

CITY OF OAKLAND
AGENDA REPORT

OFFICE OF THE CITY CLERK
2006 FEB 15 PM 9:01

TO: Office of the City Administrator
ATTN: Deborah Edgerly
FROM: Public Works Agency
DATE: February 28, 2006

RE: REPORT AND RECOMMENDATION ON A PROPOSAL TO CONDUCT A SURVEY TO DETERMINE THE REASONS FOR THE LOW NUMBER OF BIDDERS WHO RESPOND TO CERTAIN PUBLIC WORKS PROJECTS

SUMMARY

On December 13, 2005, staff reported on the results of surveys conducted to determine why there is a low level of bidder participation on certain public works projects. After reviewing the findings of the report, the Committee requested that staff develop a more detailed questionnaire designed to identify barriers that may prevent contractors from participating in Oakland public works projects. The Committee also directed that staff identify local affinity groups and work with them to identify firms that would participate in the survey but which might not have been reached in previous surveys.

Staff refined the questionnaire, contacted several affinity groups, and developed a list of groups proposed for the new survey.

Attachment A is the questionnaire staff proposes to use in conducting the survey. Attachment B lists the organizations staff recommends be included in this survey.

A "Fairness in Purchasing and Contracting Study" ("Disparity Study") is currently underway that could yield information that will shed additional light on reasons for low bidder response to public works projects. Incorporating this survey into the Disparity Study has benefits that are discussed in this report.

Finally, in the course of developing this revised survey and list of groups, staff received an unsolicited proposal from the Oakland Black Board of Trade and Commerce offering to conduct the survey on behalf of the City (Attachment C).

Staff requests Council to accept this report and recommendation that the survey for low level of bidders' responses be included in the Fairness in Purchasing and Contracting Study.

Item: _____
Public Works Committee
February 28, 2006

FISCAL IMPACT

If the survey is contracted to a third-party vendor, there would be a one-time cost that would be identified after a scope of work was negotiated between the City and the contractor. This cost, estimated not to exceed \$10,000.00, would be redirected from existing funding for on-call engineering consultant services contracts.

BACKGROUND

In 2004, several sanitary sewer construction contracts were presented to the Public Works Committee with recommendation for award. These contracts had attracted only one or two bidders, and the Committee directed that staff survey local contractors to determine reasons for this small pool of bidders. In response, staff developed a questionnaire that was mailed out to 1,100 contractors that are listed with the City, Port of Oakland, and East Bay Municipal Utility District. Staff also conducted three follow-up telephone interviews with contractors who responded and with contractors who had previously bid on Oakland projects but had not bid recently to seek answers to the questions on the survey.

The survey results and staff's general conclusions were reported to the City Council Public Works Committee on December 13, 2005. The Committee requested that staff develop a new survey questionnaire to delve into a wider array of possible factors affecting bidder response, such as bonding, insurance, payment process, etc. The Committee also directed staff to specifically target Oakland's various contractor and business affinity groups in an effort to reach contractors that may have not been contacted in the previous survey.

KEY ISSUES AND IMPACTS

Staff considered several ways in which to capture and analyze the survey information. One option is for staff to conduct a new survey using the questionnaire in Attachment A. Staff would work directly with the affinity groups identified in Attachment B to either mail to the groups' mailing lists or ask the affinity groups to solicit survey responses directly from their members. The questionnaire would also be mailed to Oakland construction-related businesses, as identified by the business tax license database.

The questionnaire is designed to gauge the level of participation and interest by local contractors, seek their opinions and experiences in bidding on public works projects, their preferred size of construction projects, payment processing, quality of the plans and specifications, quality of inspection and construction management services, the construction contracting process, and other related matters.

In addition, the questionnaire will solicit information on what components are needed to create a bonding program that will encourage small local businesses and contractors to bid on public works projects. Specifically, knowing the preferred size and types of projects will help establish a cap for bonding program projects suitable and affordable for local Oakland contractors.

