



Staff Report Details (With Text)

File #: 18-01004 **Version:** 1 **Name:** Purchasing and Contracting Code Update
Type: Minute Order **Status:** Public Hearing
File created: 3/9/2018 **In control:** City Council Meeting Agenda
On agenda: 3/26/2018 **Final action:**
Title: CC - PUBLIC HEARING: Introduction of an Ordinance Repealing and Replacing Sections 3.07.005 through 3.07.095 of the Culver City Municipal Code Regarding the City's Purchasing and Contracting System; and (2) Adoption of a Resolution Establishing the Purchasing Officer's Purchasing Authority.

Sponsors:

Indexes:

Code sections:

Attachments: 1. 2018-03-26_ATT 1_Proposed Ordinance Repealing and Replacing CCMC Provisions.pdf, 2. 2018-03-26_ATT 2_Strikeout-Underline Version of Current CCMC Provisions.pdf, 3. 2018-03-26_ATT 3_Resolution Establishing Purchasing Authority.pdf

Date	Ver.	Action By	Action	Result
3/26/2018	1	City Council Meeting Agenda		
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Meeting Date: March 26, 2018

Contact Person/Dept: Jeff Muir/Finance Department

Phone Number: (310) 253-5865

Fiscal Impact: Yes ☐ No ☒

General Fund: Yes ☐ No ☒

Public Hearing: ☐

Action Item: ☒

Attachments: ☒

Commission Action Required: Yes ☐ No ☒ **Date:**

Public Notification: (E-Mail) Meetings and Agendas - City Council (03/21/18); (Email) Meetings and Agendas - Fiscal and Budget Issues (03/21/18)

Department Approval: Jeff Muir, Chief Financial Officer (03/20/18)

RECOMMENDATION

Staff recommends the City Council (1) introduce an Ordinance repealing and replacing Sections 3.07.005 through 3.07.095 of the Culver City Municipal Code regarding the City's Purchasing and Contracting System; and (2) adopt a Resolution establishing the Purchasing Officer's purchasing authority.

PROCEDURE:

1. The Mayor seeks motion to receive and file the affidavit of mailing and posting of public notice.
2. The Mayor calls on staff for a brief staff report and City Council poses questions to staff as desired.
3. The Mayor seeks a motion to declare the public hearing open and the City Council receives public comment.
4. The Mayor seeks a motion to close the public hearing after all testimony has been presented.
5. The City Council discusses the matter and arrives at its decision.

BACKGROUND

The goal of the City's Finance Department Purchasing Division is to obtain appropriate equipment, goods, supplies and services for the City, at the best value, and in a timely manner, while maintaining fairness to vendors, and abiding by applicable laws.

Culver City Charter Section 1604 provides: "The City Council shall, from time to time, establish, by ordinance, procedures to ensure the integrity of awarding all contracts for the construction or improvement of public works, buildings, streets, drains, sewers, utilities, parks and playgrounds." Section 1604 further requires that the procedures for public works projects be reviewed periodically by the City Council at a public hearing. In addition, Culver City Charter Section 1605 provides: "The City Council shall establish procedures for the purchasing, storing and distribution of all supplies, materials and equipment required by any City department. The City Manager shall direct the implementation of such procedures for all City departments." These procedures are set forth primarily in Culver City Municipal Code (CCMC) Sections 3.07.005 - 3.07.095.

The last major review of the Purchasing and Contracting Systems section of the CCMC resulting in substantive changes was conducted in 2010. In effort to continually improve the City's purchasing and contracting processes, the Finance Department and City Attorney's Office included in their 2017/18 Work Plans the tasks of conducting a comprehensive update of the CCMC provisions, purchasing policies, and Request for Bids (RFB)/Request for Proposals (RFP)/Request for Qualifications (RFQ) documents; establishing bid protest procedures; and reviewing insurance and indemnity issues relating to City contracting and purchasing. A working group was formed with the Finance, Public Works, and Transportation Departments, and City Attorney's Office (collectively, the "Working Group"), to jointly review purchasing operations, practices and procedures for statutory compliance, procedural consistency and operational efficiencies. Collaborative discussions resulted in recommendations to amend the CCMC, including procedural clarifications regarding multi-year contract processes, bidding and request for proposals, emergency purchases, disposition of City surplus property, contracts for public works projects, and purchasing and contracting authority.

The proposed Ordinance is the first step in this comprehensive update of the purchasing and contracting system. Subsequent to amending the CCMC, the Working Group will proceed with updates to the administrative policies/manuals regarding purchasing, contracting and bid protest; update the RFB/RFP/RFQ documents and standard purchase order; and review insurance and indemnity issues in the contracting process.

