



City of Camarillo

Purchasing System Assessment

February 2024



William C. Statler

Fiscal Policy ■ Financial Planning ■ Analysis ■ Training ■ Organizational Review

TABLE OF CONTENTS

Report Purpose	1
Summary of Findings and Recommendations	1
Background	2
Current Purchasing System Summary	2
Workscope and Methodology	3
Stakeholder Surveys/Interviews Highlights	3
Benchmark Analysis Highlights	3
Findings and Recommendations	6
Stakeholder Feedback	13
Next Steps	13
Appendix: Stakeholder Engagement	15

REPORT PURPOSE

The purpose of this report is to assess the City of Camarillo's purchasing system in acquiring supplies, equipment and services and constructing projects. The assessment goal is to identify potential areas for efficiency improvements in streamlining the timely acquisition of needed resources while assuring prudent stewardship of community resources via reasonable internal controls.

This report presents my findings and recommendations. It is followed by an Appendix that provides added detail about stakeholder engagement.

SUMMARY OF FINDINGS AND RECOMMENDATIONS

Findings and recommendations are organized into ten areas:

1. Purchasing thresholds and authorizations
2. Insurance requirements
3. Use of purchase orders
4. Council role in the purchasing process
5. Too many approvals
6. Weekly check issuance
7. Other streamlining opportunities
8. Blanket purchase order thresholds
9. Centralization of common tasks
10. Workflow processing

Key findings and recommendations include:

Strengths

- The City's finance function is well-managed and the City has implemented strong internal controls.
- The City has extensively documented a wide-range of purchasing policies, procedures and practices, and more importantly, developed and implemented comprehensive systems for compliance.
- Of special note is the City's extensive use of master agreements and "task orders" for ongoing professional services and smaller construction projects. This assures proper insurance for design professionals (such as engineers and architects) and construction contractors.

PURCHASING SYSTEM ASSESSMENT

Challenges and Opportunities

Stated simply, the City’s current purchasing system:

- Is too complicated.
- Takes too long.
- Has too many approvals.
- Formal threshold for supplies and services is too low.

The solution: reduce the “too’s” while assuring appropriate internal controls. The specific recommendations below are based on two concepts:

- Delegate approval to lowest level of reasonable accountability. This helps assure that approvers are knowledgeable about the purchase and its circumstances; and are not simply signing off because the prior approver did.
- The City’s system is decentralized within clearly documented policies and procedures, and centralized review for compliance. This is in the mainstream of similar sized cities and this report recommends continuing this approach of keeping department-centric purchases decentralized. However, it recommends centralizing common steps, such as post-contract award steps for encumbrances, insurance, and contract execution. For construction (public) projects, Public Works should take the lead role; and Finance for all other purchases (supplies, equipment and services).

Einstein’s Advice

“Make everything as simple as possible, but not simpler. Any intelligent fool can make things bigger and more complex. It takes a touch of genius - and a lot of courage - to move in the opposite direction.”

Yin and Yang of Public Purchasing. For effective implementation, especially in a decentralized system, policies and procedures need to be easy to understand and administer by operating departments and central reviewers. And in achieving efficiency, there is always interest by many in “cutting the red tape.” On the other hand, as a public agency, the City needs to meet its stewardship obligations. Achieving both goals is an ongoing challenge of balance in ensuring that the benefits of internal controls do not outweigh their costs.

BACKGROUND

Current Purchasing System Summary

Process	Limits
Supplies, Equipment, O&M and Consultant Services	
Open Market	Less than \$5,000
Informal Bids	\$5,000 to 30,000
Formal Bids	More than \$30,000
Public Projects	
No Bids Required	Less than \$60,000
Informal Bids	\$60,000 to \$200,000
Formal Bids	More than \$200,000

PURCHASING SYSTEM ASSESSMENT

As reflected above, the City has set unified thresholds for supplies, equipment, operating and maintenance (O&M) services (called “general services” in the City’s purchasing policies) and professional (consultant) services. However, higher thresholds are set for “public projects” (construction projects). These are set under State regulations (Uniform Construction Cost Accounting Act), which the City adopted in May 2009. These higher thresholds make sense, given the nature and higher costs of construction projects.

