



4

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

January 30, 1980

CITY MANAGER'S OFFICE
RECEIVED
FEB 6 1980

Housing Authority of the
City of Sacramento
City Hall, 915 I Street
Sacramento, California 95814

CITY GOVERNING BOARD
PHILLIP L. ISENBERG, MAYOR
LLOYD CONNELLY
BLAINE H. FISHER
THOMAS R. HOEBER
ROBERT T. MATSUI
DOUGLAS N. POPE
JOHN ROBERTS
ANNE RUDIN
DANIEL E. THOMPSON

Honorable Members in Session:

COUNTY GOVERNING BOARD
E. HENRY KLOSS
PATRICK E. MELARKEY, D.D.S.
JOSEPH E. (TED) SHEEDY
SANDRA R. SMOLEY
FRED G. WADE

SUBJECT: Authorization for a Cooperative Food Purchasing Agreement
with the County of Sacramento

EXECUTIVE DIRECTOR
WILLIAM G. SELINE

SUMMARY

The attached Resolution would authorize the Executive Director to enter into a cooperative purchasing agreement with the County of Sacramento for the purpose of buying food commodities required for the operation of the Central Kitchen by the Sacramento Elderly Nutrition Program (SENP).

P.O. Box 1834
SACRAMENTO, CA 95809
630 I STREET
SACRAMENTO, CA 95814
(916) 444-9210

BACKGROUND

The Sacramento Elderly Nutrition Program's Central Kitchen will begin food production operations in April, 1980. The standard purchasing policy of the Sacramento Housing and Redevelopment Agency is not suitable for Central Kitchen food commodity purchases because of the length of time required for the formal bid process and approval from the various governing bodies. A separate food purchasing policy is required for the SENP's Central Kitchen for the following reasons:

1. Food purveyors will normally guarantee prices for only one week (e.g., fresh meat) to three months (e.g., frozen vegetables) because of frequent price fluctuations due to (a) inflation; (b) seasonal availability of foods; and (c) product promotions sponsored by both manufacturers and purveyors. Delays in purchasing decisions would disqualify the SENP from receiving certain price benefits.
2. Delivery dates are crucial because of (a) perishability of products; (b) storage requirements; and (c) menu requirements. Delayed deliveries due to purchase documents processing requirements would result in interruption of service, as well as economic losses.

APPROVED
SACRAMENTO HOUSING AUTHORITY
Date 2/12/80

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

Housing Authority of the
City of Sacramento
January 30, 1980
Page 2

The California Department of Aging (CDA) requires that food be purchased by a competitive bid process (CDA Administrative Manual, Section 7330, "Food Procurement Requirement"). Following are purchasing alternatives which would meet the CDA requirement:

1. Annual Cost-Plus Contract

This procedure would require accepting bids for an annual cost-plus contract (purveyor's cost plus a certain percentage). This method would:

- a. result in frequent price changes throughout the contract year;.
- b. require that the SENP commit itself to purchasing specified commodities from only one vendor during the entire one-year contract period; and
- c. require audits of the purveyors' records to ensure that correct charges are made to the SENP.

2. Varying Contract Periods for Commodity Classes

Under this procedure, the SENP would accept bids for different food commodity classes for varying contract periods, depending on the price stability of the commodity class. This method would:

- a. ensure that cost comparisons are made on a regular basis.
- b. ensure price stability for at least the contract period; but
- c. require a great deal of time expenditure on the part of the purchasing agent and other staff to administer the bid processes and approval requirements.

3. Cooperative Food Purchasing Agreement with the County of Sacramento

Entering into a cooperative food purchasing agreement with the County of Sacramento, as authorized with County Ordinance SCC-64, Chapter 2.56, would:

- a. meet CDA food procurement requirements. The County of Sacramento contract procedures meet CDA requirements;
- b. increase the purchasing power of both the County of Sacramento and the SENP because the added quantities required for the SENP would place the County into a better bargaining position in the marketplace. The various elderly nutrition programs within the County of Sacramento have realized substantial cost savings by forming a purchasing cooperative

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

Housing Authority of the
City of Sacramento
January 30, 1980
Page 3

for buying disposable products, following the 1976 Board of Supervisor mandate for such a cooperative;

- c. guarantee prices for a specified time period. This, at least, short-term price stability is beneficial for budget planning and forecasting;
- d. eliminate duplication by the SENP of the administrative time and money spent by the County Purchasing Division in writing food specifications, soliciting bids, and obtaining approval for bid awards;
- e. allow the SENP to continue accepting donated food from the Senior Gleaners, or discounted food from suppliers, both of which would further reduce food costs.

FINANCIAL DATA

Food commodity purchases required for the SENP, at present market prices, will total approximately \$25,000 per month. Funds for these commodities are available under a Title III-C, Older Americans Act, grant (funds presently used to purchase meals from a caterer).

The County Purchasing Division estimates that the SENP would be charged \$720.00 annually for administrative costs associated with the cooperative purchasing agreement, should the SENP utilize the County food contractors for its food purchases. Were the SENP to administer its own bid processes, annual administrative costs are estimated as follows:

| | |
|--|------------------|
| Purchasing Agent (120 hours) | \$1,320 |
| Nutrition Services Coordinator (120 hours) | 1,505 |
| Clerk Typist (240 hours) | 1,360 |
| Accounting Clerk (60 hours) | <u>255</u> |
| Total | \$3,985 ===== |

Net saving to the SENP in annual administrative costs by utilizing the County food contractors would be \$3,265.00.

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

Housing Authority of the
City of Sacramento
January 30, 1980
Page 4

RECOMMENDATION AND VOTE OF COMMISSION

At its regular meeting on February 4, 1980, the Sacramento Housing and Redevelopment Commission recommended adoption of the attached Resolution by the following vote:

Ayes: Coleman, Knepprath, Luevano, A. Miller, Serna,
Teramoto, B. Miller

Noes: None

Absent: Fisher, Walton

RECOMMENDATION

It is my recommendation that you adopt the attached Resolution.

Respectfully submitted,


WILLIAM G. SELINE
Executive Director

Transmittal to Council:


WALTER J. SLIPE
City Manager

WGS/DB:cmh

Contact Person: Daniel Borowiak, S.E.N.P.
Phone: 444-9533

RESOLUTION NO. 1777

Adopted by the Housing Authority of the City of Sacramento

February 12, 1980

AUTHORIZING A COOPERATIVE FOOD PURCHASING
AGREEMENT WITH THE COUNTY OF SACRAMENTO

BE IT RESOLVED BY THE THE HOUSING AUTHORITY OF THE CITY OF
SACRAMENTO:

Section 1. The Executive Director is authorized to enter into a cooperative purchasing agreement with the County of Sacramento for the purchase of food commodities required for the operation of the Central Kitchen by the Sacramento Elderly Nutrition Program.

Section 2. For the period of participation by the Housing Authority in the contract, the Housing Authority:

- (a) shall make all purchases in its own name, for public use only;
- (b) shall be responsible for payment directly to the vendor and for tax liability, and will hold the County harmless from these charges;
- (c) does not have and will not have in force any other contract for like purchases; and,
- (d) shall not have obtained and does not have under consideration written bids or quotations from other vendors for like purchases.

CHAIRMAN

ATTEST:

Robert E. Roche
ASSISTANT SECRETARY

APPROVED
SACRAMENTO HOUSING AUTHORITY

Date 2/12/80