



Legislation Details (With Text)

File #:	22-665	Version:	1
Type:	Consent Calendar	Status:	Passed
File created:	8/1/2022	In control:	City Council/Public Financing Authority
On agenda:	9/6/2022	Final action:	9/6/2022
Title:	Approve the Finance Department's plan to conduct a comprehensive review of the City's procurement policies		
Attachments:	1. 9/6/22 Supp Comm - PPT		

Date	Ver.	Action By	Action	Result
9/6/2022	1	City Council/Public Financing Authority	approved	Pass

REQUEST FOR CITY COUNCIL ACTION

SUBMITTED TO: Honorable Mayor and City Council Members

SUBMITTED BY: Al Zelinka, City Manager

VIA: Dahle Bulosan, Chief Financial Officer

PREPARED BY: Serena Bubenheim, Finance Manager - Budget

Subject:

Approve the Finance Department's plan to conduct a comprehensive review of the City's procurement policies

Statement of Issue:

During the July 19, 2022 City Council Meeting, Mayor Pro Tem Posey requested a comprehensive review of the City's procurement policies to promote transparency and adherence to best practices. The Finance Department, under the City Manager's direction, has prepared a formal review plan for City Council's consideration.

Financial Impact:

Staff will perform the procurement policy review with the support of an on-call consulting firm that will be selected via a Request for Proposal (RFP) process, which is currently underway. A contract with the selected firm will be presented to the City Council for consideration on September 20, 2022.

Recommended Action:

Approve the plan to review the City's procurement policies as outlined in this report.

Alternative Action(s):

Do not approve the recommended action, and direct staff accordingly.

Analysis:

Background:

Municipal procurement policies are integral in procuring the necessary goods and services consistent with the quality that is required to meet the operational needs of City departments, while ensuring taxpayers receive the maximum value for each dollar spent. These policies ensure there is no conflict of interest related to any awarded contracts and provides all vendors and service providers a fair and equal opportunity to participate.

The City's existing procurement policies work towards the aforementioned goals, advancing its strategic objectives and promoting greater public trust. The City's Charter, Municipal Code, and Administrative Regulations along with federal and state laws provide the authoritative guidance for the City's procurement policies, which have varying requirements and levels of approval based on the type of contract awarded (i.e. professional service, legal expert services, goods, maintenance and clerical support, leases, and Public Works construction).

Overview of Existing Purchasing Policies

The City's requirements and levels of approving authority vary based on the type of contract that is being procured. Each individual procurement policy is detailed below:

Goods & Services

➤ Purchases of supplies and services (other than professional services)

City Charter Section 613, Municipal Code 3.02

Amount	Method	Authority
\$0 - \$30,000	Informal Bid	Department Head, Finance
\$30,000 or more	Competitive Bid	City Council - through the budget process

Professional Services

➤ Consultants, architects, engineers

City Charter Section 613, Municipal Code 3.03, AR 228

Amount	Method	Authority
\$30,000 or less	Informal Bid	Department Head
\$30,000 to \$50,000	Competitive Bid	Department Head, Finance
\$50,000 to \$100,000	Competitive Bid	Department Head, Finance, City Manager
\$100,000 or more	Competitive Bid	City Council

Public Works Construction

➤ Physical construction and improvements of any City infrastructure

City Charter Section 614, AR 119

Amount	Method	Authority
\$25,000 or less	Informal Bid	Department Head, City Manager
\$25,000 or more	Competitive Bid	City Council

Signature Authority Levels

Amount	Contract Type	Authority
Unlimited	Goods	Department Head & City Manager (subject to bidding requirements set forth in Muni Code & City Council budget approval)
Unlimited	Services	Department Head & City Manager (subject to bidding requirements set forth in Muni Code & City Council budget approval)
\$0 - \$50,000	Professional Services	Department Head
\$50,000 - \$100,000	Professional Services	City Manager
Over \$100,000	Professional Services	City Council
\$0 - \$100,000	Expert Services	City Attorney
Over \$100,000	Expert Services	City Council
\$0 - \$25,000	Public Works	Department Head & City Manager
Over \$25,000	Public Works	City Council

As part of its review, staff performed a preliminary survey of neighboring cities' procurement policies to gain a comparative understanding of Huntington Beach's policies. This effort may highlight certain policies that may appear to be outliers and warrant additional analysis during the formal review process. The formal review process may also include the identification and comparison to other cities not listed in the preliminary survey tables below.

