



REPORT TO COUNCIL City of Sacramento

915 I Street, Sacramento, CA 95814-2604
www.CityofSacramento.org

CONSENT
May 20, 2008

Honorable Mayor and
Members of the City Council

Title: Contract: Used Vehicle Brokerage Services --Two Thirds Vote Required

Location/Council District: Citywide

Recommendation: Adopt a **Resolution:** 1) suspending competitive bidding as in the best interests of the City; 2) awarding a one-year contract to Palm Acres Auto Sales for the purchase of used vehicles in an amount not to exceed \$339,000; and 3) authorizing the City Manager or the City Manager's designee to execute the contract specified above.

Contacts: Keith Leech, Fleet Manager, 808-5869

Presenters: Not applicable

Department: General Services and Police Department

Division: Fleet Management

Organization No: 3259

Description/Analysis:

Issue: The Department of General Services, Fleet Management Division has an ongoing customer requirement to purchase used vehicles of varying age, brand and model for the Police Department for undercover police work. In accordance with City Code Section 3.56.230, the City Council may, by a two-thirds vote, suspend competitive bidding for any purchase or contract in the best interests of the City.

Policy Considerations: The recommendations in this report are in accordance with the provisions of City Code Section 3.56.

Environmental Considerations:**California Environmental Quality Act (CEQA):**

The current proposal involves the purchasing of City vehicles. The proposal is not a 'project' in accordance with Section 15378 (b) (2) of the California Environmental Quality Act Guidelines. The proposal involves a continuing administrative activity. Therefore, as determined by the City's Environmental Services Planning Manager, no environmental review is necessary.

Sustainability Considerations: Not applicable

Committee/Commission Action: Not applicable

Rationale for Recommendation: Previous purchases of this vehicle type have been made under the authority of Resolution No. 90-740 adopted by City Council on September 4, 1990, which suspended formal competitive bidding as in the best interests of the City and authorized the Fleet Manager to purchase used, non-traditional, undercover vehicles on an informal basis as approved in the annual vehicle budget. As a result of the on-going effort by the Department of General Services to improve procurement practices, department staff determined that it would be more transparent to support these purchases going forward with a formal contract.

Therefore, in February 2008, Procurement Services, in accordance with City Code Section 3.56, issued Invitation for Bid (IFB) No. B081181046 for Used Vehicle Brokerage Services and Sales. The bid required respondents to offer a commission rate per vehicle for their services. Bids were to be evaluated based on an estimated annual expenditure of \$300,000 (equivalent to approximately 30 vehicles). One bid, from Hansel Ford Lincoln Mercury in Santa Rosa, CA was received, which offered a 9% commission rate. This equates to a total estimated commission of \$27,000.

The City has historically used Palm Acres Auto Sales for this service. This vendor has offered a fixed cost of \$300 per vehicle rather than a percentage commission rate per vehicle. Due to unforeseen circumstances Palm Acres Auto Sales was unable to respond to the bid. However, Procurement Services staff has determined that Palm Acres Auto Sales is willing to continue offering the City its previous price of \$300 per vehicle. This equates to total estimated commission of \$9,000. Based on this pricing, the City will realize a savings of approximately \$18,000 when compared to the bid received.

Time is of the essence in this contract, therefore, this report recommends suspending competitive bidding as in the best interests of the City based on the expected cost savings and awarding a one-year contract to purchase used vehicles for police undercover work to Palm Acres Auto Sales. This contract will

be re-bid at the end of the term so that formal bids are requested through an advertised, competitive process.

Financial Considerations: The contract not to exceed amount of \$339,000 was determined based on the projected need for this vehicle type during the next twelve months. The contract term will begin in FY2007/08 and end in FY2008/09. Purchases during the remainder of FY2007/08 are not expected to exceed \$243,000. Sufficient funding is available in the Department of General Services, Fleet Management Division, and the Police Department FY2007/08 operating budgets for the purchase of used vehicles in an amount not to exceed \$243,000. Purchases made during FY2008/09 are subject to funding availability in the adopted budget for that year.

Emerging Small Business Development (ESBD): Palm Acres Auto Sales is not certified as an emerging/small business enterprise. For the most recent complete fiscal year (FY2006/07), the Department of General Services achieved an ESBD percentage of 62%.

Respectfully submitted by: 
Keith Leech
Fleet Manager

Approved by: 
For: Reina J. Schwartz
Director, Department of General Service

Approved by: 
Rick Brazier
Chief of Police

Recommendation Approved:


for Ray Kerridge
City Manager

Table of Contents:

	Report	Pg 1
Attachments		
1	Resolution	Pg 4

RESOLUTION NO. 2008-XXXX

Adopted by the Sacramento City Council

May 20, 2008

SUSPEND COMPETITIVE BIDDING AND AWARD A CONTRACT FOR USED VEHICLE BROKERAGE SERVICES

BACKGROUND

- A. The Department of General Services, Fleet Management Division has an ongoing customer requirement to purchase used vehicles of varying age, brand and model for the Police Department.
- B. In accordance with City Code Section 3.56.230, the City Council may, by a two-thirds vote, suspend competitive bidding for any purchase or contract in the best interests of the City. Suspending competitive bidding is in the best interests of the City because of the expected cost savings from the recommended vendor over the life of the contract.

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:

- Section 1. It is in the best interests of the City to suspend competitive bidding, and competitive bidding is hereby suspended for the purchase of used vehicles from Palm Acres Auto Sales.
- Section 2. Palm Acres Auto Sales is awarded a one year contract for the purchase of used vehicles in a total amount not to exceed \$339,000.
- Section 3. The City Manager or the City Manager's designee is authorized to execute the contract specified above.