Sacramento Housing & Redevelopment Agency

REPORT TO CITY COUNCIL AND REDEVELOPMENT AGENCY AND HOUSING AUTHORITY
City of Sacramento

915 I Street, Sacramento, CA 95814-2671
www.CityofSacramento.org

Consent
October 18, 2005

Honorable Mayor and
Members of the City Council

Subject: Agency Procurement Policy Modification

Location/Council District: Citywide

Recommendation:

Staff recommends adoption of the attached resolutions, which modify the Procurement Policy to include language for Federally Funded Construction Projects. The report also authorizes the Executive Director or her designee to enter into contracts for the purchasing of services, professional and consulting services, construction services, change orders and contract amendments.

Contact:

Larry Goins, Acting Program Operations Director, 440-1314
Patrick Bohner, Procurement Services Manager, 566-1268

Presenters: Patrick Bohner

Department: Sacramento Housing and Redevelopment Agency

Summary:

This report outlines the amended policy for the procurement of Agency services, supplies, consulting and construction services. Additionally, the proposed policy identifies procurement procedures for construction services contracts which utilize exclusively federal funding sources. This policy supersedes the policy dated February 4, 1998. (Proposed Procurement Policy, Attachment I).

Committee/Commission Action:

At its meeting of October 5, 2005, the Sacramento Housing and Redevelopment Commission adopted a motion recommending approval of the attached resolutions. The votes were as follows:

AYES: Burns, Burruss, Fowler, Gore, Hoag, Piatkowski, Shah, Siimon, Stivers.

NOES: None.

ABSENT: Coriano, Gale.

Background Information:

On February 4, 1998, the Housing Authorities and the Redevelopment Agencies of the City and the County approved an amended Procurement Policy. That Policy increased the solicitation limit from $50,000 to $100,000 to be consistent with the City and the County's procurement policies. However, unlike the City and the County, the Agency continues to require formal competitive bidding for construction services over $5,000.

The proposed amendment will authorize the Executive Director to require only an informal solicitation for construction services up to $100,000 in the name of the Housing Authority. It should be noted that federal guidelines require the observance of state law and the Agency Legal Department is in the process of clarifying potential inconsistencies between the state and federal guidelines.

In accordance with HUD standards applicable to Public Housing Authority procurement requirements under 24 CFR Subtitle A, Part 85.36, formal competitive bidding is required for any procurement in excess of $100,000. To further illustrate, the Agency benchmarked with five other California Housing Authorities: Contra Costa, San Francisco, Oakland, Marin and Santa Clara, all of which follow the above referenced HUD procurement regulations and require public solicitations for procurements in excess of $100,000

The proposed amendment will also authorize the Executive Director to enter into amendments and change orders for contracts previously approved by governing board action provided the aggregate amounts of the original Agency contract and all such amendments do not exceed 115 percent of the approved contract amount or the unencumbered Agency budget allocated for the contract.

Financial Considerations:

Financial considerations are expected to be revenue neutral. Other financial considerations may include a small decrease in the Agency's solicitation costs for construction services less than $100,000, which are funded solely with federal money. This policy will be implemented by using existing staff.

Environmental Considerations:

The proposed action is an administrative activity and does not constitute a project subject to environmental review under CEQA per Guidelines Section 15378 (b)(2), and is also exempt for the same reason under NEPA per 24 CFR Section 58.34 (a)(3).

Policy Considerations:

This report recommends amending the Agency's current Procurement Policy. The amended policy is consistent with federal, state and local regulations and funding limitations.

M/WBE Considerations:

Minority and Women's Business Enterprise requirements will be applied to all activities to the extent required by federal funding.

SBE Considerations:

The Agency's Small Business Enterprise Program policy will be followed with all contracting activities.

Respectfully Submitted by: _____
ANNE M. MOORE
Executive Director

Recommendation Approved:

Cassandra H.B. Jennings
ROBERT P. THOMAS
City Manager

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ATTACHMENT I

AGENCY PROCUREMENT POLICY

EFFECTIVE DATE: October 1, 2005

SUPERSEDED: February 4, 1998

TO: DIRECTORS, ASSISTANT DIRECTORS AND PROGRAM MANAGERS

FROM: ANNE M. MOORE, EXECUTIVE DIRECTOR

APPROVED

The purpose of this policy is to establish standard guidelines which are consistent with federal, state and local rules and regulations for the procurement of purchasing services, professional and consulting services, construction services, change orders and contract amendments.

