



CITY OF NEWPORT BEACH

OFFICE OF THE CITY COUNCIL

Mayor

Keith D. Curry

Mayor Pro Tem

Michael F. Henn

Council Members

Leslie J. Daigle

Nancy Gardner

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Don Webb

September 23, 2010

Dear Mayor and Council Colleagues:

I believe that when it is built, the new City Hall in Newport Center will be a source of community pride and enjoyment. I also believe it will be designed to make it more pleasant and efficient to conduct city business in a location designated by city voters.

A case can be made that building it now – in an economic downturn – makes sense for two reasons: The cost of borrowing money is comparatively cheap, and our slowed economy means we can secure architectural, design and construction services at very competitive prices.

Having said this, I am concerned by the criticism of the project's management structure that I have been hearing and reading from some significant community leaders with considerable large scale construction experience.

I'm not a construction expert. But I do know one basic truth: Large scale construction projects require a determined focus on schedule and budgets, or the owner – in our case, the city and our taxpayers -- can be taken to the cleaners.

Also, a project of this size, scope and cost is not typical for a city. It represents a major challenge and diversion to the existing staff. It requires a management structure that can assure that costs don't spiral out of control.

I believe that it would be wise – and a source of comfort to both elected representatives and our taxpayers – if we hired a highly qualified and experienced Development Advisor to act as a taxpayer advocate for this project. He or she would be a resource for the City Council in its ongoing review and oversight of the project.

In my mind, the Development Advisor would provide independent review of cost and schedule items related to the project. He or she would be local – and preferably a Newport Beach resident and taxpayer. I want a person of stature and experience. And I want a fearless advocate and seasoned expert who is empowered and encouraged to review every major aspect of this project as it proceeds. I want him or her to be a tool to maximize taxpayer value, and to be an informed second-guesser. I want his or her findings to be revealed and discussed in full public view.

I want to be clear: I am not being critical, just prudent. I believe our Development Advisor will be, in essence, an insurance policy. The position should pay for itself over the life of the project. I want to better align this project with the interests and concerns of our taxpayers. I don't want to hear too late that this project calendar has slipped and its budget has ballooned because of cost overruns.

Finally, this is not a strange or unusual idea. The Irvine Company assigned a very senior executive to perform this precise oversight function for its multi-million-dollar Resort at Pelican Hill. While it wasn't a third party, as I propose, the concept is essentially the same. We should do the same.

Sincerely,

A handwritten signature in blue ink that reads "Leslie".

Leslie Daigle

Council Member

C: Dave Kiff, City Manager