

# City of Sacramento

## Legislation Text

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File #: 2018-01734, Version: 1

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**Title:**

**(Housing Authority / City Council) Authorization for the Housing Authority to Elect to Become Subject to the California Uniform Public Construction Cost Accounting Procedures and Approval of Amended Sacramento Housing and Redevelopment Agency Procurement Policy**

File ID: 2018-01734

**Location:** Citywide

**Recommendation:**

Adopt: 1) a Housing Authority Resolution: a) authorizing the Executive Director to elect under Public Contract Code Section 22030 to become subject to the California Uniform Public Construction Cost Accounting (Act) Procedures and the Uniform Construction Cost Accounting Commission's Cost Accounting Policies and Procedures Manual; b) authorizing the Executive Director to notify the State Controller of the election; and c) approving the amended Sacramento Housing and Redevelopment Agency (Agency) Procurement Policy; and 2) a City Council Resolution approving the amended Agency Procurement Policy.

**Contact:** Vance Kelly, Procurement Manager, (916) 440-1327; James Shields, Director of Administration, (916) 440-1319, Sacramento Housing and Redevelopment Agency

**Presenter:** None

**Attachments:**

- 1-Description/Analysis
- 2-Housing Authority Resolution
- 3-City Council Resolution
- 4-Amended Sacramento Housing and Redevelopment Agency Procurement Policy

**Description/Analysis**

**Issue Detail:** The Sacramento Housing and Redevelopment Agency (Agency), who provides staffing services for the Housing Authority of the City of Sacramento and also administers several federal community development programs on behalf of the City, is required to follow United States

Department of Housing and Urban Development (HUD) rules and regulations, Federal grantee rules and regulations under 2 CFR 200, and the California Public Contract Code (PCC) when performing public projects.

Section 20163 of the PCC requires that any public project in excess of \$5,000 must be publicly bid and awarded to the lowest responsible bidder. The Uniform Public Construction Cost Accounting Act (Act) was created in 1983 as an alternative bidding procedure to PCC Section 20163 and is designed to reduce costs, expedite the awards process, reduce inefficiencies, and to streamline the administration of smaller public construction projects. The Act is found in the PCC at Sections 22000 through 22045.

Effective January 1, 2019, the Act provides for the following alternative bidding procedures when an agency performs public projects:

- a) Public projects of \$60,000 or less may be performed by the employees of a public agency by force account, by negotiated contract or by purchase order;
- b) Public projects of \$200,000 or less may be let to contract by the informal bidding procedures set forth in the Act;
- c) Public projects of more than \$200,000 must be let to contract by formal bidding procedures.

Because the cost of staff time required to develop the plans, specifications and estimates necessary to solicit bids, perform the advertising, and award a publicly bid project can often exceed \$10,000, and because the newly modified procedures brought the dollar thresholds closer to what is now allowed under Federal procurement regulations, the Agency is seeking authority to elect to become subject to the alternative bidding procedures authorized under the Act. While using the alternative procedures of the Act will not eliminate all of the costs associated with public bidding, it can greatly reduce costs by providing simpler and more reasonable procedures. Small and moderate sized dollar projects would be procured through streamlined, informal procedures. Large dollar amount projects would continue to be procured through formal bidding procedures.

The Act requires that a public agency adopt informal bidding procedures. These informal bidding procedures require that the Agency provide notice of public project opportunities by: 1) notifying entities on the lists of qualified contractors maintained by the Agency; or 2) noticing for informal bids to all construction trade journals specified for our County; or 3) both 1) and 2). A resolution by the applicant's governing body is required to elect to become subject to the Act and the California Uniform Construction Cost Accounting Commission's Cost Accounting Policies and Procedures Manual.

Throughout the State of California, over nine hundred public entities have elected to become subject

to the Act to take advantage of the benefits of streamlined procurement. In Sacramento County, almost thirty public entities have made the election including the Sacramento City School District, the Twin Rivers School District, the Sacramento Flood Control Agency (SAFCA), the Sacramento Fire District, and the County of Sacramento. The City of Sacramento, as a charter city, is not required to elect to become subject to the Act to utilize these standards.

On June 20th, 2018, the Executive Office of the President, Office of Management and Budget, Office of Federal Financial Management, issued Memorandum M-18-18 to implement recent statutory changes which raised the Micro-purchase Threshold under Federal financial assistance awards from \$3,500 to \$10,000 and the Simplified Acquisition Threshold from \$150,000 to \$250,000 for all Federal financial assistance recipients. This report also recommends changes to the Agency Procurement Policy to maintain compliance with updated Federal laws and regulations, specifically the increased thresholds.

The changes recommended to the Agency Procurement Policy to comply with this new rule are:

1. Adding definitions for Micro-purchase Threshold and Simplified Acquisition Threshold. Language is included that ties the amounts to the current approved levels and automatically incorporates the changes as they are adjusted at the government level.
2. Increasing the Micro-Purchase threshold from \$3,500 to \$10,000.
3. Authorizing entities to use Small Purchase Procedures for purchases between \$10,000 and \$250,000. Previously, the dollar range for these types of purchases was \$3,500 - \$150,000.
4. Increasing the Simplified Acquisition Threshold from \$150,000 to \$250,000. For purchases over \$250,000, formal public solicitations are required, using either the sealed or competitive proposal method.
5. Correcting language in Competitive Proposals, A. Conditions for Use to reflect that the threshold referenced should be the Simplified Acquisition Threshold, not the Micro-purchase Threshold.

As Federal guidelines and the contracting limits in the Act are modified from time to time, the amended Procurement Policy provides that when these limits are modified at the Federal and State level, the Executive Director is authorized to amend the Agency's Procurement Policy to remain in compliance.

**Policy Considerations:** The recommended actions are consistent with applicable Federal, state and local laws including the U. S. Department of Housing and Urban Development (HUD), Federal Regulations at 2 CFR Parts 200.67 and 200.88 and 200.317 through 200.326 and the procurement

standards of the HUD Handbook 7460.8, Rev 2 and the State of California Uniform Public Construction Cost Accounting Act.

**Economic Impacts:** Not applicable.

**Environmental Considerations:**

**California Environmental Quality Act (CEQA):** The proposed actions are administrative and therefore not subject to the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines at 14 California Code of Regulations (CCR) §15378

**National Environmental Policy Act (NEPA):** The proposed actions are administrative and therefore exempt from the National Environmental Policy Act (NEPA) pursuant to 24 Code of Federal Regulations (CFR) §58.34(a)(3).

**Sustainability:** Not applicable.

**Commission/Committee Action:** At its meeting of January 16th, 2019, it is anticipated that the Sacramento Housing and Redevelopment Commission will approve the staff recommendation for this item. Staff will notify the Council in the event this does not occur.

**Rationale for Recommendation:** Staff is recommending the election to become subject to the Act to reduce the cost of staff time required to develop plans, specifications and estimates necessary to solicit bids, perform the advertising, and award public bids.

**Financial Considerations:** There are no costs associated with electing to become subject the Act or implementing the amendments to the Agency Procurement Policy although staff does anticipate cost savings by reducing staff time in procuring goods and services.

**Local Business Enterprise (LBE) - M/WBE and Section 3 requirements:** The activities recommended in this staff report do require the expenditure of federal funding; therefore, there are no M/WBE or Section 3 requirements related to this report. Local Business Enterprise considerations do not apply to this report.