CITY OF EUREKA CALIFORNIA

AGENDA SUMMARY
EUREKA CITY COUNCIL

TITLE: LIT Modular Construction Sole Source Procurement

DEPARTMENT: City Manager

PREPARED BY: Miles Slattery

PRESENTED FOR: ☒Action ☐Information only ☐Discussion

RECOMMENDATION

Find that this action is recommended by the Purchasing Agent and meets the Procurement Policies and Procedures set forth in EMC section 39.41.

Approve sole source purchase of 40 LIT Modular Construction bedroom units, 4 bathrooms, 1 dining facility, 1 laundry facility and 2 office units; and
Approve up to $1,750,000 for the purchase and delivery

FISCAL IMPACT

☐No Fiscal Impact ☐Included in Budget ☒Additional Appropriation

COUNCIL GOALS/STRATEGIC VISION

- Effective Governance

DISCUSSION

Over the past eight months, City of Eureka staff have worked with Balay Ko, a private philanthropic organization based in Santa Barbara, California, to develop an interim housing project at 16 2nd Street to address homelessness in the community. The project was originally structured with grant funding being transferred to a third-party nonprofit organization, which was going to develop the project and then transfer the project to the City. Throughout the planning process, City staff collaborated with Balay Ko, the nonprofit grantor-partner, and a company of Baley Ko's choosing, LIT Modular Construction, to develop the project design, site plan, construction documents, budget, and implementation schedule. All project planning and cost estimates werebased on utilizing LIT Modular Construction as the modular housing provider.

During the past month, the funding structure changed, and Balay Ko will now provide grant funds directly to the City rather than through the nonprofit partner. Although the funding recipient has changed, the project scope, design, and budget remain based on

the use of LIT Modular Construction's modular units. Soliciting competitive bids at this stage would require redesign of the project, revisions to the site and construction plans, and additional engineering and permitting costs. It would also delay project implementation to a point where the philanthropic funding may no longer be available and further create a risk that if the funding remains available it will no longer be sufficient to complete the project.

Pursuant to Eureka Municipal Code § 39.41, Exceptions to Competitive Procurement, staff recommends that the City Council authorize a negotiated purchase of pre-manufactured interim housing units from LIT Modular Construction without a competitive bid process. Staff recommends that Council find that a competitive procurement is not in the City's best interest because at the grantor’s initiative the project has been specifically designed and budgeted around LIT's modular units, and changing manufacturers would result in unnecessary public expense, project delays and could jeopardize completion of this time-sensitive, grant-funded initiative. Therefore, there is only one reasonable and practicable source for the required goods or services, LIT Modular. Approval of this exception will allow the City to efficiently utilize private philanthropic funding and deliver interim housing as planned.