Workscope and Methodology

The workscope and methodology included:

- Document review, including Municipal Code, Council policy, Procurement Manual, and department procedures and practices.
- Stakeholder surveys/interviews.
- Benchmarking: what do similar cities do?
- Analysis based on Consultant’s experience and judgment.

Stakeholder Surveys/Interviews Highlights. Generally, the results from 20 “stakeholder” surveys and interviews were generally in alignment throughout the organization. The overarching theme was “simpler, faster.” The following summarizes “best things” about the City’s system and “where things could be better:”

Best Things	Could Be Better
<ul style="list-style-type: none"> • Digital processing (“HelloSign”). • Process for smaller purchases (under \$5,000). • Cooperative purchasing. • Fewer items going to Council. • Risk management part of system. • EIR [environmental impact review consultant] selection process. 	<ul style="list-style-type: none"> • Thresholds too low. • Takes too long to process (no sense of urgency). • Inconsistent application of rules. • Limited resources for such a complicated system. • Unique circumstances (such as software purchases). • System training.

Benchmarking Highlights. The following nine “benchmark” cities in Ventura and Los Angeles counties were selected based on agencies the City commonly uses for other survey purposes. City population ranges from 7,493 (Ojai) to 197,477 (Oxnard), with an average size of 74,000 compared with 69,309 in Camarillo.

PURCHASING SYSTEM ASSESSMENT

City	County	Population
Agoura Hills	Los Angeles	19,770
Calabasas	Los Angeles	22,808
Moorpark	Ventura	35,151
Ojai	Ventura	7,493
Oxnard	Ventura	197,477
Santa Paula	Ventura	31,423
Simi Valley	Ventura	124,174
Thousand Oaks	Ventura	122,957
Ventura	Ventura	107,341
Camarillo	Ventura	69,309

Thresholds were benchmarked for three common procurement types.

- Supplies, equipment, O&M service (general services)
- Consultant services (professional services)
- Public projects (construction work)

Purchasing Policy Summary: Benchmark Cities

Supplies, Equipment and Operation/Maintenance Services			
Typical Features	No Bidding Required	Informal/Open Market	Formal
Process	None	3 Verbal/Written Quotes	Detailed IFB; Sealed Bids
Award Authority	Department Head/Staff	Finance/Purchasing	Council
Award Documentation	Voucher/Check Request	Purchase Order	Formal Contract
Insurance Requirements	No	No	Yes
Agoura Hills	Less than \$5,000	\$5,000 to \$25,000	More than \$25,000
Calabasas	Less than \$10,000	\$10,000 to \$60,000	More than \$60,000
Moorpark	Less than \$1,000	\$1,000 to \$15,000	More than \$15,000
Ojai	Less than \$5,000	\$5,000 to \$30,000	More than \$30,000
Oxnard	Less than \$5,000	\$5,000 to \$100,000	More than \$100,000
Santa Paula	Less than \$5,000	\$5,000 to \$50,000	More than \$50,000
Simi Valley	Less than \$7,500	\$7,500 to \$45,000	More than \$45,000
Thousand Oaks	Less than \$5,000	\$5,000 to \$75,000	More than \$75,000
Ventura (1)	Less than \$5,000	\$5,000 to \$250,000	More than \$250,000
Camarillo	Less than \$5,000	\$5,000 to \$30,000	More than \$30,000

1. City Manager approval required for informal bids over \$50,000; contradictions on formal of \$250,000 or \$300,000.

Overall, the City’s “no bid required” threshold of \$5,000 is in the mainstream of the benchmark cities (only Calabasas has a higher threshold of \$10,000). However, the City’s formal threshold is lower than most other cities (exceptions are the three smaller cities: Agoura Hills, Moorpark and Ojai). The average threshold is \$72,000 compared with \$30,000 in Camarillo.

