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JUNE 8, 2004

IGNACIO DE LA FUENTE, PRESIDENT
CITY COUNCIL
OAKLAND, CALIFORNIA

PRESIDENT DE LA FUENTE AND MEMBERS OF THE CITY COUNCIL

SUBJECT: RESOLUTION AUTHORIZING THE SIXTH AMENDMENT TO THE PROFESSIONAL SERVICES AGREEMENT WITH THE LAKE MERRITT INSTITUTE FOR THE CLEANUP OF LAKE MERRITT FOR FY 2004-07 IN AN AMOUNT NOT TO EXCEED \$469,426 FOR A TOTAL CONTRACT AMOUNT NOT TO EXCEED \$1,269,581.

PURPOSE AND SCOPE

In accordance with the Measure H Charter Amendment, which was passed by the voters at the General election of November 5, 1996, we have made an impartial financial analysis of the accompanying Proposed Resolution and Agenda Report. In making our analysis, we also asked for additional information and clarification from City staff.

Since the Measure H Charter Amendment specifies that our impartial financial analysis is for informational purposes only, we did not apply Generally Accepted Government Auditing Standards as issued by the Comptroller General of the United States. Moreover, the scope of our analysis was impaired by Administrative Instruction Number 137, effective May 21, 1997, which provides only one (1) week for us to plan, perform and report on our analysis.

SUMMARY

The Lake Merritt Institute has provided clean up services in and around Lake Merritt under contract with the City beginning in December 1996. The Institute also provided other services under the terms of the contract, such as maintaining bulletin boards and providing educational programs about preventing pollution to Lake Merritt.

CONTRACT AWARD PROCESS

The contract commenced in December 1996 and was originally set to expire in May 1997. It was renewed through a series of five amendments, which were approved by the City Council. Based on the most recently passed amendment, the contract expiration date was May 31, 2004. The proposed resolution represents the sixth amendment to the contract and extends it to May 31, 2007.

As far as we can determine, the original contract or amendments have never been competitively bid. Moreover, the original contract period of six months became extended first to one year and gradually to three years. The most recent proposal is for another three-year term.


FISCAL IMPACT

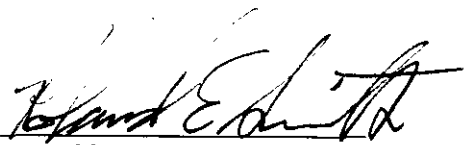
The amount of the contract with the Lake Merritt Institute has grown from \$42,967 at the inception of the contract to a proposed total amount of \$1,269,581 as summarized below:

Resolution No.	Period of Contract or Contract Extension	Length in Months	Amount Approved Not to Exceed
73064 C.M.S.	12/1996 to 5/1997	6 months	\$42,967
73589 C.M.S.	6/1997 to 5/1998	12 months	\$78,505
74356 C.M.S.	6/1998 to 5/1999	12 months	\$83,581
75103 C.M.S.	6/1999 to 5/2000	12 months	\$98,451
75762 C.M.S.	6/2000 to 5/2001	12 months	\$99,589
76528 C.M.S.	6/2001 to 5/2004	36 months	\$397,062
Amount Approved to Date			\$800,155
Proposed	6/2004 to 5/2007	36 months	\$469,426
Proposed Total			\$1,269,581

CONCLUSION

Before approving the Proposed Resolution, the Council should consider that the contract has never been put out to bid, and the length of the contract has gradually grown to three years.


Prepared by:
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Deputy City Auditor


Issued by:
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Report completion date:
May 28, 2004