Goods & Services

City	Formal Bid Threshold	City Council Approval Threshold
Newport Beach	Over \$25,000	Over \$120,000
Santa Ana	Over \$25,000	Over \$50,000
Huntington Beach	Over \$30,000	Approved through budget
Irvine	Over \$45,000	Over \$1,000,000
Anaheim	Over \$50,000	Over \$200,000
Costa Mesa	Over \$50,000	Over \$50,000

Professional Services

City	Formal Bid Threshold	City Council Approval Threshold
Newport Beach	Over \$25,000	Over \$120,000
Huntington Beach	Over \$30,000	Over \$100,000

Irvine	Over \$45,000	Over \$1,000,000
Anaheim	Over \$50,000	Over \$200,000
Costa Mesa	pending	pending
Santa Ana	pending	Over \$25,000

Public Works Construction

City	Formal Bid Threshold	City Council Approval Threshold
Anaheim	Over \$15,000	Over \$400,000
Huntington Beach	Over \$25,000	Over \$25,000
Santa Ana	Over \$25,000	Over \$250,000
Newport Beach	Over \$120,000	Over \$120,000
Costa Mesa	Over \$200,000 *	Over \$200,000
Irvine	Over \$200,000 *	pending

* Per Public Contract Code section 22032 (c), which is set by the State of California

Proposed Review Plan:

Like any policy, the City should conduct periodic reviews of its purchasing policies to ensure they are up to date with the latest regulations while continuing to facilitate ongoing operations in an efficient and cost effective manner. Staff has developed a review plan per Mayor Pro Tem Posey's request during the July 19, 2022 City Council Study Session. As part of the review, the Finance Department will review Department Directors' spending limits, bidding requirements, best practices, and other policies to promote transparency to the public and proper oversight by City Council.

The plan includes the following actions:

1. Review Huntington Beach procurement policies (including City Manager/Department Directors' spending limits and bidding requirements) to determine opportunities for updates and clarifications and to assess compliance with State, Federal, local, and other pertinent laws and regulations;
2. Interview City department heads, management, and/or staff to identify opportunities for improvements in the purchasing processes;
3. Review various procurement best practices such as those recommended by the California Association of Public Procurement Officials (CAPPO);
4. Review the procurement policies of comparable cities;
5. Review emergency procurement policies for compliance with Federal Emergency Management Agency (FEMA) requirements;
6. Present findings and recommended changes to City Council for feedback at a future Study Session; and
7. Based on feedback from City Council, present final recommended changes to City Council for consideration.

The League of California Cities presented best practices on public procurement as part of their January 22, 2021 Academy on Financial Responsibilities and City Revenues for Mayors and Council

Members. In sum: 1) public procurement is not designed to achieve speed, but rather to provide a fair and competitive process; 2) locally adopted ordinances or policies provide the framework for purchases of supplies and services; and 3) state law lays out Public Works project requirements. These best practices will provide the framework for this review and any policy modifications that are proposed.

Lastly, the City Manager's Office and Finance Department issued a request for proposal on August 3, 2022 to secure on-call consulting services to assist in the procurement review if City Council decides to move forward with the plan. The selected consultant should have a strong understanding of the best practices and help update any policies to meet those standards. The consultant will also assist in the implementation of any changes approved by City Council.

Environmental Status:

Not applicable

Strategic Plan Goal:

Financial Sustainability, Public Safety or Other

Attachment(s):

None