PURCHASING SYSTEM ASSESSMENT

Purchasing Policy Summary: Benchmark Cities

Consultant Services			
Typical Features	No Bidding Required	Informal/Open Market	Formal
Process	None	3 Verbal/Written Quotes	Detailed RFP
Award Authority	Department Head/Staff	City Manager	Council
Award Documentation	Voucher/Check Request	Purchase Order/Contract	Formal Contract
Insurance Requirements	No	Depends	Yes
Agoura Hills (1)	Less than \$25,000		More than \$25,000
Calabasas (1)	Less than \$50,000		More than \$50,000
Moorpark (1)	Less than \$5,000		More than \$5,000
Ojai	Less than \$5,000	\$5,000 to \$30,000	More than \$30,000
Oxnard	Less than \$5,000	\$5,000 to \$100,000	More than \$100,000
Santa Paula	Less than \$5,000	\$5,000 to \$50,000	More than \$50,000
Simi Valley (2)	Less than \$100,000		More than \$100,000
Thousand Oaks	Less than \$5,000	\$5,000 to \$75,000	More than \$75,000
Ventura (2)	Less than \$60,000		More than \$60,000
Camarillo	Less than \$5,000	\$5,000 to \$30,000	More than \$30,000

1. Award by City Manager
2. Can be awarded by Department Head

For consultant services, four of the cities have the same thresholds as supplies, equipment and O&M services like the City. However, they are different in five of the cities, typically lower for consultant services. For consistency and ease of administration in a decentralized system, I recommend retaining an “integrated” approach for all purchases except for public projects, regardless of the threshold. The average threshold is \$55,000 compared with \$30,000 in Camarillo.

Purchasing Policy Summary: Benchmark Cities

Public Contract			
Typical Features	No Bidding Required	Informal/Open Market	Formal
Process	None	3 Verbal/Written Quotes	Detailed RFP
Award Authority	Department Head/Staff	City Manager	Council
Award Documentation	Voucher/Check Request	Purchase Order/Contract	Formal Contract
Insurance Requirements	No	Depends	Yes
Agoura Hills	Less than \$60,000	\$60,000 to \$200,000	More than \$200,000
Calabasas	Less than \$60,000	\$60,000 to \$200,000	More than \$200,000
Moorpark	Less than \$5,000		More than \$5,000
Ojai	Less than \$60,000	\$60,000 to \$200,000	More than \$200,000
Oxnard	Less than \$5,000	\$5,000 to \$200,000	More than \$200,000
Santa Paula	Less than \$60,000	\$60,000 to \$200,000	More than \$200,000
Simi Valley	Less than \$7,500	\$7,500 to \$175,000	More than \$175,000
Thousand Oaks	Less than \$45,000	\$45,000 to \$175,000	More than \$175,000
Ventura (1)	Less than \$60,000	\$60,000 to \$300,000	More than \$300,000
Camarillo	Less than \$60,000	\$60,000 to \$200,000	More than \$200,000

1. Charter City

With the exception of Moorpark, all of the cities have adopted the State’s Uniform Public Construction Cost Accounting Act (UPCCAA). Most (including Camarillo) have a formal threshold of \$200,000, which is the current limit under the Act (and adopted by reference).

FINDINGS AND RECOMMENDATIONS

In most cases, recommendations below should result in policies and procedures that make it easier, simpler, faster and use fewer overall organizational resources. However, the centralization of shared steps in Finance is likely to require more work for this department.

Except for increasing the threshold for supplies, equipment and services, which requires Council approval, all of the other recommendations can be approved administratively.

1 Thresholds

- **Keep public project limits.** These are set by the State and change every 5 years (adopted by City by reference). This is the conceptual approach used by all of the benchmark cities except Moorpark.
- **Keep “over the counter” limit of \$5,000** for supplies, equipment and services. This continues to be a reasonable limit and is in the mainstream of benchmark agencies.
- **Increase the formal threshold to more than \$50,000 (from \$30,000)** for supplies, equipment and services. This is a reasonable limit and is in the mainstream of the benchmark agencies.

2 Insurance

Formal insurance requirements are required for most purchases regardless of type or cost. For smaller, simple purchases, this confuses and frustrates vendors. And ensuring that insurance endorsements are in place before work begins significantly lengthens the purchasing cycle.

The current approach is based on the following excerpt from the City’s risk management policy:

A Rose By Any Other Name

The following terms, which are used in several different places in the City’s policies and manuals, mean the same kind of work: public projects, public works projects and public works construction projects.