The Executive Director or designee shall at all times attempt to obtain the best available price for all items and services purchased under the provisions of this policy and is hereby authorized to: 1) purchase services, supplies and equipment; 2) select and retain professional or consulting services (based upon demonstrated competence and qualification); 3) procure construction-related services and 4) issue change orders or contract amendments.

DEFINITIONS

PURCHASING SERVICES: Commodities such as materials, supplies and equipment including maintenance and other service-related activities.

PROFESSIONAL AND CONSULTING SERVICES: Individuals or firms requiring special licensing, educational degrees/certificates and unusual or highly specialized expertise.

CONSTRUCTION SERVICES: Construction-related contracts including new construction, repair and demolition contracts except as provided for public works contracts.

PUBLIC WORKS CONTRACTS: Construction contracts for public facilities including contracts for repair and painting.

ATTACHMENT I

EMERGENCY: A sudden, unexpected occurrence that poses a clear and imminent danger, requiring immediate action to prevent or mitigate the loss or impairment of life, health, property, or essential public service and the legislative body passes a resolution by a four-fifths vote of its members declaring that the public interest and necessity demand the immediate expenditure without complying with this chapter.

CHANGE ORDERS AND CONTRACT AMENDMENTS: Change Orders are modifications to an executed construction contract. Contract Amendments are applicable to all revisions or modifications to executed agreements between Consultants or other providers of services and the Agency.

SOLICITATION REQUIREMENTS AND SIGNATURE AUTHORITY

A. Transactions of $100,000 and less

1. The Executive Director and designated Contracting Officers are authorized to award purchase orders, purchasing contracts, construction services contracts and professional services contracts up to $100,000.

2. Division Directors are authorized to sign Agency contracts up to $100,000 for projects managed within their division.

3. Program Managers are authorized to sign Agency contracts up to $50,000 for projects managed within their department.

B. Transactions Greater Than $100,000

The Sacramento Housing and Redevelopment Commission shall be authorized to award purchase orders, purchasing contracts and professional services contracts in excess of $100,000. A formal, competitive process shall be utilized including advertisements.

C. Public Works Contracts

Public works contracts shall meet the public works requirements, including bid bonds, payment bonds, prevailing wages and labor provisions when the contracts (including labor and materials) exceed the amounts as governed by Public Contracts Code.

D. Federally Funded Construction Projects

Construction Contracts for the rehabilitation, construction and/or repair of Housing Authority properties, when exclusively federally funded shall follow, if permitted by State and Local law, federal procurement guidelines for solicitation, award, bonding, and

insurance requirements

E. **Federally Funded Construction Solicitation Thresholds, if neither State nor Local law is applicable.**

1. $0 - $25,000: one solicitation from a qualified firm whose price is determined to be fair and reasonable.
2. $25,001-$100,000: written bids from a minimum of three bidders.
3. Over $100,000: Public solicitation required. Governing board must authorize the solicitation and award of all construction service contracts over $100,000.

E. **Professional Service Contract Solicitation Thresholds**

1. $0 - $10,000: one solicitation to a qualified firm whose price is determined to be fair and reasonable.
2. $10,001 - $50,000: Verbal or written proposals from a minimum of three bidders.
3. $50,001 - $100,000: Written proposals from a minimum of three bidders. Formal advertising required.
4. Over $100,000: Formal solicitation required. Governing board must authorize the solicitation and award of all professional services contracts over $100,000.
5. Such Professional Services Contracts shall be awarded based upon demonstrated competence and the professional qualifications necessary for the satisfactory performance of the types of services to be performed.

SELECTION COMMITTEES FOR PROFESSIONAL SERVICES

Selection committees are optional for contracts up to $50,000. Selection committees are required for contracts $50,001 and over.

COOPERATIVE PURCHASING

The Executive Director is authorized to purchase materials, supplies, equipment, and services through other governmental jurisdictions (i.e. federal, state or local entities) when those entities receive a lower price as large-volume buyers regardless of dollar amount when the formal bid by those entities includes the Agency at the time of the bid. This includes but is not limited to CBEST. Such purchases are subject to the budget and to the proper authorizations.

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EXCEPTIONS TO COMPETITIVE BIDDING REQUIREMENTS

Exceptions to the competitive bidding requirements include:

1. An immediate and existing emergency and the legislative body passes a resolution by a four-fifths vote of its members declaring that the public interest and necessity demand the immediate expenditure without complying with this chapter.

2. Sole source, necessary restrictions in specifications, necessary standardization, quality considerations or other legal reasons.

The Sacramento Housing and Redevelopment Commission shall review each request for exceptions in excess of $100,000.

