

CITY OF CARSON

City Council Update: Purchasing and Contracting Assessment Engagement

December 5, 2023

Presented by:
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EXHIBIT NO. 2



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Project Goals

Increase

**ACCOUNTABILITY
EFFICIENCY
EFFECTIVENESS**

MGO Project Team



Linda C. Hurley, CPA
Engagement Partner



Brianna C. Pierce, CPA
Senior Manager



Sunny McLernon*
Supervisor

*Not present

Scope of work

Procurement and Contracting

Assess processes

Procedures

- Review policies and procedures
- Interviews and walk-throughs
- Research South Bay Cities' approval thresholds
- Analyze purchase orders data
- Review financial system workflows
- Analyze City Attorney's Office's billing for procurement related services

Results

- Observations
- Recommendations
- Final report
- Redline Purchasing Ordinance
- Redline Administrative Policy & Procedure (APP) – Purchasing Procedures

Develop procedures manual

Procedures

- Develop based on:
 - Observations and recommendations from assessment
 - Best practices

Results

- Procurement procedures manual
- Process flow maps

Identify performance measures

Develop methodologies to assess compliance

Develop training schedule

Assist with local preference in procurement

Assist in developing Contract Coordinator job description

Project Status

Completed

- Review of policies and procedures
- Interviews
- Research South Bay Cities
- Analyze purchase order data
- Review of workflows
- Redlining of Purchasing Ordinance
- Redlining of APP Purchasing Procedures
- Analyze City's Attorney's billing for procurement related services

In progress

- Drafted observations and recommendations
- Drafting final report
- Drafted procedures manual and process maps
- Assist with local preference in procurement
- Identify performance measures
- Develop methodologies to assess compliance

Not started

- Develop training schedule
- Assist with developing job description for Contract Coordinator position, if approved

Recommendation #1

Increase purchasing approval thresholds:

- City Manager \leq \$75,000
- City Council $>$ \$75,000

Increase bidding thresholds:

- Informal bidding \leq \$75,000
- Formal bidding & competitive proposals $>$ \$75,000

Recommendation #1

Increase Purchasing Approval Thresholds

South Bay Cities

Purchasing approval thresholds for select cities

Approval Level	City			
	Carson	Long Beach	El Segundo	Manhattan Beach
Purchasing Manager				
Department Director		<= \$25,000	<= \$25,000	
Finance Director				>= \$20,000
City Manager	<=25,000	\$25,001 - \$200,000	\$25,001 - \$50,000	\$20,001 - \$49,999
City Council	>25,000	> \$200,000	> \$50,000	> = \$50,000

Approval Level	City			
	Redondo Beach	Hermosa Beach	Hawthorne	Lawndale
Purchasing Manager			\$5,000.01 - \$15,000	
Department Director				<= \$5,000
Finance Director				
City Manager		<= \$30,000	\$15,000.01 - \$25,000	<= \$15,000
City Council	>= \$35,000	> \$30,000	> \$25,000	>\$15,000

FY 2022 Purchase Orders

Purchase orders (PO) issued during July 1, 2021 through June 30, 2022 (including change orders).

89 percent of all purchase orders (PO) were for \$25,000 or less

PO Dollar Ranges	TOTAL		SERVICES		NOT SERVICES	
	# of PO	% of Total	# of PO	% of Services Total	# of PO	% of Not Services Total
<= \$1,000	632	39%	186	26%	446	49%
\$1,001 - \$5,000	531	33%	230	32%	301	33%
\$5,001 - \$25,000	275	17%	152	21%	123	14%
\$25,001 - \$50,000	40	2%	28	4%	12	1%
\$50,001 - \$75,000	27	2%	21	3%	6	1%
\$75,001 - \$100,000	11	1%	9	1%	2	0%
> \$100,000	99	6%	86	12%	13	1%
TOTAL	1615		712		903	

Recommendation #2

Create Contract Specialist Position *

- Reports to the Purchasing Manager
- Has a background in contracting
- Assists with the contracting process Citywide
- Shifts non-legal contracting work from the City Attorney's Office

* Defer to City Council for approval.

Recommendation #2

Create
Contract
Specialist
Position

Procurement Related Services

City Attorney's Office has been providing non-legal procurement and contracting services to the City.

Shift services to the City's Purchasing Manager and Contract Specialist (new position).

Estimated hours and dollar amounts for non-legal procurement and contracting services for July 1, 2021, through June 30, 2022:

598 - 798 hours

\$126,335 - \$168,447

Data limitations:

- City Attorney's Office selected and provided the data based on whether the transaction was procurement or contracting related.
- Tasks contained multiple services performed, often both legal and non-legal, which could not be separately identified.
- Descriptions of services performed were high level.

Thank you

 + City of Carson

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