



AGENDA REPORT

TO: Edward D. Reiskin
City Administrator

FROM: Adam Benson
Director of Finance

SUBJECT: Increase Contract Amount with
BiRITE Foodservice Distributors

DATE: May 28, 2020

City Administrator Approval

Date: June 10, 2020

RECOMMENDATION

Staff Recommends That The City Council Adopt A Resolution Increasing The Contract Purchase Order Award Amount To BiRITE Food Service Distributors (BiRITE), For The Purchase Of Food And Non-Food Items, By Three Hundred Fifty-Five Thousand Dollars (\$355,000), For A Total Not-To-Exceed Contract Amount Of Six Hundred Thousand Dollars (\$600,000) Through July 31, 2021; And Authorizing Amendment Of Said Contract Purchase Order With BiRITE In The Amount Set Forth Above.

EXECUTIVE SUMMARY

In accordance with Oakland Municipal Code (OMC) Section 2.04.050, staff recommends that the City Council adopt a resolution authorizing the City Administrator or designee to increase the contract award amount and authorize amendment of the contract with BiRITE Foodservice Distributors (BiRITE) by Three Hundred Fifty-Five Thousand Dollars (\$355,000) for a total contract amount not-to-exceed Six Hundred Thousand Dollars (\$600,000) through July 31, 2021.

The contract with BiRITE was established for a not-to-exceed contract amount of Two Hundred Forty-Five Thousand Dollars (\$245,000), for a two-year period, August 30, 2019 through July 31, 2021. As of April 10, 2020, the City has spent a total of Two Hundred Forty-Four Thousand Nine Hundred Thirty-Eight Dollars (\$244,938) of the contract, which is 99 percent of the total contract amount. There are thirteen (13) months remaining in the contract term period.

Increasing the dollar threshold for the contract with BiRITE will allow the Department of Parks & Recreation (OPR), Oakland Public Library (OPL) and the Human Services Department (HSD) to procure food and non-food products for City programs that prepare meals or distribute food, drinks, snacks and other supplies as needed to the residents of Oakland.

BACKGROUND / LEGISLATIVE HISTORY

In April 2018, the Finance Department's Purchasing Section was asked to identify a supplier that could provide both a specialty childcare product (diapers) to HSD in large quantities on a

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regular basis and also offer healthy food and beverage alternatives supported by Measure HH, the Sugar-Sweetened Beverage Distribution Tax Ordinance that was approved by the Oakland voters in the November 8, 2016 General Election.

The department had previously procured diapers both through Diapers.com and the downtown Oakland location of the retailer Smart & Final, but sought alternative suppliers following the exit of both vendors from the market. After investigating available options, Purchasing staff recommended procurement from a broadline distributor that could supply diapers, other non-food items, and food at a lower cost and with greater reliability than previous specialty and retail vendors. On May 30, 2018, the City of Oakland issued a citywide solicitation for a Broadline Food and Non-Food Distributor (Specification 19-961-00 / Request For Quote (RFQ) No. 113442). On June 15, 2018, the City received 1 bid from a non-local business enterprise based on the information provided in response to specification 18-961-00. BiRITE Foodservice Distributors, a non-local business enterprise, was deemed the lowest and most responsive bidder and awarded a Contract Purchase Order (CPO 2019000000). The contract term was for one-year period from July 1, 2018 through August 29, 2019 for an amount not-to-exceed \$50,000.

Based on HSD's positive experiences with procurement from a broadline distributor, the Purchasing Section began a new solicitation in 2019 with the intent to open the resulting contract to all departments in need of such supplies. On April 23, 2019 the City of Oakland issued a citywide solicitation for a Broadline Food and Non-Food Distributor (Specification 19-961-00 / Request For Quote (RFQ) No. 141478). The solicitation was sent to four (4) local business enterprises and four (4) non-local business enterprises, posted on the City's web page and advertised in the City's official newspaper, in accordance with OMC Section 2.04.050. On June 6, 2019 the City received 1 bid from a non-local business enterprise based on the information provided in response to specification 19-961-00. BiRITE Foodservice Distributors, a non-local business enterprise, was deemed the lowest and most responsive bidder and awarded a Contract Purchase Order (CPO 2019015435). The contract term was for a two-year period from August 30, 2019 through July 31, 2021 and was based on an annual usage of approximately \$125,000.

ANALYSIS AND POLICY ALTERNATIVES

RFQ No. 141478 was awarded with a not-to-exceed amount of \$245,000 based on anticipated spending by the Department of Parks & Recreation, Oakland Public Library, and the Human Services Department. These needs increased following the closure of Smart & Final's downtown Oakland location in September 2019, and department spending on the new contract quickly exceeded initial expectations. Although the current contract cap for BiRITE has now been reached, departmental needs continue and Purchasing staff considered several options before developing this recommendation to increase the existing contract.

One alternative to this recommendation would be to conduct a new solicitation for broadline food and non-food items. Given the satisfactory performance of the current vendor, competitive pricing, and an existing contract vehicle, however, this option cannot be guaranteed to produce better results than the existing agreement and could result in increased costs. In addition, the

City's prior solicitation for these services resulted in only a single bid and it is not known if a new competition would produce a different result.

A second alternative would be to procure items individually as needed. Purchasing staff currently use this approach for specialty items, but it is less efficient than purchasing through a broadline distributor and typically results in higher item and labor costs. Departments also retain the ability to make purchases from retail locations, but this option has similar disadvantages.

Given the limitations of these alternatives, an amendment to the existing agreement with Bi-RITE is recommended as the best available option. The proposed increase of \$355,000 was set to support anticipated departmental needs through the term of July 31, 2021 and a new solicitation will be developed to assure continued availability of broadline food and non-food items following the expiration of this contract. Purchasing staff will also continue to pursue local procurement opportunities through long-term contracts with Oakland businesses such as Cardino's Produce, Allied Poultry Co. and East Bay Restaurant Supply.

FISCAL IMPACT

This contract is for citywide use and contract expenditures will be made by individual departments from existing appropriations. No increase in spending authority is required and the Purchasing Section anticipates that the approval of this amendment will allow for continued cost savings in the procurement of food and non-food products.

PUBLIC OUTREACH / INTEREST

This requirement was posted on the City's website and advertised in the City's official newspaper. No additional public outreach was required.

COORDINATION

The Finance Department consulted with Department of Parks & Recreation, Oakland Public Library, and the Human Services Department in preparation of this report.

SUSTAINABLE OPPORTUNITIES

Economic: No economic opportunities have been identified.

Environmental: Using a single broadline food and non-food distributor reduces the number of trucks and vehicles on Bay Area roads and Oakland neighborhoods which lowers vehicle fuel consumption and harmful emissions.

Race & Equity: No race & equity opportunities have been identified.

ACTION REQUESTED OF THE CITY COUNCIL

Staff Recommends That The City Council Adopt A Resolution Increasing The Contract Purchase Order Award Amount To BiRITE Food Service Distributors (BiRITE), For The Purchase Of Food And Non-Food Items, By Three Hundred Fifty-Five Thousand Dollars (\$355,000), For A Total Not-To-Exceed Contract Amount Of Six Hundred Thousand Dollars (\$600,000) Through July 31, 2021; And Authorizing Amendment Of Said Contract Purchase Order With BiRITE In The Amount Set Forth Above.

For questions regarding this report, please contact Frederick Haliburton, Purchasing Supervisor, at (510) 238-6464.

Respectfully submitted,



ADAM BENSON
Director of Finance

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Sid Levy, Buyer