



DEPARTMENT OF FINANCE
PROCUREMENT SERVICES DIVISION

CITY OF SACRAMENTO
CALIFORNIA

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CENTRAL SERVICES
CONTRACT SERVICES
OFFICE OF SMALL BUSINESS DEVELOPMENT
PURCHASING

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June 8, 2005
PS:Admin:05-43:CS:rjf

City Council
Sacramento, California

Honorable Members in Session:

SUBJECT: APPROVE 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: Citywide

RECOMMENDATIONS:

This report recommends that City Council approve the use of a sheltered market approach for the solicitation of a formal bid for trucking services. In addition, this report requests approval to extend the Transportation Department's current trucking services contract for 90 days beyond its expiration in order to facilitate 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 14, 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. The sheltered market concept was developed 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 is hopeful that the large dollar value of the proposed bid solicitation along with the sheltering approach will serve as an incentive to

small businesses and encourages their participation in future contracting opportunities with the City.

As stated in City Code section 3.56, Council approval is required to use the sheltered market approach when the appropriation is expected to exceed \$100,000.

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. 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; due to the fact, this one contract will have several elements that will allow for an award to multiple contractors or small businesses. The estimated value of the subject contract is \$500,000. Thus, as required by city code, contracts above \$100,000 are required to be competitively bid through the City's formal bid process. The formal bid process is normally open to both certified and non-certified businesses. However, for this particular project, staff wishes to utilize the sheltered market approach with the formal bid requirement.

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 City dollar 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 the use of the sheltered market is cogent. 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. City Code section 3.56.020C states that, by resolution, the Council may adopt programs or procedures for providing bid preferences, including but not limited to, preferences to promote the participation and utilization of small and emerging businesses in the City's contracting for supplies and non-professional services.

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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 approach for bid solicitations and contracts that were less than \$100,000.

Staff 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 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 \$90,000.

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:

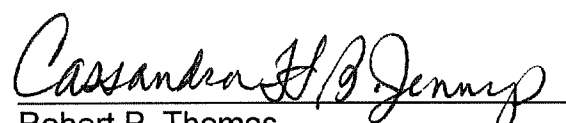

Robert P. Thomas
City Manager

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RESOLUTION NO.

ADOPTED BY THE SACRAMENTO CITY COUNCIL

ON DATE OF _____

RESOLUTION APPROVING USE OF THE SHELTERED MARKET APPROACH FOR SOLICITATION OF A FORMAL BID FOR TRUCKING SERVICES; AND AUTHORIZATION TO EXTEND THE TRUCKING SERVICE AGREEMENT NOT TO EXCEED \$90,000

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

1. The City Council adopt RESOLUTION No. 99-055 authorizing the ESBD program and the Sheltered Market approach to increase the participation and utilization of small businesses on City contracting opportunities, and
2. Whereas, a sufficient number of small business trucking firms have been identified indicating a willingness to do business with the City, and
3. Whereas, there is a need to extend the current Trucking Services agreement to both Bob's Trucking and D & N Associates to support City services, and facilitate the bid process for Trucking Services.

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

The Procurement Services Manager is authorized to use the Sheltered Market approach a formal bid solicitation for Trucking Services; and extend the existing contracts with Bob's Trucking and D & N Associates not to exceed \$90,000.

MAYOR

ATTEST:

CITY CLERK

FOR CITY CLERK USE ONLY

RESOLUTION NO. _____

DATE ADOPTED: _____

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