



DEPARTMENT OF  
GENERAL SERVICES

OFFICE OF THE DIRECTOR

CITY OF SACRAMENTO  
CALIFORNIA

August 26, 1987  
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DIVISIONS:

COMMUNICATIONS  
FACILITY MANAGEMENT  
FLEET MANAGEMENT  
RISK MANAGEMENT  
AND INSURANCE  
SUPPORT SERVICES

Budget and Finance Committee  
Sacramento, California

Honorable Members in Session:

SUBJECT: Report Back on City Procurement Practices

SUMMARY

This report is in response to a request made by Councilman Tom Chinn at the Budget and Finance Committee meeting of June 9, 1987, regarding the City's procurement practices.

DISCUSSION

A. General Purchasing Policies

The City of Sacramento purchases supplies, services and equipment under guidelines established by the City Charter, City Code and General Services Policy Directives as follows:

- City Charter (Article XIV)
- City Code (Chapters 57, 58, 59)
- City Council Resolution (Nos. 74-102, 85-328, 85-887, 78-684)
- City Ordinance (86-126 [So Africa Divestiture])
- City Manager Memorandum (Dated 12-1-86)
- General Services Policy Directives (84-10, 84-11, 86-14, 84-19, 84-20, 85-23)

There are ten (10) methods utilized by City departments for obtaining supplies, services and equipment. Seven of these methods require that City departments go through the Support Services (Purchasing) Division which handles centralized purchasing. The remaining three methods can be utilized by the departments independently of Support Services and represent de-centralization of the purchasing activity.

City Methods for purchasing include:

1. Formal Competitive Bidding

Centralized - Supplies, services and equipment

This bidding procedure is utilized when City Council action is required and the estimated expenditure is equal to or greater than \$10,000. This procedure involves the adoption of specifications by City Council, legal advertising, formal bid opening by the City Clerk, and award of the contract by the City Council.

2. Sole Source Award

Centralized - Supplies, services and equipment

This procedure requires that the City Council suspend the formal competitive bid process when (a) the estimated expenditure is equal to or greater than \$10,000 and (b) it is determined to be in the best interest of the City to forego the formal process. Reasons for sole source awards include, but are not limited to, the following:

- Parts for existing equipment can only be obtained from one vendor.
- There is a need to maintain uniformity of equipment.
- There is a lack of vendor response to a formal/informal bid.
- An emergency situation exists where the amount of time to formally bid an item may negatively impact the City's ability to respond.
- The City must maintain certain items.
- Equipment or supplies must be standardized.
- There are limited suppliers of a desired item or service.

### 3. Informal Competitive Bidding

Centralized - Supplies, services and equipment

This bidding procedure is utilized when the estimated expenditure is less than \$10,000 and more than \$500. This procedure does not require Council action. Typically, informal bids are solicited in one of two ways. Most often, an informal bid is sent out to interested bidders on a form which has been developed and is currently used by the City's Support Services Division. These informal bids are usually given two to three weeks for response and once the "closing" date has passed, all submitted bids are evaluated by procurement personnel and the lowest responsible bidder is awarded the contract.

In the absence of a written informal bid, it is acceptable to solicit bids by telephone. This may be done by the requesting department or by a buyer in the Procurement section. Should the department choose to solicit bids by telephone, information regarding the solicitation of such bids must accompany the requisition. At least three telephone bids must be documented and evaluated.

### 4. State and County Contracts

Centralized - supplies and equipment

Where the State, County or another government agency has a contract in place which was awarded on the basis of a formal competitive bid, the City, under the authority of Council Resolution No. 74-102, may "piggy-back" onto such a contract as long as all of the involved parties are agreeable to such an arrangement. The City currently benefits by using State contracts for vehicles, tires, and lights, and County contracts for fuel and modular furniture, to name a few.

### 5. Confirmations

Centralized - Supplies, services and equipment

Where an emergency exists which threatens the life or property of the City and/or its citizens, a "confirming" purchase order may be issued on demand. Where possible, an attempt is made to secure competitive pricing to the extent to which the nature of the emergency will allow. Confirmations are also used when a situation will cause a significant disruption in the service provided by one City department to another or by the City to its citizens.

