



## REPORT TO COUNCIL City of Sacramento

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CONSENT  
December 4, 2007

Honorable Mayor and  
Members of the City Council

**Title: Authorization to Conduct a Small Business Enterprise Sheltered Market Solicitation for Office Supplies -- Two Thirds Vote Required**

**Location/Council District:** Citywide

**Recommendation:** Adopt a **Resolution:** 1) suspending competitive bidding as in the best interests of the City; and 2) authorizing the use of the small business sheltered market program, which restricts bidding to certified emerging and small businesses to procure selected office supplies to further the city's commitment and interest in the city's small business program

**Contacts:** Christopher Stewart, Procurement Services Manager, 808-6202

**Presenters:** Not applicable

**Department:** Citywide

**Division:** Procurement Services

**Organization No:** 1181

**Description/Analysis:**

**Issue:** This report recommends the use of a sheltered market approach for an upcoming solicitation for commonly used office supplies such as paper, toner, etc. This approach restricts bidding to small and emerging businesses certified by the City of Sacramento. The sheltered market program was initially developed for contracts below \$100,000 to enhance the utilization of small businesses in city contracting. However, staff recommends the use of the sheltered market program to solicit bids for an amount expected to exceed \$100,000. The Procurement Division has identified over 17 small business enterprises (SBE) that distribute office supplies and are capable of performing the services required.

**Policy Considerations:** The Council adopted an Emerging and Small Business Development (ESBD) Policy under Section 3.60.260. This provision authorizes the use of the sheltered market program to restrict bidding to small and/or emerging business enterprises for contracts less than \$100,000. Although this proposed recommendation is to award a contract that exceeds \$100,000, it is consistent with Council's intent 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 businesses.

**Commission/Committee Action:** None

**Environmental Considerations:** None

**Rationale for Recommendation:** The Procurement Division has identified a formal bid opportunity that lends itself to increased small business participation and utilization. Based on the projected increase in small business utilization, and taking into consideration the availability of small business vendors for office supplies, staff believes that the suspension of competitive bidding allowing for the use of a sheltered market bid solicitation for office supplies is in the city's best interest. Because it is anticipated that the contract amount for office supplies will exceed \$100,000, the City Council must approve the use of the sheltered market program and suspend competitive bidding, thus limiting participation in the bidding process to only certified small businesses.

Use of the sheltered market program fits 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 from this sheltered solicitation opportunity, because it promotes SBE participation, and guarantees that small business will be utilized to perform essential services required to support the delivery of City projects. This program also provides level playing field opportunities for certified small businesses to compete for City contracts without competition from larger companies. Any contract(s) awarded as a result of this action will be in addition to any existing City contract(s) with large companies and will provide another purchasing option for City departments. This will increase the opportunity for all City departments to participate in the achieving the City's goal of 20% emerging/small business enterprise usage.

**Financial Considerations:** There is no financial impact with the actions recommended in this report. Office supplies are included in the FY2007/08 operating budgets of the various City departments.

**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:   
Reina J. Schwartz,  
Director, Department of General Services

Recommendation Approved:

  
*for* Ray Kerridge  
City Manager

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**Background**

In February 1999, City Council approved the establishment of the Small Business Development Program. City Code Section 3.60.280, specifically authorizes the use of the sheltered market program. This program/approach to bidding is intended to enhance participation of small businesses in the City's procurement process and to promote their development in support of the City's overall plan for economic vitality. This code section specifically authorizes the City to restrict bidding to small and emerging business enterprises for contracts below the formal competitive bidding dollar 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. The Procurement Services Division has identified a formal bid opportunity to conduct a sheltered market formal bid solicitation for Office supplies which lends itself to increased small business participation and utilization. Staff has identified a sufficient number of certified small and emerging businesses that qualify to participate in this bid. Using the sheltered market program for this contract is in the City's best interest because it promotes the utilization and development of emerging and small businesses and, promotes inclusiveness and economic development consistent with the intent of the program.

**RESOLUTION NO. 2007-XXXX**

Adopted by the Sacramento City Council

**December 4, 2007**

**SUSPENDING COMPETITIVE BIDDING TO PERMIT USE OF THE SMALL  
BUSINESS ENTERPRISE SHELTERED MARKET PROGRAM FOR  
SOLICITATION OF FORMAL BIDS FOR OFFICE SUPPLIES**

**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 has identified a bid opportunity for commonly used office supplies such as paper, toner, etc. that exceeds \$100,000 that lends itself to a sheltered market formal bid solicitation that will increase small business participation and utilization.
- C. Staff has identified a sufficient number of certified small and emerging businesses that qualify to participate in this bid. Using the sheltered market program for this contract is in the City's best interest because it promotes the utilization and development of emerging and small businesses, promotes inclusiveness and economic development consistent with the intent of the program.

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

- Section 1. It is in the best interests of the City to suspend competitive bidding and competitive bidding is hereby suspended for the procurement of commonly used office supplies.
- 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 commonly used office supplies.