



REPORT TO COUNCIL City of Sacramento

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Consent
June 5, 2008

Honorable Mayor and
Members of the City Council

Title: Traffic Controller Cabinets

Location/Council District: Citywide

Recommendation: Adopt a **Resolution:** 1) ratifying past payments to Jam Services, Incorporated for the purchase of traffic cabinets in the amount of \$327,937.13 and (2) authorizing Staff to pay an outstanding invoice for goods already received in the amount of \$66,136.95 to Jam Services, Incorporated.

Contact: Juan Montanez, Division Manager, Street Services, Department of Transportation, 808-2254.

Presenters: Not Applicable

Department: Transportation

Division: Street Services

Organization No: 3496/15001671

Description/Analysis

Issue: The Department of Transportation entered into a contract with Jam Services, Incorporated to provide traffic signal controller cabinets on March 10, 2004. Bid 1919 was advertised and awarded by the City's Procurement Services Division in accordance with City Code 3.56 Purchasing of Supplies and Services, as well as API 1, Procurement of Supplies and Nonprofessional Services.

The subsequent Staff Report presented to City Council on June 1, 2004, recommended, "...that a contract for the purchase of eighteen traffic signal cabinets be awarded to Jam Services, Inc., in a total amount of \$249,225.75." Staff further recommended and Council approved language stating, "...it is also recommended that the City Council authorize subsequent purchases of identical units under the same terms and conditions within three (3) years of award, providing such purchases have been approved and budgeted by the City Council."

It has been discovered that purchases made under the extension options have not been formally presented to City Council for approval and budgeting. API 1, Procurement of Supplies and Nonprofessional Services, Paragraph 15, Multi-Year Contracts states: "Any extension or renewal of a contract must occur prior to expiration of the contract term to be valid, and also must be authorized by the City Council when the total price of the contract, including any extended or renewed term will be \$100,000 or more."

Policy Considerations: The recommendations in this report are consistent with Sacramento City Code Section, 3.56, Purchasing of Supplies and Services, as well as API 1, Procurement of Supplies and Nonprofessional Services.

Environmental Considerations:

California Environmental Quality Act (CEQA): Under the California Environmental Quality Act (CEQA) guidelines, continuing administrative activities do not constitute a project and are therefore exempt from review.

Sustainability Considerations: The traffic signal controller cabinets purchased under this contract meet the City of Sacramento's Sustainability Master Plan by improving and optimizing the transportation infrastructure.

Other: Not Applicable.

Commission/Committee Action: None

Rationale for Recommendation: The Department of Transportation, Street Services Division has an ongoing need for the purchase of traffic signal cabinets. The cabinets are used both for new intersections and for replacement of cabinets that have reached the end of their useful life. The original contract was advertised and awarded by the City's Procurement Services Division in accordance with City Code 3.56 Purchasing of Supplies and Services, as well as API 1, Policy for Procurement of Supplies and Nonprofessional Services.

The Department of Transportation, Street Services Division, coordinated the extensions under the Option Periods with the Contractor, Jam Services, Inc., in writing. In Option Periods One and Two, Jam Services, Incorporated, was open to extending their contractual relationship with the City of Sacramento. Consequently, Street Services Staff initiated a Purchase Order with Procurement Services for the ensuing Option Period(s), with Procurement Services Division approving the request and opening the Purchase Order(s) for the Option Periods. It has been discovered that extensions under both the first and second Option Periods have not been formally presented to City Council for approval nor has a formal contract modification documenting the extension(s) to the contract, been executed.

At the June 1, 2004 Council meeting, Council approved language that states, "As provided in the bid specifications, it is also recommended that the City Council authorize subsequent purchases of identical units under the same terms and conditions within 3 years of award, providing such purchases have been approved and budgeted by the City Council." The traffic signal cabinets are funded out of the Department's existing budget (Org 15001671), with funds that were specifically budgeted for this purchase. No funds have been spent in excess of what was originally budgeted by Street Services Division. Street Services Division budgeted the overall value of the contract for the base (\$249,225.75) and two, one-year options (\$249,225.75 each) for an overall not-to-exceed value of \$747,677.25. Streets Services Division has spent in excess of the amount authorized (\$249,225.75) \$327,937.13, not including the outstanding invoice of \$66,136.95, bringing the total value of the unauthorized expenditures to \$394,074.08.

