP budget, on an annual basis, the City is undertaking about 1,000 projects, valued at over \$1 billion. As depicted on the chart below, the projects are being performed by various City Departments. Each of these departments has a variety of methods/processes to deliver their projects.

Department	Projects	% of Projects	Budget	% of Budget
CC&L	48	5%	19,819,066	2%
Parks	167	17%	54,373,921	5%
Public Works Facilities	136	14%	330,779,486	29%
Public Works Transportation	294	30%	168,509,273	15%
Utilities	256	26%	508,771,432	45%
Other	68	7%	47,575,220	4%
TOTAL	969	100%	1,129,828,398	100%

In October 2001, the City's Public Works Department reported back to the City Council on the various methods of project delivery that are used by the City staff. The methods include: the traditional design/bid/build, design/assist, and design/build. Each of these methods has their pros and cons; however, as a result of the public workshop, the staff will bring forward recommendations on the methods proposed for project implementation.

For your information, the City has utilized the design/assist, and design/build concept, which has raised questions over the last twelve months on a total of nineteen (19) different occasions. Some examples of success from these two approaches include:

- 1) Meadowview Corporation Yard—completed six months early, \$1.5 million under budget.
- 2) Three phases of the Meadowview Community Center—completed on time, \$360,000 under budget.
- 3) Cal EPA Project—completed eight months early, \$8 million under budget
- 4) McClatchy Library—completed on schedule, \$13,000 under budget.
- 5) South Natomas Community Center—completed on schedule, \$1 million under budget.

Of the nineteen City design/assist and design/build projects, seven were within budget, ten were under budget for a savings of over \$10.1 million, and two were over-budget that cost an additional \$6.8 million to date. The two over budget include parking structure Lot C, and the Public Safety Administration Center. Despite these two projects, the City still has a savings of over \$3 million.

The recent Haggin Oaks Golf Cart Barn project has caused great concerns with the City Council and City Manager. The project is in the process of being completed by the Public Works Department; however, this project, along with several others, have the City

Council raising serious questions about staff's ability to deliver public facility projects on schedule and within budget. The questions/issues common in all these projects include the following:

- 1) IS THE CITY ADEQUATELY STAFFED WITH QUALIFIED, EXPERIENCED INDIVIDUALS TO DELIVER THESE MAJOR PUBLIC FACILITIES PROJECTS?
- 2) HOW SHOULD THE CITY BE ORGANIZED TO DELIVER THESE TYPES OF PROJECTS?
- 3) IS THERE A PROPER CHECK AND BALANCE SYSTEM IN PLACE TO INSURE CRITICAL ISSUES ARE IDENTIFIED EARLY IN THE PROGRAM?
- 4) ARE WE PROPERLY SCOPING AND BUDGETING FOR PROPOSED PROJECTS?
- 5) SHOULD WE USE A SINGLE METHOD OF PROJECT DELIVERY OR A VARIETY TO INSURE THAT EACH METHOD MEETS THE DESIRED OUTCOME OF THE PROJECT?
- 6) WHO SHOULD BE ACCOUNTABLE FOR THE DELIVERY OF PUBLIC FACILITIES PROJECTS?
- 7) ARE THE CONTRACTS CONSISTENT WITH THE METHODS OF PROJECT DELIVERY, AND ARE THEY BEING ENFORCED ON A REGULAR BASIS?
- 8) WHAT SHOULD BE AN APPROPRIATE OVERHEAD RATE CHARGED FOR PROJECT DELIVERY?

Please keep in mind there have only been a handful of projects that have raised concerns and issues with the City Council and the City Manager's Office. Overall, the vast majority of Capital Improvement Projects have been delivered within budget, scope, and schedule. However, the problem projects have been elevated to a level that must be addressed thoroughly so that the City minimizes these issues. The audit will review Public Works; Utilities; Convention, Culture and Leisure; and Parks and Recreation Departments to get a better understanding of delivery methods of public facilities within the City. Each of these departments are responsible for their CIP and each have a unique process/method to deliver these projects.

