

DEPARTMENT OF FINANCE  
PROCUREMENT SERVICES DIVISION

CITY OF SACRAMENTO  
CALIFORNIA

915 I STREET  
2nd FLOOR  
SACRAMENTO, CA 95814

CENTRAL SERVICES  
CONTRACT SERVICES  
OFFICE OF SMALL BUSINESS DEVELOPMENT  
PURCHASING

PHONE 916-808-6240  
FAX 916-808-5747

June 15, 2005  
PS:Admin:05-43:CS:rjf

City Council  
Sacramento, California

Honorable Members in Session:

**SUBJECT: SUSPEND COMPETITIVE BIDDING TO PERMIT THE USE OF A SHELTERED MARKET APPROACH FOR THE SOLICITATION OF A FORMAL BID FOR TRUCKING SERVICES; AND AUTHORIZE THE EXTENSION OF TRUCKING SERVICES CONTRACTS.**

**LOCATION/COUNCIL DISTRICT: D-All**

**RECOMMENDATIONS:**

This report recommends that City Council suspend competitive bidding to permit the use of a sheltered market approach for the solicitation of formal bids for trucking services. In addition, this report requests approval to extend the Transportation Department's current trucking services contracts for 90 days pending implementation of the sheltered market approach for the solicitation of bids for trucking services.

**CONTACT PERSON:** Christopher Stewart, Procurement Services Manager  
Trevor Walton, Program Specialist

**FOR COUNCIL MEETING OF:** June 28, 2005

**SUMMARY**

The Procurement Services Division seeks Council's approval to use a sheltered market approach for an upcoming solicitation of formal bids for trucking services. This approach restricts bidding to small and/or emerging businesses. The sheltered market concept initially was developed for contracts under \$100,000 that do not require formal competitive bidding, to enhance the utilization of small businesses in City contracting, increase the number of contracts awarded to small businesses, develop small businesses, and to provide departments with a tool that will assist with achieving the small business participation goal set by Council. Staff desires to use this approach to solicit bids for trucking services, in a contract amount estimated at \$500,000. Because the City's



requirements for bidding contracts of \$100,000 or more do not allow bidding to be limited to E/SBE firms, staff is requesting that Council suspend these requirements in the best interests of the City, as authorized by the City Code. Staff is hopeful that the large dollar value of the proposed bid solicitation along with the sheltered market approach will serve as an incentive to small businesses and encourage their participation in future contracting opportunities with the City. Staff will return to Council for the award of any contract of \$100,000 or more.

**COMMITTEE/COMMISSION ACTION:** None

**BACKGROUND AND ANALYSIS:**

When City Council approved the establishment of the Small Business Development Program in February 1999, it also approved the sheltered market concept to enhance participation of small businesses in the City's procurement process, and promote their development. City Code Section 3.60.280, as well as the Council-adopted ESBD Policy, authorizes use of the sheltered market program to restrict bidding to small and/or emerging business enterprises, for contracts below the formal competitive bidding threshold of \$100,000. This approach creates a level playing field, and provides opportunity for certified small businesses with comparable annual gross profits to compete for City contracts without competition from larger and more profitable companies.

The Procurement Services Division working along with the Department of Utilities and Department of Transportation have identified a need for trucking services to provide waste hauling in support of minor street repairs, sludge disposal, and delivery of plant mix materials to various sites. In the past, each department issued separate contracts and bids for these trucking services. This year, it is our intention to consolidate the previous two separate bid processes into one. This will reduce the administrative cost and time associated with the bid solicitation and contract administration process. This consolidation will not affect the potential number of contractors, as the contract will have several elements that may allow for an award to multiple contractors. The estimated value of the subject contract(s) is \$500,000.

Staff wishes to utilize the sheltered market approach with this solicitation. Because of the contract amount, it is necessary for the City Council to suspend competitive bidding to allow bidding to be restricted to E/SBE certified firms. City Code Section 3.56.230C allows the Council to suspend competitive bidding when it determines that it is in the best interests of the City, on a 2/3 vote. The Office of Small Business Development has identified fourteen (14) certified emerging and small business trucking firms including four (4) local companies, indicating an interest in doing business with the City. The annual revenue threshold for classification as an emerging trucking firm is \$2,100,000. Considering the availability of vendors and the nature of the work being conducive to small trucking firms, staff feels that suspending competitive bidding to allow the use of sheltered market bidding for this solicitation is in the City's best interests.

Use of the sheltered market concept is beneficial to the City in that it meets with Council's objectives related to inclusiveness and economic development. The small business community finds benefits as sheltered solicitation opportunities promote the participation

and utilization of small business enterprises with the City. The Departments of Utilities and Transportation support using the sheltered market approach for this bid solicitation.

This is the first formal sheltered market bid solicitation to be brought forward for approval by the City Council. However, several departments have utilized the sheltered market program for bid solicitations and contracts that were less than \$100,000.

Staff also has identified a need to extend the current arrangements with Bob's Trucking and D & N Associates to support the Department of Transportation. Staff proposes that the agreements with these two firms be extended for no more than 90 days pending completion of the formal bid solicitation process.

**ENVIRONMENTAL CONSIDERATIONS:** None

**FINANCIAL CONSIDERATIONS:**

The estimated value of the contract(s) for trucking services is \$500,000. The requesting departments have appropriated sufficient funding to support this request. The estimated cost for extending the existing trucking services contracts is \$130,000.

**POLICY CONSIDERATIONS:**

The action is consistent with the City Council's priorities to promote and support the City's objective of the Small Business Development Program, and to provide opportunity for all businesses to participate in the City contracting process.

**ESBD CONSIDERATIONS:**

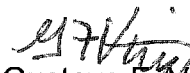
Bob's Trucking and D & N Associates are currently providing trucking services and are certified as small business enterprises firms. Both firms are part of 14 certified trucking firms eligible to participate in the sheltered market bid process.

Respectfully Submitted,

Approved:



Chris Stewart  
Procurement Services Manager



Gustavo F. Vina  
Director of Finance

**RECOMMENDATION APPROVED:**



Robert P. Thomas  
City Manager

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**RESOLUTION NO.**

ADOPTED BY THE SACRAMENTO CITY COUNCIL

ON DATE OF \_\_\_\_\_

**RESOLUTION SUSPENDING COMPETITIVE BIDDING TO PERMIT USE OF THE SHELTERED MARKET APPROACH FOR SOLICITATION OF FORMAL BIDS FOR TRUCKING SERVICES; AND AUTHORIZATION TO EXTEND EXISTING TRUCKING SERVICE AGREEMENTS IN A TOTAL AMOUNT NOT TO EXCEED \$130,000**

**BE IT RESOLVED BY THE COUNCIL FOR THE CITY OF SACRAMENTO THAT:**

1. In the best interests of the City, as set forth in the staff report for this item, competitive bidding is suspended for the procurement of Trucking Services for the Department of Utilities and the Department of Transportation.
2. The Procurement Services Manager is authorized to use the sheltered market approach to solicit bids from small and/or emerging businesses for these Trucking Services.
3. The Procurement Services Manager is authorized to extend the existing Trucking Services contracts with Bob's Trucking and D & N Associates for a period not to exceed 90 days, in a total amount not to exceed \$130,000.

\_\_\_\_\_  
MAYOR

ATTEST:

\_\_\_\_\_  
CITY CLERK

**FOR CITY CLERK USE ONLY**

RESOLUTION NO. \_\_\_\_\_

DATE ADOPTED: \_\_\_\_\_