In an effort to ensure that another event like this does not take place, Street Services Division, has implemented several measures: (1) A database has been established in the Signals and Lighting Section that will allow staff to view all contracts as well as information pertaining to each, including but not limited to contract value, contract expiration and renewal dates; (2) Streets Services Division has checked all open Purchase Orders as well as Agreements for compliance with the City Code and applicable API's; (3) Street Services Division has changed the way that contractual actions are brought before Council. In an effort to ensure clarity, the overall dollar value presented includes the base period and any Option Periods as well as a chart that acts as a visual representation of the overall expected expenditures associated with a particular procurement; (4) On subsequent contractual actions that exceed \$100,000, Street Services Division will work with Procurement Services Division to discuss roles and responsibilities for contract administration; and (5) A new Invitation-for-Bid for traffic signal controller cabinets is currently being advertised by Procurement Services Division.

Financial Considerations: The traffic signal cabinets were funded out of the Department's existing budget (15001671), with funds specifically set-aside for this purchase. As this issue is related to contract administration responsibility, no funds have been spent in excess of what was originally budgeted by Street Services Division.

The award value approved by Council on June 1, 2004 was for \$249,225.75. Staff recommended and Council approved: "As provided in the bid specifications, it is also recommended that the City Council authorize the subsequent purchases of identical units under the same terms and conditions within 3 years of award, providing such purchases have been approved and budgeted by the City Council."

Street Services Division budgeted the overall value of the contract for the base (\$249,225.75) and two, one-year options (\$249,225.75 each) for an overall not-to-exceed value of \$747,677.25. Streets Services Division has spent in excess of the

amount authorized (\$249,225.75) \$327,937.13, not including the outstanding invoice of \$66,136.95, bringing the total value of the unauthorized expenditures to \$394,074.08.

The Department of Transportation, Streets Services Division has the necessary funding to pay the outstanding invoice (\$66,136.95) with Jam Services, Incorporated.

Emerging Small Business Development (ESBD): Jam Services, Incorporated, is not certified as a small business by the City of Sacramento's Office of Small Business.

Respectfully Submitted by: Juan Montanez
Juan Montanez
Manager, Streets Services Division

Approved by: Craig B Lymus
Craig Lymus
Interim Procurement Services Manager

Approved by: Jerry Way
Jerry Way
Director of Transportation

Recommendation Approved:

Mat Kerridge
Ray Kerridge
City Manager

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Attachments

1 Resolution pg. 5

2 Exhibit A – Staff Report (May 17, 2008) pg. 8

RESOLUTION NO.

Adopted by the Sacramento City Council

RATIFICATION FOR PAST PAYMENTS TO JAM SERVICES, INC. (CA 2004-093) FOR PURCHASE OF EIGHTEEN TRAFFIC SIGNAL CONTROLLER CABINETS

BACKGROUND

- A. The Department of Transportation, Street Services Division has an ongoing need to purchase traffic signal cabinets. The cabinets are used both for new intersections and for replacement of cabinets that reached the end of their useful life. The original contract (Bid 1919) was advertised and awarded by the City's Procurement Services Division in accordance with City Code 3.56 Purchasing of Supplies and Services, as well as API 1, Policy for Procurement of Supplies and Nonprofessional Services.

- B. The Department of Transportation, Street Services Division, coordinated extensions under the Option Periods with the Contractor, Jam Services. In both, Option Periods One and Two, Jam Services, Incorporated, was open to extending their contractual relationship with the City of Sacramento. Consequently, Street Services Staff initiated a Purchase Order with Procurement Services for the ensuing Option Period(s), with Procurement Services Division approving the request and opening the Purchase Order(s) for the Option Periods. It has been discovered that purchase orders issued under extensions of both Option Periods have not been formally presented to City Council for approval nor has a formal contract modification documenting the extension(s) to the contract, been executed.

At the June 1, 2004 Council meeting, Council approved the following language: "As provided in the bid specifications, it is also recommended that the City Council authorize subsequent purchases of identical units under the same terms and conditions within 3 years of award, providing such purchases have been approved and budgeted by the City Council." The traffic signal cabinets are funded out of the Department's existing budget (Org 15001671), with funds that were specifically budgeted for this purchase. No funds have been spent in excess of what was originally budgeted by Street Services Division. Street Services Division budgeted the overall value of the contract for the base (\$249,225.75) and two, one-year options (\$249,225.75 each) for an overall not-to-exceed value of \$747,677.25. Streets Services Division has spent in excess of the amount authorized (\$249,225.75) \$327,937.13, not including the outstanding invoice of \$66,136.95, bringing the total value of the unauthorized expenditures to \$394,074.08.

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

- Section 1. All past payments made to Jam Services, Incorporated, for traffic signal cabinets are ratified in the amount of \$327,937.13.
- Section 2. Staff is authorized to pay Jam Services, Inc., \$66,136.95 for goods already received.

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- Exhibit A Staff Report: Council Meeting June 1, 2004