CHANGE ORDERS

The Executive Director is authorized to enter into change orders in construction contracts provided the aggregate amount of such change orders does not exceed the greater of 115% of the contract amount (the original contract amount plus fifteen percent in excess of the original contract amount) or the unencumbered Agency budget allocation for the project.

CONTRACT AMENDMENTS

The Executive Director is authorized to enter into amendments of Agency contracts, which contracts have not previously been approved by action of the governing board, provided the aggregate amounts of the original Agency contract and all such amendments do not exceed $100,000. The Executive Director is authorized to enter into amendments to Agency contracts previously approved by governing board action, provided the aggregate amounts of the original Agency contract and all such amendments do not exceed 115% of the approved contract amount (the original contract amount plus fifteen percent in excess of the original contract amount)

CONDITIONS FOR ALL SOLICITATIONS

A. Minority/Women Business Enterprise (MBE/WBE) Utilization

The current Agency MBE/WBE Policy applies when federal funds are involved and preferential treatment, if any, shall be applied only to the extent that it is required to obtain or to continue to receive federal funds.

B. Small Business Enterprise Utilization

The current Agency SBE policy applies when the Agency is itself directly contracting for goods or services. It is the intent of the Agency to insure maximum participation by small business firms.

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C. Insurance Requirements

All firms performing work on Agency property shall provide the Agency with certificates of insurance and copies of insurance policies in accordance with the Agency Insurance Requirements.

PROCEDURES MANUALS

A Purchasing Procedures Manual and Professional and Consulting Services Selection Procedures Manual, which set forth the rules and regulations and which are consistent with this Procurement Policy and with Agency MBE/WBE Policy, may be prepared by the Executive Director or designee. When the Manuals have been approved by the Executive Director, they shall have the same force and effect as the provisions of this policy.

RESOLUTION NO. _____

ADOPTED BY THE SACRAMENTO CITY COUNCIL

ON DATE OF

AUTHORIZATION FOR SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY TO ADOPT THE AMENDED PROCUREMENT POLICY

BACKGROUND

A. Procurements for the City of Sacramento (City) are conducted by the Sacramento Housing and Redevelopment Agency (Agency) on behalf of the City for projects and programs that have been delegated to the Agency by the City.

B. The City routinely authorizes the Agency to enter into contracts for the purchase of services, professional and consulting services, construction services, change orders and contract amendments in accordance with the procedures set forth in the Agency's Procurement Policy.

C. The Agency has proposed changes to the Agency's Procurement Policy as described in the staff report.

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

Section 1. The City hereby approves the Agency's adoption of the amended Procurement Policy.

_____
MAYOR

ATTEST:

_____
CITY CLERK

FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

RESOLUTION NO. _____

ADOPTED BY THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO

ON DATE OF

AUTHORIZATION FOR SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY TO ADOPT AN AMENDED PROCUREMENT POLICY

BACKGROUND

A. Procurements for the Redevelopment Agency of the City of Sacramento (Agency) are conducted by the Sacramento Housing and Redevelopment Agency (SHRA) on behalf of the Agency.

B. The Agency routinely authorizes the Executive Director of the Agency to enter into contracts for the purchase of services, professional and consulting services, construction services, change orders and contract amendments in accordance with the procedures set forth in SHRA's Procurement Policy.

C. SHRA has proposed changes to SHRA's Procurement Policy as described in the staff report.

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO RESOLVES AS FOLLOWS:

Section 1. The Redevelopment Agency of the City of Sacramento hereby approves the adoption of the amended Procurement Policy by SHRA.

_____
MAYOR

ATTEST:

_____
CITY CLERK

FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____

RESOLUTION NO. _____

ADOPTED BY THE HOUSING AUTHORITY OF THE CITY OF SACRAMENTO

ON DATE OF

AUTHORIZATION FOR SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY TO ADOPT AN AMENDED PROCUREMENT POLICY

BACKGROUND

A. Procurements for the Housing Authority of the City of Sacramento (Authority) are conducted by the Sacramento Housing and Redevelopment Agency (Agency) on behalf of the Authority.

B. The Authority routinely authorizes the Executive Director of the Authority to enter into contract for the purchase of services, professional and consulting services, construction services, change orders and contract amendments in accordance with the procedures set forth in the Agency's Procurement Policy.

C. The Agency has proposed changes to the Agency's Procurement Policy as described in the staff report.

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE HOUSING AUTHORITY OF THE CITY OF SACRAMENTO RESOLVES AS FOLLOWS:

Section 1. The Housing Authority of the City of Sacramento hereby approves the Agency's adoption of the amended Procurement Policy.

_____
MAYOR

ATTEST:

_____
CITY CLERK

FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____