6. Buyer Discretion

Centralized - Supplies, services and equipment

When a requested item or service is less than \$500, a buyer in the Procurement section, at his or her discretion, may arbitrarily select a vendor without competitive bidding. This selection is usually based, however, on the past experience of the buyer with several vendors who may provide the particular commodity or service required and his or her knowledge of recent prices which were acquired through other competition.

7. EM's and FM's

De-Centralized - Supplies, services and equipment

Because of the special requirements of the Facilities Management and Fleet Management Divisions in the Department of General Services, a "will-call" purchase order system was developed several years ago. This system provides each of these divisions with pre-printed "will-call" slips which are recognized as purchase orders by the vendors who receive them. These EM's and FM's may not be used for items costing in excess of \$500 and, where possible, attempts to secure competitive pricing are made before a vendor is selected.

8. Petty Cash

De-Centralized - Supplies

Throughout the City there are several "petty cash funds" which enable City personnel to make purchases for up to \$50 of such items as office supplies, small tools, parking fees, travel expenses, etc. Typically, an employee will pay for an item used for or during City business and turn in the receipt for reimbursement. Petty Cash funds are established in the Revenue Division, Central Stores at the Corp Yard, and various other locations.

9. Payment Vouchers

De-Centralized - Supplies and services

Where it is impractical to produce a purchase order for supplies, services or equipment good or service, and where a vendor will provide such supplies, services or equipment in the absence of a purchase order, a payment voucher is used. The payment voucher is an expenditure document which generates a single check payment to the vendor for whom it is prepared. Typically, the following situations support the use of the payment voucher in lieu of a purchase order:

- Tuition for a one-time seminar
- Mileage reimbursement
- One time payment to a consultant
- Subscriptions
- Memberships

10. Central Stores

Centralized - Supplies

The Central Stores warehouse is located in the City Corporation Yard and provides immediate service in the filling of orders from City departments for janitorial, hardware, electrical, and paint supplies as well as paper, small tools and other specialty items frequently requested. Most of the items maintained in the warehouse are acquired through the formal bid process and "re-sold" to City departments. Office supplies are ordered by City departments on a regular basis through a computer system established in Central Stores which is hooked up directly to Boise Cascade offices in the bay area. Supplies are delivered daily and billings are sent twice a month by computer tape.

B. Special Purchasing Programs

In addition to identifying the procurement methods listed above, it is important to point out the presence of two other significant programs which have an impact on the purchasing process. These are the MBE/WBE Procurement Workplan and the South Africa Divestiture Affidavit.

1. Minority and Women-owned Business Procurement Workplan

Two years ago, the City Council passed a resolution setting a goal of 20% of the City's budget to be expended with minority and/or women-owned businesses. To that end, an aggressive effort has been made on the part of the department heads, purchasing personnel and the Economic Development section to identify and inform as many MBE's and WBE's as possible about the City's procurement needs and procedures. A report will be coming to the Council within the next few months which will detail the efforts made in this area and the level of success achieved.

2. South Africa Divestiture Affidavit

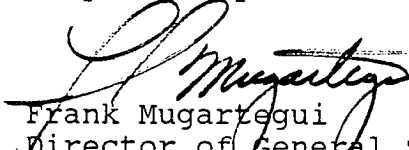
This affidavit is included in all formal bids sent out by the City of Sacramento. The affidavit requires the signature of an officer or official of the bidding company attesting to the fact that the bidder is neither doing business in nor providing items manufactured or produced in Nambia or South Africa.

The City's Support Services Division is constantly striving to facilitate the procurement of goods and services for City departments in the most timely and cost effective manner. At times, this means re-evaluating existing legal authority and making recommendations for changes to the City Code or the General Services Policy Directives. The system is dynamic and continually changing in a positive direction.

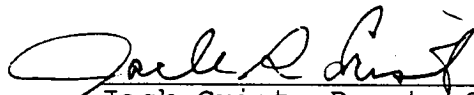
RECOMMENDATION

This report is for information purposes only and requires no Committee action.

Respectfully submitted,

  
Frank Mugartegui  
Director of General Services

For Committee Information:

  
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Jack Crist, Deputy City Manager

September 8, 1987  
All Districts

cc: Department Heads