

CITY OF SANTA ROSA
CITY COUNCIL

TO: MAYOR AND CITY COUNCIL
FROM: ALAN ALTON, CHIEF FINANCIAL OFFICER
FINANCE DEPARTMENT
SUBJECT: WAIVER OF COMPETITIVE BID AND APPROVAL OF
PROFESSIONAL SERVICES AGREEMENT NUMBER F002335
WITH HAGERTY CONSULTING, INC. FOR ARPA
ADMINISTRATION

AGENDA ACTION: RESOLUTION

RECOMMENDATION

It is recommended by the Finance Department that the Council, by resolution: 1) waive competitive bidding pursuant to Section 3-08.100(D) of the Santa Rosa City Code and Council Policy 600-001; and 2) approve Professional Services Agreement Number F002335 with Hagerty Consulting, Inc. of Evanston, Illinois, for American Rescue Plan Act (ARPA) administration and consulting in an amount not to exceed \$252,870.

EXECUTIVE SUMMARY

The City Council approved the use of American Rescue Plan Act (ARPA) funds for several projects on February 15, 2022, after receiving previous study sessions since the funding became available. Included in the approved programs was ARPA Administration, which established funding for a consultant to assist City staff to ensure compliance with Treasury guidelines for all ARPA programs. Approval of this agreement with Hagerty Consulting Inc. (Hagerty) will provide staff the necessary guidance and support for interpreting US Treasury guidelines for the use of ARPA funds, developing program justifications, and ensuring reporting compliance.

BACKGROUND

In May 2021, the City received its first tranche of ARPA funding from the US Treasury. The initial guidance from the US Treasury was to develop a spending plan by August 31, 2021. Staff sought help from various firms for assistance with developing the initial plan and interpretation of initial guidance. Hagerty was currently assisting the City on Community Development Block Grant (CDBG) programs, and had the expertise and subject matter experts to assist the City on the ARPA project.

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On June 28, 2021, staff requested the immediate issuance of a purchase order to engage Hagerty under exigent circumstances to meet US Department of Treasury qualification deadlines. Staff proposed moving forward with the purchase order to outline a spending plan and determining eligibility of programs. This step was considered Phase 1 of the ARPA Administration program. Subsequently, the US Treasury revised its initial guidance several times before issuing their final rule on January 6, 2022, effective on April 1, 2022.

On February 15, 2022, the City Council approved a proposed ARPA spending plan including a \$250,000 appropriation for ARPA Administration for Phase 2. The services provided with the use of the funds in Phase 2 include program eligibility review, assistance with quarterly reporting, research, and other compliance guidance for the use of ARPA funds.

PRIOR CITY COUNCIL REVIEW

Staff provided presentations on the use of one-time monies, including ARPA funds, at four previous City Council study sessions: November 17, 2020; December 15, 2020; July 13, 2021; October 26, 2021; and November 30, 2021. Council approved the use of ARPA funds for this purpose on February 15, 2022.

ANALYSIS

When the ARPA funding was announced in 2021 with condensed deadlines, Hagerty Consulting Inc. and several other consultants were contacted to ascertain their proficiency and readiness to interpret and provide guidance relative to US Treasury's initial ruling for the use of ARPA funds. This met the minimum guidelines of Council Policy 600-01 for Minor Professional Services. Having previously been awarded a Federalized Community Development Block Grant (CDBG) Program through an RFP process, City staff had established Hagerty's expertise with Federal grants. Due to the short time window initially presented by the Federal source, City staff proposed the approach of a two-phase program of ARPA Administration and contemplated use of Hagerty for both phases at the outset. In Phase 1, Hagerty reviewed programs proposed by the City for ARPA eligibility under the US Treasury's Interim Final Rule. This review was conducted by Hagerty under purchase order No.164732, totaling \$28,900. The initial August 31 deadline from the US Treasury was ultimately relaxed, allowing additional time for the City to develop its spending plan, which was adopted on February 15, 2022.

Under Phase 2, Hagerty would continue to provide a range of services to support the City's compliance with ARPA guidelines. This includes interpretation of the Final Rule issued by the US Treasury on January 6, 2022; providing continued review of program eligibility within Santa Rosa's ARPA Spending Plan; providing federal contract

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compliance guidance; working with staff to provide program justifications; and assisting with quarterly reporting.

The second phase of the contract for ARPA administration requires Council approval, as the total outlay for Phase 2 was proposed at \$252,870, for a total project cost of \$281,770, less the \$28,900 previously expended in FY 21/22 for Phase 1.

Section 3-08.100(D) of the City Code provides that purchases of supplies, material, equipment, and services may be made without recourse to competitive bidding requirements where the source of supply, necessary restrictions in specifications, necessary standardization, quality considerations, or other valid reasons for waiving competition appears. Section 4.1.2 of Council Policy 600-01 (Selection of Professional Services) also provides that “Council may waive its RFP procedures if waiver is in the best interests of the City.”

Under Section 3-08.100(D), the approval of the waiver of competitive bidding must be approved at the same level of authority as set forth in Section 3-08.110 of the City Code. Council is the award authority for a purchase with a not-to-exceed amount over \$100,000 and must approve the waiver of competitive bidding.

Waiver of competitive bidding is in the best interests of the City and there are valid reasons for a waiver for the recommended contract with Hargerty due to the experience of the consultant, staff’s prior decisions to craft this engagement up front as a two-phased approach, and the limited time initially granted by the US Treasury to develop a spending plan, this contract meets the requirements for waiver of competitive bidding.

FISCAL IMPACT

The funding for this agreement exists within a special revenue fund established for ARPA projects. There is no impact to the General Fund. The services provided under this agreement are one-time in nature, and will not exceed the period of performance established by the US Treasury Final Rule for ARPA funding.

ENVIRONMENTAL IMPACT

The actions provided for herein are exempt from the provisions of the California Environmental Quality Act (CEQA) under Section 15061(b)(3) and 15378 in that there is no possibility that the implementation of this action may have significant effects on the environment. No further environmental review is required.

BOARD/COMMISSION/COMMITTEE REVIEW AND RECOMMENDATIONS

Not applicable.

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NOTIFICATION

Not applicable.

ATTACHMENTS

- Resolution
- Exhibit A – Professional Services Agreement

CONTACT

Alan Alton, aalton@srcity.org, 707-543-3093