

DATE ISSUED: February 23, 2005

REPORT NO. 05-049

ATTENTION: Honorable Mayor and City Council
Docket of February 28, 2005

SUBJECT: Mayor-Council Form of Government Transition Plan - Consultant
Selection and Work Plan

SUMMARY

Issues

1. Should the City Council approve the selection of the consultant(s) for the Mayor-Council transition process?
2. Should the City Council direct the City Manager to enter into a contract with the selected consultant(s) for the transition process?
3. Should the City Council approve the Mayor/Manager's draft work plan for the transition process?

Manager's Recommendation

1. Seek direction from the City Council on the alternatives of consultant selection.
2. Should the City Council approve the selection of a consultant, authorize the City Manager to enter into a contract with the selected consultant(s).
3. Approve the Mayor/Manager's draft work plan for the transition process.

Fiscal Impact – Not to exceed \$150,000. The City Manager will re-prioritize existing expenditures within the FY 2005 Budget to account for this additional expense.

BACKGROUND

On January 24, 2005, the Mayor and City Council directed the City Manager to issue a Request for Qualifications (“RFQ”) for consulting services for the transition process to the Strong Mayor/Strong Council form of government and to commence the selection process.

Staff was also asked to return to the City Council with a potential work plan for the transition process.

DISCUSSION

The RFQ was issued on Friday, January 28, 2005 and responses were due on February 11, 2005. Public notices were published in the San Diego Daily Transcript and posted on the City’s web site. The RFQ’s were also mailed directly to approximately 30 potential consulting firms.

The objective, as stated in the RFQ, is to collect information to assist in the transition planning process as the City changes from the Manager-Council form of government to the Mayor-Council form of government. The primary goals as stated in the RFQ are to:

- (a) Identify the best organizational models used by other cities with a Strong Mayor form of government, for both the Executive branch and the Legislative branch;
- (b) Maximize public input during this information collection process; and
- (c) Make recommendations as to which of these organizational models would work best for the City of San Diego.

The RFQ also provided several examples of tasks that may be included in the consultant’s scope of work. It was made clear that the list does not define the scope of work for the entire project – it simply provides examples of the types of tasks that the City may request of the selected consultant or consultants. The RFQ did not preclude the City from selecting more than one consultant for the various tasks. Specific tasks can be contracted out on an as-needed basis.

- (a) Research leading cities with a Mayor-Council (Strong Mayor) form of government;
- (b) Identify best models for the creation of the new Office of Independent Budget Analyst and the benefits and costs of leading approaches;
- (c) Present leading models for restructuring the Legislative branch of city government;

- (d) Present leading models for restructuring the Executive branch of city government;
- (e) Present examples of comparable cities that have recently undergone successful transitions;
- (f) Conduct interviews with San Diego city officials (current and past), and other local stakeholders who could offer helpful insights; and
- (g) Identify the roles of the Mayor, City Council, City Attorney, City Manager, Department Directors, City employees and the public during the transition process.

Selection Committee

A selection committee was formed and included representatives from the Mayor's office, the City Council, City Attorney, City Manager, the League of Women Voters, San Diego State University and a local government relations consulting firm. The selection committee interviewed six consulting teams and ratings were based on the following criteria:

- Professional qualifications of the consultant;
- Experience on projects of similar size and scope;
- Capability of the consultant to deliver timely and high quality services;
- Ability of the consultant to respond to selected questions in a concise and well thought out manner;
- Reference checks on previous projects; and
- Professional fee schedule.

Presentations by these consultant groups broadened the understanding of the selection committee about the transition options available to the city. For example, identifying practices in other cities would provide useful information and alternatives to help the city establish the new executive branch (Mayor/Manager) and the legislative branch (the new eight-member City Council.)

The selection committee also noted that consultant interviews revealed that the transition process for the Mayor/Manager may be more dependent on the working style and preferences of the individual in the mayor's office, in contrast to the transition process for the eight City Council members, which would be driven more by structural and procedural considerations, as set forward in the charter amendments. Highest priority should be given to time-sensitive transition issues, particularly those related to budgeting for new staffing needs.

Various members of the selection committee felt that the top ranked firm may have more expertise in the executive branch of government and may be better suited to advise the Mayor and Manager on their particular transition issues. Consequently, members suggested that more than one firm could be selected for the transition process and that certain components of the work plan be parceled out to the appropriate consulting team. As

indicated in the RFQ, the City is not precluded from selecting more than one consultant for the various tasks. Specific tasks can be contracted out on an as-needed basis.

Alternatively, other members of the selection committee felt that the top ranked firm had the breadth of experience that could easily translate to both the executive and legislative branches. Therefore, if the Council directed the City Manager to employ a single consultant team, individual work projects could be scoped separately for the executive and legislative components.

Another advantage of establishing separate work projects, whether it be with one or more than one consulting firms, is to prioritize the specific transition tasks that require immediate attention due to the current budget cycle's time constraints. For example, creating the new office of Independent Budget Analyst requires identification of new staffing needs and should be given highest priority.

Finally, some members of the selection committee felt that if the City Council decided not to retain a consultant, existing city staff would be capable of gathering the necessary information and performing much of the transition work. It was further suggested that city staff could benefit greatly from visiting various Mayor-Council cities, or inviting others from Mayor-Council cities, to discuss the range of issues first hand with government staff and elected officials.

The various recommendations made by the selection committee are encapsulated in the list of alternatives for City Council's consideration.

