

# REPORT TO COUNCIL

## City of Sacramento

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CONSENT  
**March 25, 2008**

**Honorable Mayor and  
 Members of the City Council**

**Title: Contract Amendment: Securement Services**

**Location/Council District:** Citywide

**Recommendation:** Adopt a **Resolution** 1) authorizing the City Manager to execute amendment #2 to Contract No. 2006-041, a contract with Capitol Reconstruction Company, Incorporated for securement services, to increase the contract amount for FY 2007/2008 from \$100,000 to \$310,503 for a total contract amount not to exceed \$567,858; and 2) authorizing the Code Enforcement Department, Housing and Dangerous Buildings Division, to pay outstanding invoices of Capitol Reconstruction Company, Incorporated in the amount of \$150,503.

**Contact:** Ron O'Connor, Code Enforcement Manager, (916) 808-8183.

**Presenters:** Not applicable

**Department:** Code Enforcement

**Division:** Housing and Dangerous Buildings

**Organization No:** 4653

### **Description/Analysis**

**Issue:** In February 2006, through the competitive bid process, the City awarded a four year contract (Contract no. 2006-041) to Capitol Reconstruction Company, Incorporated (IFB B061187034) for securement services of those properties found out of compliance with City Code and a potential risk to public safety. The contract was for a 12-month period with the option to extend the contract for three additional 12-month periods for a total contract term of 48 months with an annual not-to-exceed value of \$95,000. Code Enforcement has experienced an unanticipated increase in the volume of work for properties that require securement.

**Policy Considerations:** The recommendations in the report are in accordance with the provisions of the Sacramento City Code, Title 3.

**Committee/Commission Action:** Not applicable.

**Environmental Considerations:** Under Section 15378(b) (2) of the California Environmental Quality Act (CEQA) Guidelines, CEQA review is not required for continuing administrative or maintenance activities.

**Rationale for Recommendation:** Capitol Reconstruction Company, Incorporated provides on-call building securement service for the City. This service becomes necessary when a property is not in compliance with City Code and public safety needs to be maintained until a solution for the violation(s) can be implemented. In FY 2008, Code Enforcement has experienced an increase in volume of securements, contracting 334 securements with Capitol Reconstruction through February 29, 2008.

Amendment No. 1 was approved for securements contracted with Capitol Reconstruction for this time period in the amount of \$100,000 during which time a contract was to be bid and awarded. However, due to formulation of the project specifications and bid package, advertisement, and the extended bid process, the new on-call building securement services contracts have not been completed. Also, the increased foreclosures, police and fire emergency securements during the first eight (8) months of this fiscal year, have contributed to the costs exceeding the original estimate of \$100,000 for on-call building securement services. The total cost for this time period was \$250,503. An additional two months of service is estimated to be needed on this second amendment for a cost of \$60,000 (total for 8 months of \$310,503).

It is critical that these services be continued to address the nuisances and unsafe conditions created when a property is not in compliance with building standards and other related laws. Securement services are performed in accordance with City Code, Title 8 Health and Safety. Staff feels that it is in the City's best interest to authorize amendment number two, and to authorize payment of outstanding invoices of Capitol Reconstruction Company, Inc for securement services.

**Financial Considerations:** Code Enforcement has FY2007/08 spending authority for \$100,000 related to securements. During the first eight months of FY2007/08, Code Enforcement contracted for 334 securements and incurred expenses of \$250,503. In addition, Code Enforcement projects an additional \$60,000 of spending authority will be necessary to bridge the gap until a new contract is awarded in May. The \$310,503 of FY2007/08 expenditures will be covered by the \$100,000 securement budget and the \$210,503 contract amendment.

Cost recovery for on-call building securements is accomplished by: (1) invoicing the property owners; and/or (2) demands to title companies during escrow (sales/transfers of properties); and/or (3) liens placed on the property. Sufficient funds are available in the operating department budget to accommodate the additional costs.

March 25, 2008

**Emerging Small Business Development (ESBD):** Not Applicable.

Respectfully Submitted by:  for M. Fernandez  
Max B. Fernandez  
Code Enforcement Director

Recommendation Approved:

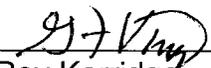
  
for Ray Kerridge  
City Manager

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**BACKGROUND**  
**Securement Services**

Securement services are an integral part of code compliance efforts in the city. Securements become necessary when a property is not in compliance and public safety needs to be maintained until a solution for the violations can be implemented. Securements provide for no entry through breached openings to a structure/whole property such that the property is no longer an attractive nuisance. A multiple award Invitation-for-Bid was advertised on November 10, 2005.

On February 22, 2006, contracts were awarded to Capitol Reconstruction Company, Inc., and to Gray Construction & Securement Services, Inc. Each contract was awarded for the period of one base year and three option periods which were to be exercised at the discretion of the City.