While I prefer “construction projects” as the best description of this kind of work, in any future revisions, I recommend consistently using “public projects,” since this is the term used in UPCCAA. (And definitely avoid “public works project,” which might be confused with only projects from the Department of Public Works; these types of projects can surface from any department.

E. Facility Use By Others

1. The City will transfer the risk associated with the use of City property and facilities by others to the user or sponsor of such use, unless otherwise authorized by the City Council or the City Manager.
2. Approval will not be granted until certificates of insurance, applicable endorsements, and signed indemnification and hold harmless statements have been filed.

This has been interpreted to mean that any vendor that delivers or works on site must have insurance in place that meets the City's stringent standards. However, in most agencies, this language is interpreted to mean people using City facilities (such as rentals). For many procurements, this requirement doesn't make sense. Accordingly, for consistent application, many cities have set the threshold at the formal contract stage; and this is my recommendation. (In this case, the insurance requirement on the back of the purchase order should be deleted.)

The only exception is for design professionals and public projects, where insurance should always be required. However, for smaller projects, the City's extensive use of master agreements should mitigate any difficulties with this requirement. Nonetheless, if there are agreements with design professionals and contractors that are not covered by master agreements, these smaller purchases will require proof of insurance.

③ Use of Purchase Orders

Except for public projects, use purchase orders for informal bids. These are a "contract" and can expedite smaller purchases rather than going through the much more complex and time consuming formal contract process. With this approach, the "Purchasing Officer" function of approving purchase orders should be delegated to the Finance Director (who can then delegate this task to others).

On the other hand, purchase orders should not be required for purchases of \$5,000 or less; for these purchases, payment will be based on invoice approval.

Current Practice. Purchase orders as a "contract" are seldom used by the City; formal contracts are largely used instead. On the other hand, they are processed for all contracts for encumbrance (budget control) purposes only. After contract award, departments are required to submit purchase requisitions; but the resulting purchase order is not issued to the vendor. In short, purchase orders should be used for smaller, "informal bids;" but to avoid duplication of effort, they should not be used where there are formal contracts or purchases below the informal bid threshold. (Encumbrances should be processed by Finance for accounting, not purchasing, purposes.)

④ Council Role in Purchasing Process

The Council is not involved in the formal purchasing process until bid is awarded. There are two problems with this approach.

PURCHASING SYSTEM ASSESSMENT

- Detailed bid packages defining the workscope have already been prepared and bids received, precluding Council input regarding what’s being purchased and at what cost.
- If Council concerns surface at bid award, it is awkward at best and delays are likely.

At the award stage, the Council’s role is the relatively simple, ministerial task of determining who submitted lowest bid. Accordingly, in most cases, there is no policy role at this stage.

Earlier Council Role. Provide the Council with a more meaningful policy role by moving it earlier in the process: approval of bid (RFP) package and authorization to invite bids/request proposals. This provides Council with meaningful discretion whether to purchase the item at all and at what cost.

Once these key terms are in place, delegate to staff the ministerial action of awarding the bid (see sample language in the sidebar). If the bids are more than the budget or other unexpected issues (like bid protests) surface, bid award would return to Council.

This results in more efficient and effective process while retaining internal control and more meaningfully involving Council in the formal bidding purchasing process.

Sample Award Delegation

” Approve plans and specifications (request for proposals) for “x” project (services); amend the budget by \$(x) to \$(y) based on the engineer’s updated project cost estimate; and authorize the City Manager to award the contract if within budget.”

Note: the “budget amendment” language is only provided as an example: it may not be needed. But if so, this helps address budget issues before you solicit bids/proposals, not after.

5 Too Many Approvals

City of Camarillo
Department of Public Works
601 Carmen Drive, Camarillo, CA 93010
Office: 805.389.5240 - Fax: 805.382.3097

On-Call Services Task Order

Consultant:	Const Reprographics Company, Inc.					Date:	1/16/2023
Address:	PO Box 4725, Camarillo, CA 93011					Agreement Number:	2023-137
Phone:	(805) 838-8844					(If Applicable) DIR Project ID:	N/A
Budget Code Numbers:	Project	Fund	Dept	Activity	Elem/Obj	Task Order Number:	2023-2 MS
	ST-8023	410	8510	765	82-41	Purchase Order Number:	23569
Project Title:	Annual Overlay – Project ST-5023						

On-Call Agreement Amount	\$36,000
Previous Task Order	\$5,754.36
This Task Order	\$600
On-Call Agreement Balance	\$25,245.64

Project Description: Annual Overlay – Project ST-5023

Consultant shall perform the following-described work per the contract. Consultant will provide reprographics services including the reproduction of the specifications for the Annual Overlay – Project ST-5023 project.

