

REPORT TO COUNCIL

City of Sacramento

915 I Street, Sacramento, CA 95814-2671
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CONSENT
June 12, 2007

Honorable Mayor and
Members of the City Council

Title: Contract Amendment: **Securement Services** (Requires two-third vote)

Location/Council District: Citywide

Recommendation: Adopt a **Resolution** 1) suspending competitive bidding; 2) authorize the City Manager to execute amendment #1 to Contract No. 2006-041 to increase the contract amount for: a) FY 2006/2007 from \$95,000 to \$187,355, and b) FY 2007/2008 from \$95,000 to \$100,000 for a total contract amount not to exceed \$357,355.; and 3) ratify the past expenditure of \$7,356.

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 an informal, multiple award, four-year 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 awarded 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.

The City Code requires contracts of \$100,000 or more to be formally bid unless Council approves the suspension of the competitive bidding process in the best interest of the City.

Staff requests Council suspend competitive bidding in the best interests of the City, authorize the City Manager to execute amendment #1 to Contract No. 2006-041 to increase the contract amount for FY 2006/2007 from \$95,000 to \$187,355, and FY 2007/2008 from \$95,000 to \$100,000 for a total contract amount not to exceed \$357,355. and ratify the past expenditure of \$7,356.

Policy Considerations: City Code (Chapter 3.56) authorizes the suspension of competitive bidding when it is in the best interest of the City. This action requires a 2/3 vote.

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 2007, Code Enforcement has contracted for a total of 155 securements and spent nearly \$187,355. Securement services are performed in accordance with City Code, Title 8 Health and Safety.

Bids for these services were solicited, and of the bids received the Capitol Reconstruction Company, Inc. was found to be the lowest responsible bidder. 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. Staff feels that it is in the City's best interest to suspend competitive bidding to award a contract for securement services to the Capitol Reconstruction Company, Incorporated.

Financial Considerations: In FY 2006, a total of approximately \$70,000 was spent by the Housing and Dangerous Buildings Division for securements, and of this amount, \$7,000 was spent on securements requested by the Police Department.

Thus far in FY 2007 (through March 2007), Code Enforcement has contracted for a total of 155 securements and spent \$107,355, (with approximately \$11,000 on securements requested by the Police Department) with an estimated \$80,000 needed for the remainder of FY 2007.

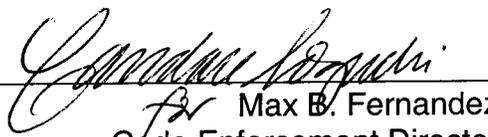
It is estimated that the Department will need an additional \$100,000, for a 6-month period in FY 2008 for the formulation of the project specifications and bid package, advertisement, and award process.

The projected total to be spent on securements from the Capitol Reconstruction Company on this contract is \$357,355 (\$70,000 in FY 06, \$187,355 in FY 07, and

\$100,000 in 6 months of FY 08). Purchase orders were for \$70,000 in FY 06 and \$95,000 in FY 07 plus an additional \$12,355 was spent on payment vouchers pending issuance of FY 07 purchase order. The contract amendment will increase the dollar amount for FY 2006/2007 from \$95,000 to \$187,355 and increase the dollar amount of the contract for FY 2007/2008 from \$95,000 to \$100,000.

Sufficient funds are available in the operating department budget to accommodate the additional costs.

Emerging Small Business Development (ESBD): Not Applicable.

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

Recommendation Approved:

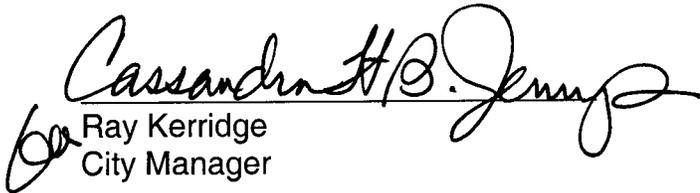

Ray Kerridge
City Manager

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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, and of this amount, \$7,000 was spent on securements requested by the Police Department.

In FY 2007, the Housing & Dangerous Buildings Division has currently spent approximately \$107,355 on securements which includes approximately \$11,000 on securements requested by the Police Department with an \$80,000 projection for the remainder of FY 2007.

Staff recommends increasing Capitol Reconstruction's current contract for FY 2006/2007 from \$95,000 to \$187,355, and to increase the dollar amount of the contract for FY 2007/2008 from \$95,000 to \$100,000, which will make the new total not to exceed amount \$357,355. 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 continue securing unsafe properties through the end of the fiscal year and for six months of FY 2007/2008 through December 31, 2007.

Staff plans to seek new bids for the coming fiscal year's 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 suspend competitive bidding to award a contract for securement services to Capitol Reconstruction Company, Inc.

RESOLUTION NO. 2007-XXXX

Adopted by the Sacramento City Council

June 12, 2007

**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. The present contractor who provides these services is Capitol Reconstruction Company, Incorporated. A contract between Capitol Reconstruction Company, Incorporated, and the city was entered on February 22, 2006. The Contract No. is 2006-041.
- 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.
- 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 require securement, approximately \$107,355 has been spent thus far on securements, with an additional \$80,000 projection for the remainder of FY 2007. Thus, for FY 2007, expenditures for securements are anticipated to equal \$187,355. For the first six months of FY 2008, the expenditures are anticipated to equal \$100,000. Staff is requesting council authorization for these increases in expenditures, and for FY 2007, the ratification of the past expenditure of \$7,356 above City Manager authority.
- 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 plans to go through the bid procedure again for these services. It is estimated that the Department will need an additional 6 month

period for the formulation of the project specifications and new bid package, advertisement, and award process.

- F. 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.
- G. 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 an amendment to Contract No. 2006-041 to increase the contract amount for FY 2006/2007 from \$95,000 to \$187,355, the amount for FY 2007/2008 from \$95,000 to \$100,000 for a total contract amount not to exceed \$357,355

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

Section 1. In the best interests of the City, competitive bidding is suspended for securement services.

Section 2. The City Manager is authorized to sign an amendment to Contract No. 2006-041 to increase the contract amount for FY 2006/2007 from \$95,000 to \$187,355, the amount for FY 2007/2008 from \$95,000 to \$100,000 for a total contract amount not to exceed \$357,355..

Section 3. The past expenditure of \$7,356 above City Manager authority is ratified.