In late 2005, when the Invitation-for-Bid and project specifications were put together, the Department felt that a not-to-exceed price of \$95,000 would be sufficient for the base and three option periods. In FY 2006, a total of approximately \$70,000 was spent by the Housing and Dangerous Buildings Division for securements.

Staff recommends increasing Capitol Reconstruction's current contract dollar amount for FY 2007/2008 from \$100,000 to \$310,503, which will make the new total not-to-exceed amount \$567,858. The contract's rates which were obtained from a competitive bidding process remain unchanged, and all other terms and conditions of the contract remain unchanged. This will enable staff to make payment on the Capitol Reconstruction invoices that exceeded the \$100,000 authorized by the first amendment by an additional \$210,503 which will have been incurred during the bid/contract process for the next contract for securement services.

It is critical these services be continued to address the nuisances and unsafe conditions created when a property is not in compliance with building standards and other related laws. For the foregoing reasons, it is in the City's best interests to authorize amendment number two, and to authorize payment of outstanding invoices of Capitol Reconstruction Company, Inc. for securement services.

**RESOLUTION NO. 2008-XXXX**

Adopted by the Sacramento City Council

**March 25, 2008**

**AWARDING A CONTRACT FOR SECUREMENT SERVICES TO CAPITOL  
RECONSTRUCTION COMPANY, INCORPORATED AND  
AUTHORIZING AN AMENDMENT TO CONTRACT NO. 2006-041**

**BACKGROUND**

- A. The Code Enforcement Department, Housing and Dangerous Buildings Division, has a continuing need for securement services. Capitol Reconstruction is one of the contractors currently providing these services. A contract between Capitol Reconstruction Company, Incorporated, and the city was entered on February 22, 2006. The Contract No. is 2006-041. Amendment No. 1 was approved on June 12, 2007 by Resolution 2007-379.
- B. The contract between Capitol Reconstruction Company, Incorporated and the city provided for a base period of one year with the option to extend for three additional one year terms, up to a total contract term of four years (including the base period and all extensions). The annual not-to-exceed amount was \$95,000. Amendment No. 1 increased the not-to-exceed amount for FY 2007/2008 to \$100,000.
- C. In FY 2006, expenditures on the contract between Capitol Reconstruction, Incorporated and the city were \$70,000. In FY 2007, due to an unanticipated volume of work for properties that required securement, approximately \$182,243 was spent on securements. For the first six months of FY 2008, the expenditures were anticipated to equal \$100,000. The actual expenditures for eight months totaled \$250,503. The Code Enforcement Department, Housing and Dangerous Buildings Division, is authorized to pay outstanding invoices to Capitol Reconstruction Company, Incorporated, in the amount of \$150,503 for securement services incurred during this eight month time period (in addition to the original \$100,000 estimate). The Code Enforcement Department, Housing and Dangerous Buildings Division, recommends that the City Council approve payment to the Capitol Reconstruction Company, Incorporated for the outstanding invoices of \$150,503 for securement services incurred during the first eight months of FY 2007/2008 and an additional \$60,000 for securement services for the time period of approximately two months during which the new securement services contracts are being finalized.
- D. Capitol Reconstruction Company's services were retained through informal competitive bidding (IFB B061187034). Capitol Reconstruction Company, Incorporated, was the lowest responsible bidder. In good faith, staff believed it was in compliance with all applicable requirements in API 1 and the City Code.

Inadvertently, it failed to realize that formal competitive bidding was required under the City Code given the total expenditures on this contract. Similarly, it inadvertently did not previously bring this contract for award by city council.

- E. Desiring to be in conformance with best practice, and to try to obtain more favorable pricing, staff is going through a formal bid procedure for these services. Securement services are an integral part of code compliance efforts in the city. Securements help to prevent entry through breached openings to substandard and dangerous buildings. These buildings are attractive nuisances. Capitol Reconstruction Company, Incorporated has provided excellent securements services.
- F. Based on the above facts, it is in the City's best interests to suspend competitive bidding for securement services, and The City Manager is authorized to sign a second amendment to Contract No. 2006-041 to increase the contract amount for FY 2007/2008 from \$100,000 to \$ 310,503 for a total contract amount not to exceed \$567,858.

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

**Section 1.** The City Manager is authorized to sign an amendment number two to Contract No. 2006-041, a contract with Capitol Reconstruction Company, Incorporated for securement services to increase the contract amount for FY 2007/2008 from \$100,000 to \$310,503 for a total contract amount not to exceed \$567,858.

**Section 2.** Code Enforcement Department, Housing and Dangerous Buildings is authorized to pay outstanding invoices of Capitol Reconstruction Company, Incorporated in the amount of \$150,503.