



CITY OF LONG BEACH

FINANCIAL MANAGEMENT DEPARTMENT

ORD-25

333 West Ocean Boulevard 6th Floor • Long Beach, CA 90802 • (562) 570-6200

December 4, 2012

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Declare an Ordinance amending Section 2.84.010 of the Long Beach Municipal Code, increasing and clarifying the Authority of the City Purchasing Agent, under limited circumstances, to bind the City through the issuance of a Purchase Order up to \$250,000 and requiring associated purchasing procedures, read the first time and laid over to the next regular meeting of the City Council for final reading. (Citywide)

DISCUSSION

The Fiscal Year 2013 (FY 13) budget adopted by the City Council on September 4, 2012, includes a provision to change the City's purchasing policies to streamline the purchasing process, improve efficiency, introduce enhanced financial controls, and decrease administrative expense. In order to implement some of these efficiency improvements as adopted in the budget, an amendment to the Long Beach Municipal Code (LBMC) is required.

Purchasing Agent Authority

Currently, the LBMC allows the Purchasing Agent to issue purchase orders in the amount of \$100,000 or less. The Adopted FY 13 Budget captured savings from raising that amount to \$250,000, which allowed for the elimination of a buyer position and implementation of a more streamlined purchasing process. The proposed ordinance and associated procedures provide this authority and include the following financial controls for purchases between \$100,000 and \$250,000:

- The procurement process must require at least three proposals or bids, ensuring that a competitive process has been used.
- Any sole source procurement above \$100,000 will require City Council approval.

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- The purchase must be in conformance with purchasing procedures developed and promulgated by the Purchasing Agent. The required purchasing procedures will include award protest procedures to provide additional pre-award controls.
- As an additional control, City purchasing procedures will provide for a quarterly report to the City Council on all purchases above \$100,000 that were approved by the Purchasing Agent.
- Any purchases above \$250,000 would require City Council approval.

The LBMC also currently allows the Purchasing Agent to issue purchase orders in the amount of \$500,000 or less for Homeland Security grant contracts. This higher limit has worked successfully in the City for a number of years, and has allowed the City to move quickly to purchase Homeland Security equipment under strict time requirements, while adhering both to the purchasing policies required by the federal grants and the City. Similar benefits are expected from the proposed change outlined above. Additionally, KPMG, the City's external auditor, has reviewed the proposed changes and determined they do not constitute a financial control issue.

Department Authority to Make Purchases

The adopted FY13 budget includes a provision to increase a department's purchasing authority to \$25,000, from the current \$10,000 limit. The LBMC change allows the Purchasing Agent to delegate authority to departments for purchases. Currently, the Purchasing Agent will set the limit at \$25,000, but the departments will only be able to make purchases if they follow the purchasing procedures promulgated by the Purchasing Agent.

This matter was reviewed by Assistant City Attorney Charles Parkin on November 13, 2012 and Budget Management Office Victoria Bell on November 14, 2012.

TIMING CONSIDERATIONS

City Council action is requested on December 4, 2012 in order to implement the changes as approved with adoption of the FY 13 Budget.

FISCAL IMPACT

The FY 13 Adopted Budget included a budget reduction of 20 percent of the Purchasing Division buying staff, eliminating one of five positions, for a savings of \$98,254. These savings are contingent upon the adoption of the ordinance and implementation of the proposed purchasing revisions. In addition to the savings, the proposed change to the LBMC will reduce the City's administrative costs, increase efficiency, and improve controls. There is no local job impact associated with this recommendation.

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SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



JOHN GROSS
DIRECTOR OF FINANCIAL MANAGEMENT

JG:ES:yj
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APPROVED:



PATRICK H. WEST
CITY MANAGER

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ORDINANCE NO.

AN ORDINANCE OF THE CITY COUNCIL OF THE
CITY OF LONG BEACH AMENDING THE LONG BEACH
MUNICIPAL CODE BY AMENDING SECTION 2.84.010
RELATING TO AUTHORITY OF CITY PURCHASING
AGENT AND OTHERS TO CONTRACT

The City Council of the City of Long Beach ordains as follows:

Section 1. Section 2.84.010 of the Long Beach Municipal Code is
amended to read as follows:

2.84.010 Authority of City Purchasing Agent and others to contract.

The City Purchasing Agent, with the written approval of and in
accordance with procedures provided by the City Manager, and such
faithful performance bonds as the City Manager may deem reasonably
necessary, is hereby authorized to bind the City through the issuance of a
purchase order without advertising for bids for the purchase of services,
labor, supplies, materials, goods, or other valuable consideration furnished
to the City for amounts not exceeding one hundred thousand dollars
(\$100,000) and, if the purchase will be reimbursed by state or federal
grant funds relating to homeland security, for amounts not exceeding five
hundred thousand dollars (\$500,000). For non-state or federal grant
related purchases exceeding one hundred thousand dollars (\$100,000),
but not exceeding two hundred and fifty thousand dollars (\$250,000), the
City Purchasing Agent is authorized to issue a purchase order if the award
is based on an Invitation to Bid (ITB) or a Request for Proposal (RFP)
process, which results in at least three (3) bids or proposals conducted in

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Section 2. The City Clerk shall certify to the passage of this ordinance by the City Council and cause it to be posted in three (3) conspicuous places in the City of Long Beach, and it shall take effect on the thirty-first (31st) day after it is approved by the Mayor.

I hereby certify that the foregoing ordinance was adopted by the City Council of the City of Long Beach at its meeting of _____, 20__, by the following vote:

Ayes: Councilmembers: _____

Noes: Councilmembers: _____

Absent: Councilmembers: _____

City Clerk

Approved: _____
(Date)

Mayor

OFFICE OF THE CITY ATTORNEY
ROBERT E. SHANNON, City Attorney
333 West Ocean Boulevard, 11th Floor
Long Beach, CA 90802-4664

REDLINE

2.84.010 - Authority of city purchasing agent and others to contract.

The City purchasing agent, with the written approval of and in accordance with procedures provided by the City Manager, and such faithful performance bonds as the City Manager may deem reasonably necessary, is hereby authorized to bind the City through the issuance of a purchase order without advertising for bids for the purchase of services, labor, supplies, materials, goods, or other valuable consideration furnished to the City for amounts not exceeding one hundred thousand dollars (\$100,000.00) and, if the purchase will be reimbursed by state or federal grant funds relating to homeland security, for amounts not exceeding five hundred thousand dollars (\$500,000.00). For non-state or federal grant related purchases exceeding one hundred thousand dollars (\$100,000), but not exceeding two hundred and fifty thousand dollars (\$250,000), the City Purchasing Agent is authorized to issue a purchase order if the award is based on an Invitation to Bid (ITB) or a Request for Proposal (RFP) process, which results in at least three (3) bids or proposals conducted in conformance with this Code and applicable law and purchasing procedures as promulgated by the City Purchasing Agent.

~~Other persons, categorized as managers in each City department, and as delegated authority by the Purchasing Agent, may make purchases, but only within the limits set forth in this Section and only in accordance with regulations and any additional limitations as set forth by the City Purchasing Agent. with the written approval of and in accordance with procedures provided by the City Manager or by the Water Commission or Harbor Commission, after recommendation by the head of the department, are hereby authorized to bind the City through the issuance of a purchase order without advertising for bids for the purchase of services, labor, supplies, materials, goods or other valuable consideration furnished to the City for amounts not exceeding ten thousand dollars (\$10,000.00).~~