



City of Long Beach
Working Together to Serve

Office of Gerrie Schipske
Councilwoman, Fifth District
Memorandum

R-14

Date: April 3, 2012

To: HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL

From: Councilwoman Gerrie Schipske, Fifth District *GS*
Councilmember Rae Gabelich, Eighth District *RG*
Councilmember Steven Neal, Ninth District *SN*

Subject: **AGENDA ITEM:** Exploration of Joint Purchasing Agreements Between the City of Long Beach and the Long Beach Unified School District as a Means of Reducing Costs for Both Entities

DISCUSSION:

The Press Telegram recently reported: "In a worst-case scenario, the Long Beach Unified School district projects a \$189 million deficit out of its \$700 million operating budget by 2014 if state budget cuts continue." The City of Long Beach also recently reported a projected \$26 million dollar deficit if revenues continue to decline.

Both entities employ approximately the same number of employees and spend approximately the same amount in millions of dollars for health care benefits. Both entities purchase office supplies, equipment, and materials (asphalt, concrete).

Recently, the City Council formed a Joint-Use Committee between the City and LBSUD as a way to explore (among many items) the sharing of recreational and sports facilities.

Since both organizations face deficits and both organizations purchase similar items, including health care benefits, there may be an opportunity to reduce costs for both government agencies due to bulk purchasing agreements.

FISCAL IMPACT: The implementation of joint purchasing could potentially result in considerable savings to the City of Long Beach and the Long Beach Unified School District.

RECOMMENDATION:

By motion of the City Council, refer to the City of Long Beach and LBUSD Joint Committee a request that the Committee explore what if any cost reductions could be realized by both organizations through a joint purchasing agreement for items commonly used and purchased by both organizations, including but not limited to health care benefits.