Consulting Team Finalists

The selection committee ranked the top three consultant teams. While the top ranked firm received the most votes overall, the second and third rated teams were very closely ranked.

1. Management Partners Incorporated
2. Dewey Square Group
3. Miralto Management Consultants

Each team demonstrated unique strengths which are highlighted below. For a more detailed description of the consultant team's qualifications, refer to Attachment B which contains the formal responses to the Request for Qualifications.

Management Partners Incorporated, with offices in San Jose and Cincinnati, received the highest overall ranking from the selection committee. Management Partners proves to have a wide range of experience with leading significant organizational change in large cities and counties, including all forms of governance. Of particular relevance is the President's hands-on experience with many cities that have made structural transitions in the last twenty years including Oakland, Fresno, San Jose, and Cincinnati. Members of the selection committee felt

Management Partners demonstrated distinct expertise with the organizational structures of executive branches of government. But much of their collective experience has been serving as City Managers in various municipalities.

The Dewey Square Group (DSG) is a consulting firm that specializes in public policy, strategic communications, and coalition building at the state and local level. Represented by team members from their San Francisco office, DSG presented a straight-forward approach for the City of San Diego's transition process. Specifically, their proposed strategy is designed to: gather and synthesize intelligence; obtain public input; cultivate relationships with key stakeholders and disseminate information in a cohesive, concise manner. The selection committee felt that the primary strengths demonstrated by the DSG team were their communication skills and their overall understanding of public policy and government organizations. While the DSG team had little first hand experience in guiding a governmental organization through a governance transition process, the selection committee felt that their ability to gather and synthesize information from other cities could be beneficial in helping the City Council create the new legislative branch of government.

Miralto Management Consultants is a local management consulting firm with expertise in public sector organization design, change management, facilitation and communication. The selection committee ranked Miralto in the top three because of their comprehensive understanding of the city's transition needs. Miralto presented a well thought-out strategy for the City to consider including a public participation approach, performance expectations, and a list of guiding principles to lead us through the transition process. Miralto included a vast array of team members, some with hands-on experience with the City of Los Angeles as consultants to the Mayor's office, the Los Angeles City Controller and the City Administrative Office as they transitioned their structures and processes to align with the new City Charter. If selected to perform specific tasks, we would want to ensure that those members with the most relevant experience would act as the team leaders.

Consultant Alternatives:

1. Select the top ranked consultant (Management Partners Incorporated) and authorize the City Manager to enter into a contract not to exceed \$150,000.
2. Select one or more of the top three ranked consultants to work on particular tasks outlined in the transition plan (to be determined on the basis of the firm's expertise), and direct the City Manager to enter into separate and distinct contracts with each, not to cumulatively exceed \$150,000.
3. Direct city staff to conduct a major portion of the transition work, which could be supplemented on an as-needed basis by one or more of the top ranked consultants,

and authorize the City Manager to enter into a contract for fixed tasks with a limited set fee.

4. Direct city staff to conduct all of the transition work without assistance from a consulting team.

Transition Work Plan

As directed by the Mayor and City Council, staff prepared a draft work plan that outlines the most important tasks that must be considered and completed during the transition process. See Attachment A. The issues and tasks listed in the work plan were formulated through a variety of sources including input received at the City Council's January 24, 2005 workshop, correspondence from the League of Women Voters, ideas received from city staff and discussions with Council staff.

The draft work plan is organized by listing the issues and tasks that will need to be considered prior to budget discussions (within 1 to 2 months) because of potential impacts to the FY 2006 annual budget. For example, the creation of the Independent Budget Analyst Office will have associated costs. Additionally, if the City Council elects to create more Council Committees, there will be associated staff costs.

The majority of issues and tasks on the work plan can be discussed and decided at any time before or after budget discussions because there are no additional costs anticipated. However, the issues and tasks that require the adoption of resolutions and/or ordinances should be considered in the next two to six months in order to provide enough time for the City Attorney's office to draft the applicable legislative documents. Examples include the selection of the Council Presiding Officer and establishing the roles and responsibilities of the Presiding Officer, which will require amendments to the City Council's Permanent Rules.

Also included in the work plan are references to the applicable Charter sections, the areas of responsibility – City Council, Mayor/Manager and/or City Attorney, and comments of clarification. Many of the issues and tasks listed in the work plan are more procedural in nature, meaning that the issue has already been approved in the Charter amendments but the actual process and procedures for implementation of these issues still need to be defined. For example, the Charter amendments call for the establishment of a process for the Mayor and independent department heads to propose matters for Council consideration in open session. However, the charter does not spell out how this process should be put into practice.

If the Mayor and City Council approve the selection of a consulting team, the draft work plan will serve as a useful starting point in scoping the elements of the transition process.

CONCLUSION

If directed by the Mayor and City Council, the City Manager will enter into contract discussions with the selected consultant(s). City staff will be available to work with the selected consultant(s) as well as be available to work with the Mayor, City Council and members of the public on transition issues and tasks. Additionally, if approved by the Mayor and City Council, staff will continue working on the transition work plan and refining specific tasks as needed.

Respectfully submitted,

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Beth A. Murray
Assistant to the City Manager

Herring / BAM

Attachments:

- [A. Mayor/Manager's Draft Work Plan](#)
- [B. Consultant Responses to Request for Qualifications – for the three top-ranked firms*](#)

* Due to the number of pages, Attachment B had a limited distribution. A complete version of Attachment B can be viewed at the City Clerk's Office or online on the City's web site under City Manager's Report No. 05-049.