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City Attorney
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Police Services
559/591-5914

August 2, 2016

Stephen Wahlstrom
Principal
Wahlstrom & Associates
2140 Shattuck Avenue #2239
Berkeley, CA 94704

Dear Mr. Wahlstrom:

We are in receipt of your email challenging the fairness of the procurement process for the "East El Monte Way Economic Vitality and Sustainability Plan" Project. The City of Dinuba takes great care in ensuring the procurement of goods and services is done in a fair and impartial way. Not only does the City of Dinuba adhere to a City Council-adopted Purchasing Policy, in this case, the City was bound by and followed Federal procurement guidelines as required by the State of California Department of Housing and Community Development (HCD) for the Community Development Block Grant (CDBG). HCD approved the RFP prior to our issuance. As indicated in the Request for Proposals (RFP) scope of work, the City was selecting a consultant using the "federally compliant 'small purchase method'".

Chapter 8 (Procurement and Contracting) of HCD's Grant Management Manual describes the "small purchase method" process. Page 7 of that section clearly states that "the award must be made to the lowest priced vendor". We have confirmed with the State that there is no flexibility in meeting this requirement. Please refer to HCD guidelines for additional information.

I hope this has helped to answer your questions in regards to the RFP procurement process. We find your protest, however, to be unfounded. Thank you for your interest in working with the City of Dinuba.

Sincerely,

Jayne Anderson
Assistant City Manager

PUBLIC WORKS

From: Stephen Wahlstrom [mailto:swahlstrom@localeconomicgroup.com]
Sent: Tuesday, August 09, 2016 8:10 AM
To: Linda Barkley
Subject: Fwd: PROTEST OF CONSULTANT SELECTION FOR DINUBA EAST EL MONTE ECONOMIC VITALITY PLAN

Hi Linda,

I sent the email below to members of the Council and City Staff yesterday. This relates to item 8.2 on the Council Agenda. Sorry but I forgot to include you on the email string.

Please confirm receipt.

Sincerely,

Stephen Wahlstrom
Principal
Wahlstrom & Associates
2140 Shattuck Avenue #2239
Berkeley CA 94704
www.localeconomicgroup.com
510-684-6253

Begin forwarded message:

From: Stephen Wahlstrom <swahlstrom@localeconomicgroup.com>
Subject: PROTEST OF CONSULTANT SELECTION FOR DINUBA EAST EL MONTE ECONOMIC VITALITY PLAN
Date: August 8, 2016 at 1:23:45 PM PDT
To: Emilio Morales <emorales@dinuba.ca.gov>
Cc: Scott Harness <sharness@dinuba.ca.gov>, Maribel Reynosa <mreynosa@dinuba.ca.gov>, Mike Smith <msmith@dinuba.ca.gov>, Kuldip Thusu <kthusu@dinuba.ca.gov>, Luis Patian <LPatlan@dinuba.ca.gov>, Jayne Anderson <JAnderson@dinuba.ca.gov>, George Avila <gavila@dinuba.ca.gov>, Ben Metcalf <ben.metcalf@hcd.ca.gov>, Cathy Parr <Cathy.Parr@hcd.ca.gov>

Mr. Mayor,

This email follows up our July 25 email that challenged the fairness of City Staff's process used to recommend a consultant to prepare the East El Monte Economic Vitality Sustainability Plan. Staff

sent a letter dated August 2 with a further explanation about why our protest “is considered unfounded.” I also requested a copy of the proposal that Staff recommended, which was forwarded to me on Friday.

The purpose of this email is to inform you that Staff’s recommendation is incorrect. Our proposal (Wahlstrom & Associates) is the low bid, which I can safely say now that I have seen the Retail Coach proposal. Staff has misinterpreted the two proposals, which is partially an outcome of their choice not to ask any questions or conduct interviews. Let me explain.

WAHLSTROM & ASSOCIATES SUBMITTED THE LOW BID

Our proposal for \$52,800 included services that responded to the CDBG Planning Grant plus the requested retail recruitment services to be locally funded. Our proposal included an 18-month recruitment plan that cost \$14,000 that was incorporated into the full price of \$52,800. This means that our proposed budget for the CDBG funded portion was \$38,800 with \$14,000 funded by local sources

Retail Coach (recommended by City Staff) proposed a \$80,000 budget for three years of recruitment services, and \$40,000 budget that included 12-months of recruitment services. Their proposal provided no information about budget by task and it is impossible to compare prices and deliverable products.

How does City Staff possibly conclude that Retail Coach is the low proposal when Retail Coast provided no information on budget by task? How can one set of services be compared to another based on low price when one firm chooses to provide no detailed information. Staff has chosen to compare Apples and Oranges when making their recommendation to Council.

BIDDING PROCESS WAS UNFAIR AND FATALY FLAWED

The August 2 letter from Jayne Anderson did not even attempt to address the complaints submitted via the July 25 email. To sum it up:

- The RFP provided no information about budget and encouraged prospective consultants to contact George Avila. We followed the RFP instructions and submitted a few questions to Mr. Avila about the budget
- Mr. Avila informed us via email that: *“The entire available funds for both studies is \$100,000,”* and *“The City will expend the entire grant funds for the full scope of this project, if there are on-going costs after the initial plan then it will be covered by local funds but as you can imagine funds are limited. We haven’t identified a budget for that at this point; we will work with the consultant to negotiate a budget at a cost that is feasible to the City.”*
- The RFP never mentions that the City intends to select the low cost bidder. In fact, City Staff provided the opposite information indicating an intention to expend the entire \$100,000 budget
- City staff then informs us 3 months after the proposal was submitted that we should have known that selection would be based on low bid even though we were told otherwise in writing.

PROTEST OF STAFF RECOMMENDATION

In Sum:

- Our team submitted the low bid based on my review of both proposals. The proposal submitted by Retail Coach lacks any detail about the budget that would allow the City to compare prices of services funded by the CDBG planning grant and the locally funded retail recruitment services.
- The purpose of issuing an RFP is to give all bidders a fair chance to deliver services needed by the City. Instead, the City gave our team false and misleading information about the budget and the consultant selection criteria.

- We have no problems with bidding on RFPs that intend to select the lowest bid. But, the selection criteria should be transparent and clearly stated. This was not done

Hopefully, this is not the way you want the City of Dinuba to conduct its business. We request that the City move forward by selecting our team based on the lowest bid that can be clearly understood. Alternatively, we request that the City reissue the RFP and clearly state that the lowest bid will be selected.

If the City moves forward to contract with Retail Coach then we will likely pursue efforts to recover our costs of submitting the proposal. I hope you understand that it takes a lot of time, energy and effort to respond to RFPs and we take the task very seriously. We have done good work for the City of Dinuba in the past and were looking forward to a new project in your City. Through this bidding process, the City has not respected our efforts and failed to respond to our complaints.

I am including Ben Metcalf, the HCD Director on this email as well as Cathy Parr who is the small business advocate. I consider it my professional responsibility to inform them of the flawed CDBG procurement process that has led us to this point.

Sincerely,

Stephen Wahlstrom

Principal

Wahlstrom & Associates

2140 Shattuck Avenue #2239

Berkeley CA 94704

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