Time for completion for services to be performed under this Task Order: estimated December 31, 2023.

The maximum fee for services performed under this Task Order shall not exceed: \$600.

Title	Name	Phone Number
City's Project Manager	Kyle Butler	(805) 389-5113
Consultant Project Manager	Brian Ehler	(805) 642-6298

Send all correspondence to City Project Manager's attention:
City of Camarillo, Public Works Department, 601 Carmen Drive, Camarillo, CA 93010

Send invoices to Accounts Payable/Procurement Issues via mail to:
City of Camarillo, Attn: Accounts Payable, PO Box 245, Camarillo, CA 93011-0245

Task Order Approval:

David Kozak, Director of Public Works

Geno Ramirez, City Manager

Insurance Verification: rfa

As shown in the sidebar, nine approvals were required for a \$600 task order. As discussed above, the goal should be to delegate responsibility to the lowest accountable level. Stated simply, requiring City Manager approval for \$600, under a master contract already approved by the Council, isn’t in alignment with this concept.

Current Use of Task Orders. The current system is excellent: it assures proper insurance for design professionals and construction contractors for smaller tasks.

However, using construction contractors as an example, the current \$60,000 total fiscal year limit is too constrictive: each task order meets the \$60,000 State limit.

That said, some fiscal year limit is desirable: I recommend up to \$200,000 (the formal threshold), encumbered with contractor selection. (Encumbrances can be allocated among several accounts and modified during the year.) Not every agreement or account needs to be encumbered at \$200,000: this is the maximum. Past experience is the more reasonable basis.

This enables Finance to ensure budget compliance as payments are paid against the encumbrance. With this approach, task orders become internal to the department; and approval can be delegated to staff as determined by the department head.

Professional Services Selection, Part 1. Except in unusual circumstances, do not use the Request for Qualifications (RFQ) selection process for master agreements, for individual work in excess of \$50,000. For example, in July 2023, an engineering contract for design work of \$387,000 was awarded based on a prior RFQ process for a master contract. According to the agenda report, timing was not a critical factor nor was the unique qualifications of the firm (perhaps they had recently designed major improvements at the facility, and as such, were uniquely positioned to design modifications). For this level of work, I believe that a formal request for proposal (RFP) should have been issued.

Professional Services Selection, Part 2. While it should never be the sole factor, include price in the RFP and proposal. Including price is specifically excluded for design professionals (proposals should be ranked and price negotiated with the top ranked firm); and a “two-part” process (separate envelopes for the proposal and price) for others.

However, including price allows the City to better assess costs and benefits. Sample RFP language could say:

Selection will be based on combination of factors that result in the best value to the City, including:

- *Understanding of the work required by the City.*
- *Quality, clarity and responsiveness of the proposal.*
- *Demonstrated competence and qualifications necessary for successfully performing the work required by the City.*
- *Recent experience in successfully performing similar work.*
- *Proposed methodology for completing the work.*
- *References.*
- *Background and related experience of the specific individuals to be assigned to the work.*
- *Proposed compensation.*

The City reserves the right to further negotiate workscope and price with the tentatively selected firm.

For example: Firm A has an “A+” rating by staff: they are the best engineering firm in the world. Firm B is rated an “A:” they are the best firm in the United States. Firm A’s proposal is \$1 million; Firm B’s is \$500,000. I think the City would be best served by Firm B.

However, the City will never know this because it didn't ask for price. (It simply entered into negotiations with Firm A without competing cost information.)

