

**LODI CITY COUNCIL  
SHIRTSLEEVE SESSION  
CARNEGIE FORUM, 305 WEST PINE STREET  
TUESDAY, AUGUST 5, 2014**

A. Roll Call by City Clerk

An Informal Informational Meeting ("Shirtsleeve" Session) of the Lodi City Council was held Tuesday, August 5, 2014, commencing at 7:02 a.m.

Present: Council Member Johnson, Council Member Mounce, Council Member Nakanishi, Mayor Pro Tempore Hansen, and Mayor Katzakian

Absent: None

Also Present: City Manager Schwabauer, City Attorney Magdich, and City Clerk Robison

B. Topic(s)

B-1 Receive Information Regarding Local Bidding Policies (PW)

Public Works Director Wally Sandelin provided a PowerPoint presentation regarding local bidding policies. Specific topics of discussion included local hiring ordinance, purchasing flow chart, exemptions, other agencies' contracts, and contracts awarded to local firms.

In response to Council Member Mounce, Mr. Sandelin stated that, for the smaller projects, staff has the discretion to contact three vendors of its choice and every effort is made to default to local vendors.

In response to Council Member Nakanishi, Mr. Sandelin stated that the City regularly works with engineering companies from the Lodi, Stockton, and Manteca areas.

In regard to formally bidding Public Works contracts that are larger than \$5,000, Council Member Johnson questioned whether that figure was too low, to which Mr. Sandelin responded that the requirement is set forth in the public contracts code. Staff has the ability to raise that limit, and he has suggested increasing the amount to \$20,000 in the past.

City Manager Schwabauer explained that there is a system in the public contracts code to increase the \$5,000 amount; however, there are cumbersome requirements associated with doing so and it could create a burden on staff to comply with the code requirements for each and every project.

In response to Council Member Mounce, City Attorney Magdich stated she would review the public contracts code and report back to Council on the process associated with increasing the \$5,000 limit and what the reporting requirements would be to comply with state law.

In response to Council Member Johnson, Mr. Sandelin stated that Lodi is one of the few cities still at the \$5,000 level. Deputy City Manager Jordan Ayers described his experience with another organization that increased the level, stating that it was an effective way of delivering a project in excess of \$5,000; however, due to difficulties in the administrative aspect, the organization ultimately contracted that portion to a third party administrator.

Council Member Mounce stated she would not be in favor of increasing the threshold if it meant hiring a contractor to administer the program.

Council Member Johnson suggested reviewing the \$2,500 level that initiates the bidding process,

which was recently increased from \$500, to make the process less cumbersome. Council Member Mounce expressed apprehension in increasing the limit as she felt there should be a process followed when spending public funds. Mr. Schwabauer stated that the process is less burdensome and involves a smaller amount of paperwork than projects set forth in the public contracts code. Mr. Sandelin added that increasing the limit from \$500 to \$2,500 was a positive change and has reduced staff workload substantially.

In response to Mayor Pro Tempore Hansen, Mr. Sandelin and Mr. Schwabauer explained the process of using other agencies' contracts, such as US Communities, California Association for Consolidated Transportation, and California Multiple Award Schedules, stating that those agencies have followed state bidding laws and cities may "piggyback" on those contracts. Council Member Mounce pointed out that there is a benefit for the League of California Cities in utilizing US Communities.

In response to Council Member Nakanishi, Mr. Sandelin stated that, if bidders' prices were too high, the City would reject the bids and re-bid the project; however, he has not found high prices to be an issue when going through other agencies' contracts.

In response to Mayor Pro Tempore Hansen, Mr. Ayers stated there were pros and cons in moving to a decentralized purchasing program, but overall it appears to be working well. The City has access through publicly bid contracts for office supplies, staff can easily purchase supplies on-line using a City Cal-Card, and there is greater warehouse availability that is now utilized by staff.

In response to Council Member Mounce, Mr. Ayers stated that the prices for office supplies are low because the contract went through the competitive bid process and those prices are honored in store as well.

In response to Council Member Johnson, Mr. Sandelin stated that staff routinely shops prices when it comes to vendors but also considers a firm's local knowledge, history with a project, and its overall operation. Attempts are made to not single out a specific vendor to handle a project repeatedly.

In response to Council Member Mounce, Mr. Sandelin stated he has the Alamo Alarm contract on his desk for review.

In response to Council Member Nakanishi, Mr. Sandelin explained that the City is required to accept the lowest bid on construction projects.

In response to Council Member Mounce, Mr. Sandelin stated that Council has made it clear that it is opposed to excessive contract change orders on a project and stated that staff makes a significant effort to ensure there are few, if any, change orders associated with projects and it builds a contingency amount into contracts to cover any unexpected issues.

In response to Council Member Johnson, Mr. Schwabauer stated that the City's recent carpet replacement project went through the US Communities program and was not bid by the City. Local vendors have the opportunity to submit bids through the US Communities program, and an agency cannot mix the two options of using an agency's contract and bidding on its own.

John Slaughterback expressed concern with the bidding process, stating that it adds bureaucratic red tape to an already stringent process and increases the financial burden, which is passed on to rate payers. Mr. Schwabauer confirmed that no changes were being made to the process and this was only an overview on procedures currently being followed.

Tiffany Gomes questioned how the decision was made to use an agency contract for the carpet

replacement program instead of going out to bid, to which Mr. Sandelin stated that staff did not have the expertise on this project and felt confident utilizing the program and its expert to draw up the specifications.

Council Member Johnson suggested utilizing the agency contract for the consultant to prepare the specifications and then bidding the project locally, to which Mr. Schwabauer explained that the two options cannot be mixed. The project may either be bid locally, or a city may utilize an agency's pre-bid contract for the entire project. Mr. Schwabauer further responded that programs such as US Communities typically advertise for bids in trade magazines and websites and it is incumbent upon local contractors to search for those opportunities.

Council Member Mounce suggested that the Chamber of Commerce include a link to these programs on its website so its member businesses are aware of these bidding opportunities. Mr. Schwabauer stated he would look into the matter.

In response to Pat Patrick, CEO of the Chamber of Commerce, Mr. Schwabauer explained the California communities system process, stating that vendors bid an open contract at the beginning of the year, it would not be for a specific project or specific to this community, it would set forth specifications and prices, and cities and agencies statewide can choose that bid rather than bidding a project itself.

In response to Myrna Wetzel, Mr. Schwabauer reiterated that the City can either bid a project itself or utilize the California communities system, but it cannot do both as it would be an unfair trade practice of shopping for best prices. If a project were to bid locally, the City would transmit bid specifications to the various contractor exchanges and advertise locally.

C. Comments by Public on Non-Agenda Items

None.

D. Adjournment

No action was taken by the City Council. The meeting was adjourned at 7:58 a.m.

ATTEST:

Jennifer M. Robison  
City Clerk