



CITY OF CARSON

Legislation Text

File #: 2017-012, Version: 1

Report to Mayor and City Council

Tuesday, January 24, 2017

Discussion

SUBJECT:

CONSIDER ADOPTION OF RESOLUTION NO. 17-012, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CARSON, CALIFORNIA ELECTING, UNDER PUBLIC CONTRACT CODE SECTION 22030, TO BECOME SUBJECT TO THE UNIFORM PUBLIC CONSTRUCTION COST ACCOUNTING PROCEDURES SET FORTH IN THE UNIFORM PUBLIC CONSTRUCTION COST ACCOUNTING ACT, INCLUDING ANY POLICIES AND PROCEDURES MANUAL AND COST ACCOUNTING REVIEW PROCEDURES ADOPTED BY THE CALIFORNIA UNIFORM CONSTRUCTION COST ACCOUNTING COMMISSION.

CONSIDER INTRODUCTION OF ORDINANCE NO. 17-1609, AN ORDINANCE BY THE CITY COUNCIL OF THE CITY OF CARSON, CALIFORNIA AMENDING CHAPTER 6 OF TITLE II OF THE CARSON MUNICIPAL CODE RELATING TO THE CITY'S PURCHASING SYSTEM (CITY COUNCIL)

I. SUMMARY

Carson Municipal Code (CMC) Chapter 6 outlines the Purchasing System adopted by the City Council to control the procurement of supplies and services. Staff and the City Attorney's Office propose Ordinance 17-1609 to update the Purchasing System to reflect best practices, provide additional guidance, and eliminate vague guidance subject to interpretation.

In addition, staff proposes the City Council adopt the California Uniform Construction Cost Accounting Act to comply with state guidelines for purchases and contract awarded by the City for public projects (proposed Resolution No. 17-012).

Taking these actions will modernize the City's Purchasing System, provide additional guidance for the control of expenditures, and improve efficiency related to procurement of supplies and services.

II. RECOMMENDATION

1. WAIVE further reading and ADOPT Resolution No. 17-012, A RESOLUTION OF THE

CITY COUNCIL OF THE CITY OF CARSON, CALIFORNIA ELECTING, UNDER PUBLIC CONTRACT CODE SECTION 22030, TO BECOME SUBJECT TO THE UNIFORM PUBLIC CONSTRUCTION COST ACCOUNTING PROCEDURES SET FORTH IN THE UNIFORM PUBLIC CONSTRUCTION COST ACCOUNTING ACT, INCLUDING ANY POLICIES AND PROCEDURES MANUAL AND COST ACCOUNTING REVIEW PROCEDURES ADOPTED BY THE CALIFORNIA UNIFORM CONSTRUCTION COST ACCOUNTING COMMISSION.

2. WAIVE further reading and INTRODUCE Ordinance No. 17-1609, AN ORDINANCE BY THE CITY COUNCIL OF THE CITY OF CARSON, CALIFORNIA AMENDING CHAPTER 6 OF TITLE II OF THE CARSON MUNICIPAL CODE RELATING TO THE CITY'S PURCHASING SYSTEM.

III. ALTERNATIVES

TAKE another action deemed appropriate by the City Council.

IV. BACKGROUND

The Purchasing System (CMC Chapter 6) was last updated in 2013, by adding Local Preference guidelines. Prior to that, the last update to the Purchasing System was made in 2000.

The Finance Director and the Purchasing Manager worked with the City Attorney's Office to develop the proposed update to the Purchasing System, based upon best practices and current law. The chart presented below summarizes the differences between the current Purchasing System and the proposed update. In some cases, there are no differences; and in some cases, guidelines are added.

Provision	Current	Proposed
City Council Approval	\$25,000 or more	\$25,000 or more
City Manager Authorization	Up to \$25,000	Up to \$25,000
<u>Supplies & Equipment:</u>		
Formal Bids Required	\$25,000 or more	\$25,000 or more
Informal Bids Required	\$1,000-\$24,999	\$5,000-\$24,999
Bid Exceptions (not covered elsewhere)	None	Books, periodicals & similar, intellectual property with unique purpose
Contract Required	\$25,000 or more	\$25,000 or more (exception for utilities)
Purchase Order Required	All	\$1,000 or more (exceptions for food, fuel and utilities)
<u>Services:</u>		