Professional Services Selection, Part 3. Include at least one selection board member from outside department, such as the City Manager's Office, Finance, Human Resources or another operating department. Given the inherent subjectivity of the process, I think having an outside perspective helps. There is also value to the departments in having someone from a reviewing department involved in the selection recommendation. In some circumstances, having a staff member from another agency may also play this role. In any case, the composition of the review team should be addressed in the staff report initiating the process.

Manual Clean-Up. There is no need to distinguish between "management consultants" and "special consultants."

Ⓞ Weekly Check Issuance

It routinely takes 60 days (or more) for check issuance. (The industry standard is 30 days from acceptance of the goods or services). This is driven by several factors:

- Internal invoice approval.
- Semi-monthly Council approval of checks (Tuesday).
- Then mailing of checks on Friday.

Prior Council approval of checks is not required yet this is a critical delay factor. It can be "ratified" by the Council after payment; or not required at all if the agency issues an Annual Comprehensive Annual Financial Report (which the City does).

Moving to an ongoing process of issuing checks weekly will significantly reduce the amount of time required to issue checks for work that has already been satisfactorily performed by the City's vendors in accordance with the approved workscope.

Invoice Processing. It is an accepted "Best Practice" for invoices to be sent directly to Finance; and the City follows this practice. However, it is predicated on an industrial model for supplies that looks like this:

- Based on the using department's requisition, central purchasing selects the vendor, issues the contract/purchase order for widgets and provides central receiving ("receiver copy") and accounting with copies.

Government Code 4525

This section addresses design professional selection. It says a local agency may adopt "procedures that assure that these services are engaged on the basis of demonstrated competence and qualifications for the types of services to be performed and at fair and reasonable prices to the public agencies."

This does not preclude asking for proposed price: only that ability is the basis for award. The City currently follows the State's practice of excluding price from the proposal; but the City is not required to do so.

- The widgets arrive at central receiving (separate division from the using department, purchasing or accounting) as ordered. Central receiving approves the “Receiver” copy and forwards it to accounting (and distributes widgets to the using department).
- Accounting matches the invoice to the purchase order and Receiver, and processes payment.

In fact, especially in a decentralized system, very few (if any) purchases look like this. There is no centralized receiving: the using department receives the goods, and as such, only they can verify whether goods were received as ordered. This is also the case for services.

In the City’s case, the invoice arrives in Finance but must then be forwarded to the using department; which then processes the invoice internally and forwards approval back to Finance.

Long Story Short: Invoices should be sent to the operating department, which is in the best position to know whether goods and services have been received as ordered. Finance is not playing a meaningful role in the current process. This will also help improve processing timelines with no reduction in internal control.

⑦ Other Streamlining Opportunities

Expanded Use of Cooperative Purchasing. The City already makes use of cooperating purchases with other agencies but there are opportunities to expand this, such as chemicals and office supplies. Where there are multi-year terms, the City should accept the timeframe (such as three years) in the cooperative agency contract rather than the specific ending date (which may be less than the initial term when the City entered into the agreement.)

Formal Standardization. This makes sense for purchases like information technology hardware and software.

⑧ Blanket Purchase Order Thresholds

For routine day-to-day “field” purchases (such as hardware and tools at Home Depot), which cumulatively for all departments for the year may exceed informal or formal bidding limits, how should the City’s purchasing thresholds be applied: Per order? Per fiscal year? Per department?

In the real world, there is no satisfactory answer to this: individual small purchases are made by departments throughout the City. I recommend simply acknowledging this and adding language to the Purchasing Manual (Section 3A), which already sets forth a listing of exceptions (such as utilities, subscriptions, memberships and insurance):

“When bidding would be impossible, impractical or incongruent.”

Blanket purchase orders for items like Home Depot could then be considered an exception under this provision.

9 Centralization of Common Tasks

The formal bid/proposal process is composed of three distinct steps:

- Bid/RFP package preparation, approval, notice, distribution and bid/proposal receipt.
- Analysis and bid award.
- Contract execution.

The bid award and contract approval process are often thought of as the same process. But in almost all cases, after awarding the contract, there are a number of conditions (most notably insurance endorsements and City business tax) that must be completed before contract execution.

It is the contract execution phase where centralization makes sense, since there are common tasks:

- Insurance endorsements and ongoing monitoring to ensure it stays in force during the contract term.
- Vendor and City signatures
- Encumbrances

It is recommended that Public Works be responsible for this phase for public projects (except encumbering: this is a Finance accounting function) and Finance for all other purchases.