Another option is to conduct the low bidder response survey as part of the Fairness in Purchasing and Contracting Study, also referred to as the "Disparity Study". The Disparity Study includes three key processes: (1) Extensive business outreach that speaks to the diversity of the Oakland business community; (2) Use of proven survey tools; and (3) One-to-one follow-up interviews with businesses.

The Disparity Study reaches out to the same business community that Council recommended for the low bidder response study, and requests the same type of information, i.e., Do you contract with the City of Oakland? What have been your experiences as a contractor? Why do you choose to or choose not to bid with the City of Oakland?

Including the low bidder response data collection in the Disparity Study will reduce duplication and avoid confusing the business market.

If Council directs staff to incorporate the low level of bidders' response survey into the Fairness in Purchasing and Contracting Study, staff will negotiate a scope of work and amend the existing contract with Mason-Tillman Associates, as needed.

Finally, during the course of contacting the affinity groups in Oakland, staff received an unsolicited survey proposal from one third-party affinity group to conduct a similar survey. This proposal is included as Attachment C and is included for information purposes only.

SUSTAINABLE OPPORTUNITIES

Economic: Enhancing the bidding environment and attracting more local bidders to participate in Oakland public works projects will have positive impacts to the local business community, promote a more competitive market, and potentially reduce overall project costs.

Environmental: There is no direct impact or benefit to the environment.

Social: There are implicit social benefits to increasing the participation of local contractors in Oakland public works projects. It is possible that greater bidder participation could be generated among businesses that are currently at an economic disadvantage due to their size relative to more established firms.

DISABILITY AND SENIOR CITIZEN ACCESS

There is no direct impact or benefit to seniors or people with disabilities.

RECOMMENDATION AND RATIONALE

Staff recommends that the Council accept this report and further recommends that it be directed to initiate negotiations with Mason-Tillman Associates to amend the contract for the Fairness in

Purchasing and Contracting Study to incorporate the low level of bidders response survey. Incorporating this survey into the Disparity Study will eliminate duplication, avoid confusing the business market with multiple surveys with similar questions, and more effectively achieve the desired goals.

ALTERNATIVE RECOMMENDATION(S)

Two other options for conducting this survey were considered but are not recommended. The first would require that staff finalize the survey (Attachment A) send it to the various affinity groups in Oakland, collect the information returned, analyze it and present findings to Council. The second alternative would be to contract with the Oakland Black Board of Trade and Commerce to conduct the survey as described in Attachment C.

ACTION REQUESTED OF THE CITY COUNCIL

Staff requests the City Council to accept this report and approve amending the Fairness in Purchasing and Contracting Study to include survey questions on low level of bidders' responses.

Respectfully submitted,




RAUL GODINEZ II, P.E.
Director, Public Works Agency

Reviewed by:
Michael Neary, P.E.
Assistant Director, Public Works Agency
Design & Construction Services Department

Prepared by:
Gus Amirzehni, P.E.
Engineering Design & ROW Division

**APPROVED AND FORWARDED TO THE
PUBLIC WORKS COMMITTEE:**


OFFICE OF THE CITY ADMINISTRATOR

Item: _____
Public Works Committee
February 28, 2006

**City of Oakland
Public Works Agency
2006 Construction Contracts Survey**

Attachment A

The City of Oakland requests your feedback on City construction contracts. Your opinions and recommendations are important to us in our effort to increase the level of participation in Public Works construction contracts. Please take a few minutes to complete this questionnaire and mail it to the address below.

Name of company: _____

Address: _____

City: _____ State: _____ Zip: _____

Phone Number: _____ Fax Number: _____

Contact person: _____ Title: _____

Email: _____

1. Do you participate *mostly* in bidding on

- Public Construction Contracts?
- Private Construction Contracts?

2. Is your firm certified in Oakland as Local Business Enterprise (LBE)?

- Yes
- No

Small Local Business Enterprise (SLBE)?

- Yes
- No

If no, please see footnote ¹

3. What type of Public Works construction projects do you participate in bidding?

- Storm Drainage & Sanitary Sewer
- Streets and Sidewalk
- Buildings & Other projects
- Other _____

4. What size of Public Works construction projects do you prefer to bid on?

- Up to \$.5 M
- \$.5M to \$1.5M
- \$1.5M and more
- Other \$ _____

5. In deciding whether to participate in Public Works construction projects in Oakland, do you have any concerns in the following areas?