While this assessment/evaluation is being undertaken, the CMO's will continue to be involved on major City public facilities such as the 911 Center, City Hall, Public Safety Center, and the Haggin Oaks Golf Cart Barn. Additionally, the items on Attachment A (CIP Project Management Improvements) will continue to be closely adhered to by staff, and the CMO's will monitor the activities as they go through the system

FINANCIAL CONSIDERATIONS:

Staff estimates that approximately six months may be needed to undertake this evaluation/study at a total cost of approximately \$100,000. Staff recommends the CMO budget be augmented by \$100,000 from Public Works General Fund savings.

ENVIRONMENTAL CONSIDERATIONS:

This report is not a project under CEQA.

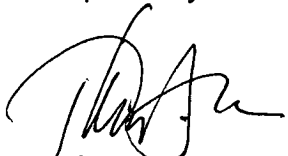
POLICY CONSIDERATIONS:

The actions discussed in this report are consistent with City's overall strategy plan to improve the system of project delivery.

MBE/WBE EFFORTS:

No goods or services are being purchased under this report.

Respectfully Submitted,



THOMAS V. LEE
Deputy City Manager

RECOMMENDATION APPROVED:



ROBERT P. THOMAS
City Manager

Attachment

CIP Project Management Improvements

Improvements in place:

1. The Design Build which uses a developer as an extension of staff in order to deliver a project will continue to be used subject to City Council approval. As a matter of fact, all the various methods such as design/build, design/bid/build, and design/assist will be subject to City Council approval.
2. Direct involvement of the City Manager's Office in high profile projects such as the Civic Center (Masuoka), 911 Communication Center (Ramirez), and the corrective actions on the Public Safety Building (Lee) and Cart Barn (Lee).
3. The Convention, Culture and Leisure Department has centralized the responsibility for small project/maintenance project delivery in order to impose more consistent project oversight. The department is working with Public Works to identify how their major projects should be managed (e.g. Crocker Art Museum)
4. The Economic Development Department has contracted with a construction management firm to oversee the H Street Theater (music circus) project. The construction manager will report to Public Works.

Improvements in progress:

1. Currently Public Works, Utilities, and Parks and Recreation are the departments with CIP project delivery staff. They are evaluating their workloads to determine if they can provide additional assistance and increased efficiency to the task of delivering projects.
2. Creation of checklist for use by staff in dealing with small, routine projects. Staff is developing a checklist that can be used to make sure standardized protocols are followed (e.g. environmental review, design, building permits, inspections, contract compliance, etc.)
3. The Public Works Department, in conjunction with Finance, is reviewing their system for charging overhead on projects, as well as the amount of overhead charged and evaluating whether or not there is a more efficient system as it relates to project delivery. Public Works will be presenting their findings and recommendations to the City Council in a workshop.

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RESOLUTION NO. 2002-199

ADOPTED BY THE SACRAMENTO CITY COUNCIL
ON DATE OF _____

A RESOLUTION OF THE CITY OF SACRAMENTO AUTHORIZING THE CITY MANAGER TO ISSUE A REQUEST FOR PROPOSAL TO CONDUCT AN AUDIT/EVALUATION OF THE DELIVERY OF CITY PUBLIC FACILITIES, AUTHORIZING THE CITY MANAGER TO EXECUTE ALL RELATED CONTRACTS AND AMENDING THE CITY MANAGER'S BUDGET

WHEREAS, the City of Sacramento is administering approximately 1,000 projects with a total value in excess of \$1 billion in value, and

WHEREAS, various departments of the City administer projects of many different types and utilize differing methods of project management, and

WHEREAS, the City Council of the City of Sacramento desires to insure that the appropriate project management methods and organization are in place for the needs of the City,

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF SACRAMENTO THAT:

1. The City Manager is hereby authorized to issue a request for proposal (RFP) to conduct an audit/evaluation of the delivery of the City's Public Facilities.
2. The City Manager is hereby authorized to execute contracts related to this resolution.
3. The City Managers budget is hereby amended by \$100,000 from the Public Works carryover reserve as follows:

FISCAL YEAR	FUND	AGENCY	ORG	OBJECT	CURRENT BUDGET	REVISED BUDGET	INCREASE (DECREASE)
02	101	030	0310	4258	125,560	225,560	100,000

DATE ADOPTED: _____

MAYOR

ATTEST

CITY CLERK

FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____