Moreover, given the unique State requirements for public projects, I recommend that Public Works take the lead on all three steps, working closely with the “client” department.

Separating Bid Award and Contract Execution. The City’s current process for contracts requiring Council approval marries components of these two steps: before taking contract to Council, each department is responsible for obtaining insurance endorsements and vendor signatures. This is in response to concerns that there may be disagreements about insurance or other agreement terms and conditions, which surface from the vendor after the bid is awarded.

This can be mitigated by including insurance requirements and the agreement in the bid package (which the City currently does) and requiring insurance certificates to be included with the submittal along with a signed bid summary (see sidebar sample) that

PROPOSAL SUBMITTAL FORM	
<small>The undersigned declares that she or he has carefully examined Specification No. 2023-5, which is hereby made a part of this proposal; is thoroughly familiar with its contents; is authorized to represent the proposing firm; and agrees to perform the specified work for the following cost quoted in full:</small>	
BID ITEM: One Tree Stump Grinder	
Total Base Price	
Sales tax @ 7.25%	
Other (provide detail below)	
TOTAL	\$
Delivery of equipment to the City to be within _____ calendar days after contract execution and written authorization to proceed.	
<input type="checkbox"/> Certificate of insurance attached; insurance company’s A.M. Best rating: _____	
<i>Firm Name and Address</i>	

<i>Contact</i>	<i>Phone</i>

<i>Signature of Authorized Representative</i>	<i>Date</i>
_____	_____

says it accepts all terms and conditions (and if this isn't the case, identifying any exceptions). This should avoid any post bid-award contract problems while speeding-up the bid award process.

⑩ Workflow Processing

The current digital system works better than “sneaker net” but it largely relies upon email and folders for routing and approval. There are workflow systems that can better process these types of hierarchal reviews and approvals. Planet Bid may help with this as well as financial management system software enhancements.

STAKEHOLDER FEEDBACK

Stakeholder responses from throughout the organization to the proposed recommendations have generally been very supportive. However, after follow-up discussions where most concerns were resolved, Public Works continues to have concerns in two areas regarding professional services:

RFP versus RFQ for Professional Services in Excess of \$50,000. While the Purchasing Manual does provide for either an RFQ or RFP process, the less detailed RFQ is more appropriate for master agreements. However, given the current threshold of \$30,000 (and proposed limit of \$50,000), I believe that an RFP process is the preferable approach rather than relying on past RFQ's. Public Works is concerned that this will result in:

- Much longer professional services procurement process and related slower delivery of capital projects.
- Limited responses by vendors who, based on the typical size of City projects, will not be interested in the added work of preparing a formal proposal.

Including Compensation in Proposals. As noted above, while the City is following the State's process, it isn't required to do so. I believe the City will be able to make better decisions with better information.

Public Works concerns in each area may be justified. However, experience is the best way to assess this; and since this is an administrative policy change, it can be readily modified if these concerns surface in a significant way.

NEXT STEPS

Only the proposed threshold increase for supplies, equipment and services to more than \$50,000 requires Council approval. All other changes can be made administratively via the Purchasing Manual (which is an excellent, comprehensive guide).

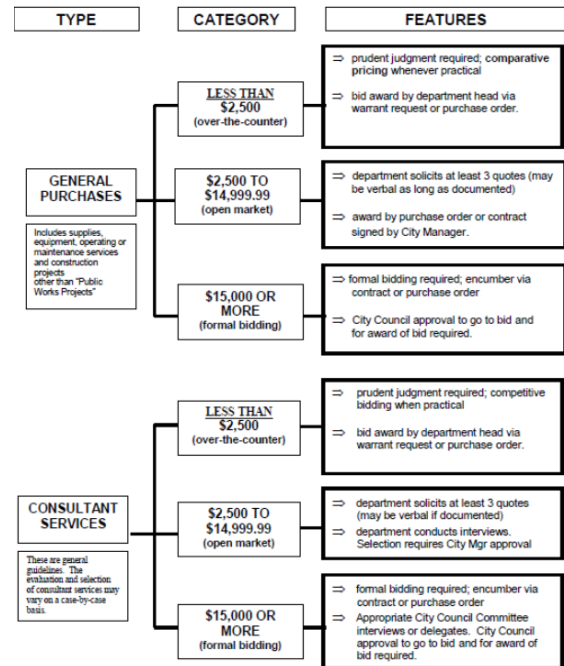
Initial Implementation. As noted above, except for the threshold increase, all of the proposed changes can be made administratively. Accordingly, I recommend being flexible in making adjustments as needed based on experience.