- | | | |
|--|------------------------------|-----------------------------|
| a. Bonding & insurance | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| b. Payment process (timeliness) | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| c. Job-site security | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| d. Escalating cost of construction | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| e. Quality of the plans and specifications | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| f. Quality of inspection and construction management | <input type="checkbox"/> Yes | <input type="checkbox"/> No |

¹ Please call the City's LBE/SLBE Compliance Office, Deborah Barnes, at 510-238-7411 for information and qualification requirements.

g. Other concerns:

6. How do you rate your previous experience with Public Works Agency's sanitary & storm, streets & sidewalk projects?

7. How could the City encourage your participation in bidding on public work storm, sanitary sewers, streets and sidewalk projects? Is there anything you like to add?

List of Affinity Groups and Businesses

Oakland Metropolitan Chamber of Commerce

www.oaklandchamber.com
475 14th Street
Oakland, CA 94612
Phone: 874-4800

Oakland African American Chamber of Commerce

www.aaacc.org
7200 Bancroft Avenue
Oakland, CA 94605
Phone: 567-1307

Hispanic Chamber of Commerce of Alameda County

info@hccac.com
1840 Embarcadero, Suite 101
Oakland, CA 94606
Phone: 536-4477

Vietnamese Chamber of Commerce

ptran1@pacbell.net
Phuc Tran, Chairman
412 8th street Ste. D
Oakland, CA 94602
Phone: 499-6278

Oakland Chinatown Chamber of Commerce

Website under construction
388 9th Street
Oakland, CA 94607
Phone: 893-8979

Oakland Black Board of Trade and Commerce

Website under construction
Ed Dillard, Chairman
P.O. Box 30725
Oakland, CA 94604
Phone: 706-9005

East Bay Small Business Council

www.ebsbc.com
(under construction)
ebsbcouncil@aol.com
Darrel Carey, Chairman
896 Isabella Street
Oakland, CA 94607
499-2455 or 832-1608

City of Oakland

List of construction-related businesses using the business tax license database.

Proposal from The Oakland Black Board of Trade and Commerce

Proposal for City of Oakland Public Works Department

This proposal is designed to assist the City of Oakland Public Works Department conduct an outreach effort to current and potential contractors to determine why they are not responding to the City of Oakland's request for proposals and bids.

The Oakland Black Board of Trade and Commerce proposes to assist the City of Oakland Public Works Department to establish and implement a broad based community outreach effort to solicitate input from current and potential contractors regarding factors which affect their decision to respond to the City of Oakland (RFP's) bid opportunities.

Under contract with the City of Oakland Public Works Department, Oakland Black Board of Trade and Commerce will provide the following services:

- (1) Review and revise, if necessary, the City of Oakland Public Works Department survey.
- (2) Distribute the survey to 450 small Oakland based members of the Oakland Black Board of Trade and Commerce.
- (3) Distribute the survey to the following additional agencies:
 - (a) Northern California Supplier Development Council
 - (b) Asian Chamber of Commerce
 - (c) Hispanic Chamber of Commerce of Alameda County
 - (d) Chinatown Chamber of Commerce
 - (e) 100 Black Men
 - (f) 100 Black Women
 - (h) Oakland African American Chamber of Commerce
 - (i) Oakland Black Caucus
- (4) Oakland Black Board of Trade and Commerce will conduct a telephone survey for follow up to the mailing to ensure a significant survey response.
- (5) Oakland Black Board of Trade and Commerce will receive the results of the survey and prepare a *written analysis of the survey findings*

This scope of work will be completed in 45 days from receipt of the Notice to Proceed.

Budget Proposal	
Personnel	
Project Manager	\$ 3,000
Mailing	\$ 1,500
Phone Tree	\$ 2,500
Printing	\$ 1,500
Report Preparation	\$ 1,500
Total Budget	\$10,000