DISCUSSION

Proposed Ordinance

Staff held a number of Working Group meetings to review and discuss the current Purchasing and Contracting Systems subchapter of the CCMC. In addition to a number of grammatical or clarifying changes, the Working Group has proposed substantive modifications to CCMC Sections 3.07.005 through 3.07.095 to streamline processes and increase efficiencies. The highlights of such recommendations are as follows:

- *Title.* Staff recommends amending the title of the Purchasing System subchapter to “Purchasing and Contracting System” to account for the full breadth of procurement services as further outlined throughout this subchapter of the CCMC.
- *Bidding and Request for Proposals.* Bidding procedures are discussed in various places throughout the subchapter. A number of changes have been recommended by the working group to improve clarity and operational efficiencies, including, but not limited to:
 - *Lowest Responsive and Responsible Bidder.* The City’s policy has enabled evaluation of bids to ensure that the City awards to the bidder who offers the lowest cost, but also to ensure that the bidder is responsive and responsible. The criteria for “responsibility” and “responsiveness” have been further defined for use during bid evaluations.
 - *Bidding Procedures & Request for Proposal/Qualification Procedures.* It is recommended that the processes for bidding and request for proposals or qualifications be bifurcated, as bidding requirements are more stringent. Within the Professional and General Services Section, procedures for RFPs/RFQs are now outlined.
 - *Bid Protest Procedures.* Bid protest procedures have been recommended for incorporation into this subchapter to outline steps for bidders to utilize when challenging an award or proposed contract award.
- *Multi-Year Contracts.* It is the policy of the City that formal or informal bidding procedures must be utilized for vendors that have been utilized for five consecutive years. To avoid conflict with certain provisions of Section 3.07.045, which outlines exceptions to bidding requirements, it is clarified that the “five-year rule” is not applicable to previously exempted purchases (with the exception of professional and general services).

- **Emergencies.** Changes to the emergency purchases section have been proposed to be limited to procedures relating to purchases and contracting for operational emergencies (i.e. emergencies resulting from a sudden, unexpected occurrence, requiring immediate action necessary for continued operation or provision of City services). The procedures for purchases needed during or resulting from a locally declared emergency will be outlined in Chapter 3.09, Disasters and Emergencies, which will be brought forth to City Council at a later date.
- **Contracts for Public Works Projects.** Public Works contracting authority thresholds have been recommended to align with federal and state standards (See CCMC Section 3.07.090 of the proposed Ordinance). Additionally, the Working Group recommends the Public Works Director be delegated the authority to accept the work, file and record a notice of completion, and release retention funds.
- **Disposition of City Surplus Property.** Currently the CCMC allows the Purchasing Officer to dispose of all City-owned surplus and obsolete personal property by bid, auction, negotiated sale or exchange. It is recommended to expand this section to allow for additional means of disposal, including transfer from one City division to another, transfer to a not-for-profit entity, transfer to another government entity, or trade for new purchase. It is further proposed to allow for the transfer of partnered police dogs to retired peace officers at no cost or below market value.

Due to the significant number of edits to the current CCMC provisions, staff is recommending a proposed Ordinance (Attachment 1), which repeals and replaces CCMC Sections 3.07.005 through 3.07.095. All of the proposed modifications are reflected in Attachment 2, a strikeout/underline version of the current CCMC provisions, for City Council's reference.

Proposed Resolution

Currently, the City Manager has the authority to administratively approve and execute contracts and purchase orders up to \$30,000 per vendor per fiscal year. While projects and purchases are planned in the City's budget and adopted by City Council, departments must return to City Council to award the purchase order or contract for projects or purchases exceeding the \$30,000 administrative approval threshold. Unexpected purchases not included in the budget and beyond the administrative approval threshold further require City Council approval prior to issuing a bid or RFP/RFQ. In consideration of the growing number of contracts beyond the administrative approval authority threshold, requiring significant staff time involved in preparing an item for a City Council agenda, as well as the fact that the purchasing/contracting authority has not been evaluated over the last eight years, the Working Group determined that the administrative authority threshold should be further evaluated.

Staff researched purchasing guidelines from a number of California cities. Through a survey, it was identified that Culver City's dollar thresholds requiring City Council action are well below most of its neighboring cities. Administrative purchasing authority thresholds ranged from \$25,000 with most cities at \$50,000 or higher. The chart below summarizes those results:

CITY	ADMINISTRATIVE AUTHORITY
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West Hollywood	\$25,000
Manhattan Beach	\$50,000
Beverly Hills	\$50,000
Inglewood	\$75,000
Santa Monica	\$80,000 - Prof. Services/\$175,000 - Non-Prof. Services

To streamline City operations and increase efficiency, staff recommends that the City Manager's purchasing authority be increased to \$50,000, which will improve operations and more closely align with neighboring cities.

In addition, it is the Working Group's recommendation that the purchasing authority limits be established by Resolution (Attachment 2), rather than being set forth in the CCMC, in order to streamline the process for any future adjustments.

FISCAL ANALYSIS

No additional funding is required for adoption and implementation of the proposed ordinance amendment and resolution. Implementation of these proposals is expected to result in significant savings in staff time and increased efficiency.

ATTACHMENTS

1. Proposed Ordinance Repealing and Replacing CCMC Sections 3.07.005 - 3.07.095
2. Strikeout/Underline Version of Current CCMC Sections 3.07.005 - 3.07.095
3. Proposed Resolution Establishing the Purchasing Officer's Purchasing Authority

MOTION

That the City Council:

1. Introduce an Ordinance repealing and replacing Sections 3.07.005 through 3.07.095 of the Culver City Municipal Code regarding the City's Purchasing and Contracting System; and
2. Adopt a resolution establishing the Purchasing Officer's purchasing authority.