PURCHASING SYSTEM ASSESSMENT

Lean Documentation. I recommend initial “lean documentation.” Using limited resources to update a comprehensive 70-page Purchasing Manual doesn’t make sense when changes may be needed based on experience. After six months to a year, it will be appropriate to comprehensively update the Purchasing Manual based on experience and any “tweaks” along the way. (A famous general once noted that no plan survives first contact with enemy.)

In the interim, I suggest preparing a brief overview of the changes and using simple flow charts (see sidebar sample) in presenting key policies and procedures.

M (pending) **PURCHASING SYSTEM OVERVIEW**



APPENDIX: STAKEHOLDER ENGAGEMENT

The following twenty-two stakeholders throughout the organization were meaningfully engaged in the assessment process through surveys, interviews and forums.

Surveys. Prior to one-on-one interviews, surveys were emailed to all stakeholders soliciting their experience and opinions about the current purchasing system. Questions included:

1. Overall, the City's purchasing system for buying supplies and contracting for services and construction projects allows departments to efficiently meet service needs while protecting City assets and meeting high stewardship standards.

- Strongly agree.
- Agree.
- Disagree.
- Strongly disagree.
- No opinion.

2. Would you describe the City's purchasing system as generally centralized (purchases mostly made by central authority) or decentralized (operating departments mostly manage their purchases, perhaps with some central oversight)?

- Centralized
- Decentralized
- Other (please describe)

3. What are the 3 to 5 things you like best about the City's current purchasing system?

4. What are the 3 to 5 things you like least about the City's current purchasing system?

5. Do you have any other comments you would like to add?

Briefing and One-on-One Interviews. Prior to one-on-one interviews, a briefing was held with all stakeholders to review the assessment purpose, workscope and methodology. One-on-one interviews were then held over the next three days.

Follow-up Forum: Preliminary Findings and Recommendations. All stakeholders were invited to attend a briefing on preliminary findings and recommendations. This was an opportunity to hear stakeholder concerns and answer questions. (Following the briefing,

Stakeholders
Public Works Dave Klotzle, Director James Campero, Assistant Director Shaun Kroes, Public Works Administrator Kathleen Martinez, Engineering Technician Darrin Carter, Water Reclamation Superintendent Eric Maple, Water Resources Manager Tom Bullers, Senior Management Analyst Leo Alamillo, Maintenance Director
Administrative Services John Thomas, Assistant Director Janet Star, Management Analyst Diana Barbarine, Administrative Specialist
Community Development Joe Vaca, Director Janessa Gutierrez, Management Assistant Jamie Avila, Administrative Specialist
Finance Mark Uribe, Director Emad Gewaily, Assistant Director Rena Basset, Budget Analyst
Human Resources Kathy Holman, Human Resources Manager
City Clerk Kristy Buxkemper, City Clerk Carrie Weal, Deputy City Clerk
City Manager's Office Alonso Ramirez, Principal Management Analyst Monique Martinez, Senior Management Analyst

APPENDIX: STAKEHOLDER ENGAGEMENT

stakeholders were emailed copies of the presentation.) Stakeholder responses from throughout the organization to the proposed recommendations were generally very supportive. Public Works provided detailed comments on each of the recommendations, noting whether they were in agreement or had concerns. I provided detailed responses to each of the comments.

Follow-Up Zoom Meeting and Final Public Works Comments. I met with Public Works and City Manager's Office staff via Zoom to discuss their concerns and my responses. Following this, Public Works provided added comments on two areas where they continued to have concerns: discussed in the report regarding professional services: RFQ versus RFP; and including compensation in proposals. These are discussed in the report.