



REPORT TO COUNCIL

City of Sacramento

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915 I Street, Sacramento, CA 95814-2604
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CONSENT

January 9, 2007

Honorable Mayor and
Members of the City Council

Title: Suspension of Competitive Bidding and Authorization to Conduct a Small Business Enterprise Sheltered Market Solicitation for Parking Garage Painting

Location/Council District: D-1

Recommendation: Adopt a **Resolution** suspending competitive bidding in the best interest of the City for the Capitol Garage Painting Project and authorizing the use of the sheltered market program, which restricts bidding to certified emerging and small businesses.

Contacts: Trevor Walton, Program Specialist, 808-6764
Marc Robles, Program Analyst, 808-6343
Lori Fox, Administrative Analyst, 808-1172

Presenters: None

Department: Transportation

Division: Parking Services

Organization No: 3461

Description/Analysis

Issue: The Procurement Services Division recommends that the City Council approve the use of a sheltered market program for an upcoming solicitation of formal bids to paint the Capitol garage at 1126 11th Street. This program restricts bidding to small and emerging businesses certified by the City of Sacramento. The sheltered market program initially was developed for contracts below \$100,000 to enhance the utilization of small businesses in City contracting. However, staff is recommending the use of the sheltered market program to solicit bids for painting the Capitol garage (for an amount expected to exceed \$100,000). The Office of Small Business has identified twenty (20) certified emerging and small business painting firms as potential bidders for this work, of which fourteen (14) are local. If approved, after receipt of bids, staff will evaluate and validate the certification status of bidding firms and return to Council for the recommendation of award.

Policy Considerations: The Council-adopted Emerging and Small Business Development (ESBD) Policy under Section 3.60.260 authorizes the use of the sheltered market program to restrict bidding to small and/or emerging business enterprises for contracts less than \$100,000. The proposed recommendation is consistent with the City Council's priorities to promote and support the Small Business Development Program and to engage these businesses to further Council's goal of increasing contracting opportunities for small business.

Environmental Considerations: None

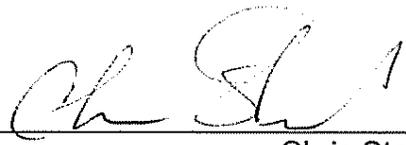
Commission/Committee Action: None

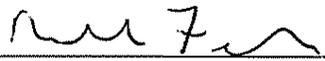
Rationale for Recommendation: The Procurement Services Division, working along with the Department of Transportation Parking Division, has identified a formal bid opportunity which lends itself to increased small business participation and utilization. Based on the projected increase in small business utilization, and having taken into consideration the availability of small business vendors for painting work, staff believes that that suspension of competitive bidding to allow for the use of a sheltered market bid solicitation for painting the Capitol garage is in the City's best interest. Because it is anticipated that the contract amount for painting the Capitol garage will exceed \$100,000, the City Council must approve the use of the sheltered market program and suspend competitive bidding. This will limit participation in the bidding process to only certified small businesses. Use of a sheltered market bid will increase the ESBE utilization percentage for the Department of Transportation by 3% based on its current estimate of annual expenditures, and also increase the City's overall ESBE utilization rate.

Use of the sheltered market program fits firmly within the intended objectives of the City's small business program and is beneficial to the City in that it meets Council's objectives related to inclusiveness and economic development. Small businesses will benefit as sheltered solicitation opportunities promote the participation, and guarantee the utilization of small business enterprises for City contracts. This program also promotes a level playing field and provides opportunity for certified small businesses to compete for City contracts without competition from larger companies.

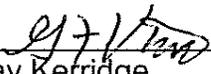
Financial Considerations: As a bid has not yet been conducted, no funds are to be expended at this time.

Emerging Small Business Development (ESBD): City Code Section 3.60.280, as well as the Council-adopted ESBD Policy, authorizes the use of the sheltered market program to restrict bidding to small and emerging business enterprises.

Respectfully Submitted by: 
Chris Stewart,
Procurement Services Manager

Approved by: 
Russell Fehr,
Director of Finance

Recommendation Approved:



Ray Kerridge
City Manager

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Attachment 1

Background

When the City Council approved the establishment of the Small Business Development Program in February 1999, it also approved the sheltered market program to enhance participation of small businesses in the City's procurement process and promote their development. City Code Section 3.60.280, as well as the ESD policy adopted by Council, authorizes the use of the sheltered market program to restrict bidding to small and emerging business enterprises, for contracts below the formal competitive bidding threshold of \$100,000. This program was created to provide opportunity for certified small businesses of comparable size to compete for City contracts, without competition from larger and more formidable firms, which creates a more attractive solicitation for small and emerging businesses.

The City has used a sheltered market bid solicitation twice in the past for formal bids and the participating departments have been pleased with the services provided by the small businesses: Council approved the sheltered market program for a formal bid for trucking services in June of 2005. Contracts were awarded to three successful small trucking businesses for nearly \$500,000 as a result of use of the sheltered market program. In September 2006, the City again used the sheltered market program for the Old Sacramento Parking Garage Painting project, awarding a contract for 168,000.

RESOLUTION NO.

Adopted by the Sacramento City Council

**RESOLUTION SUSPENDING COMPETITIVE BIDDING TO PERMIT USE OF THE
SMALL BUSINESS ENTERPRISE SHELTERED MARKET PROGRAM FOR
SOLICITATION OF FORMAL BIDS FOR PAINTING SERVICES**

BACKGROUND

- A. The City Council approved the sheltered market program in February 1999, with the establishment of the Small Business Development Program. However, the sheltered market program was established for bids below \$100,000.
- B. The Procurement Services Division, working with the Department of Transportation Parking Division, has identified a formal bid opportunity to conduct a sheltered market formal bid solicitation for painting services at the Capitol garage, which lends itself to increased small business participation and utilization.
- C. Staff has identified a sufficient number of certified small and emerging businesses locally that qualify to participate in this bid. Using the sheltered market program for this contract is in the City's best interest because this promotes the utilization and development of emerging and small businesses that can perform City projects, and promotes inclusiveness and economic development.

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

- Section 1. In the best interest of the City, competitive bidding is suspended for the procurement of painting services for the Capitol garage painting project;
- Section 2. The Procurement Services Manager is authorized to use the sheltered market program to solicit bids from only City certified small and/or emerging businesses for these painting services.