Minimum 3 Price Quotes	None	\$5,000-\$24,999 (exception for professional services, requires notice to multiple offerors to permit reasonable competition)
Competitive Proposals	\$10,000 or more	\$25,000 or more
Bid Exceptions	None	Insurance and related service, vendor service agreements for equipment purchased competitively, express mail, services provided by other governmental agencies, advertising, training, use of intellectual property, postage, legal notice publication, software license renewal
Contract Required	Silent	\$5,000 and more (exceptions for express mail, advertising, postage, legal notice publication)
Purchase Order Required	Silent	\$1,000 or more (exceptions for postage, legal notice publication, software license renewal, Commission & Committee stipends, travel & conference expenses)
<u>Other Provisions:</u>		
Budget Required	Yes	Yes
Emergency Purchasing	Bid exception for supplies and equipment only. Emergency not defined.	Bid exception for supplies, equipment and services. Emergency and procedures defined. City Council approval required at next regular meeting.
Sole Source Purchasing	City Manager finding, City Council concurrence.	City Manager finding, City Council approval for \$25,000 or more
Piggyback & Cooperative Purchasing	Included	Included
Procurement Protest Procedures	Silent	Included
Procedures for Disposition of Surplus Property	Silent	Included
Employee Conflict of Interest	Silent	Prohibited

The Purchasing System currently includes guidelines for local preference (CMC 2611-2612). The guidelines provide a local preference of five percent for supplies, equipment and services less than \$100,000. In order to establish local preference requirements, the City Attorney's Office has advised that the City would have to demonstrate that local businesses are

legitimately disadvantaged because doing business within City limits is more expensive than doing business outside of City limits. Furthermore, if a local preference were to be challenged, the City's demonstration that the local business is disadvantaged may not be sufficient to prevail. Therefore, a section on local preference has not been included in the proposed ordinance. If the City Council wishes to include a local preference, guidelines would need to be updated and added to CMC Chapter 6 at a later time.

California Uniform Construction Cost Accounting Act (UPCCAA)

The UPCCAA was enacted in 1983, and applies only to "public projects" and "maintenance" as defined by Public Contract Code Section 22002. Public projects include construction, renovation, demolition, repair and painting of any publicly owned or operated facility. Maintenance includes routine work for preservation or protection of any public owned or operated facility, minor repainting, and landscape maintenance.

The UPCCAA regulates purchases and contracts for both public projects and maintenance; and provides increased bidding limits for public projects only. Upon adopted of the UPCCAA, the City will be required to comply with state guidelines for bidding, maintaining a list of registered contractors, notifying trade journals for upcoming bid opportunities, and accounting procedures.

When complying with the state guidelines noted above, the increase bidding limits for public projects are:

- Up to \$45,000 - negotiated contract;
- \$45,001-\$175,000 informal procedures; and
- \$175,001 or more - formal procedures.

However, nothing precludes the City from using more restrictive procedures than those allowed by the UPCCAA.

Administrative Policy & Procedure

Staff is preparing a new Administrative Policy & Procedure (APP) based upon the proposed update of the Purchasing System. If the City Council adopts the proposed ordinance, the APP would become effective and replace the following Standard Management Procedures (SMPs):

3.11	Open Purchase Order Procedure
3.15	Inventory Accounting Auto Parts
3.29	Postage Expense Control
3.31	Loss of City Property by an Employee
3.40	Purchase and Payment Authority
3.45	Issuance of Business Cards
3.80	Centralized Purchasing of Office Supplies
3.90	Annual Inventory
5.06	Surplus Property Distribution- Other Than Real Property
5.07	Surplus Vehicle Distribution
5.20	Surplus Property Disposal- Other Than Real Property
5.30	Local Purchase Orders
5.40	Purchase Orders- Authorization and Processing
5.50	Return of Rejected Goods and Materials

V. FISCAL IMPACT

There is no fiscal impact associated with the recommendation.

VI. EXHIBITS

Resolution No. 17-012, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CARSON, CALIFORNIA ELECTING, UNDER PUBLIC CONTRACT CODE SECTION 22030, TO BECOME SUBJECT TO THE UNIFORM PUBLIC CONSTRUCTION COST ACCOUNTING PROCEDURES SET FORTH IN THE UNIFORM PUBLIC CONSTRUCTION COST ACCOUNTING ACT, INCLUDING ANY POLICIES AND PROCEDURES MANUAL AND COST ACCOUNTING REVIEW PROCEDURES ADOPTED BY THE CALIFORNIA UNIFORM CONSTRUCTION COST ACCOUNTING COMMISSION (pages 6-7)

Ordinance No. 17-1609, AN ORDINANCE BY THE CITY COUNCIL OF THE CITY OF CARSON, CALIFORNIA AMENDING CHAPTER 6 OF TITLE II OF THE CARSON MUNICIPAL CODE RELATING TO THE CITY'S PURCHASING SYSTEM (pages 8-29)

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