



# **PROCUREMENT PRACTICES**

City Standards

# WORKSHOP PURPOSE

- The purpose of this workshop is to help explain common Procurement vehicles used by Staff during the procurement process, as it relates to the City Charter, A.O.'s and the Municipal Code.
- Areas covered will include:
  - Piggybacks and Cooperative Contracts
  - Requirements Contracts
  - Sole Source
  - Competitive Bidding, RFP's, and RFQ's
  - Consultant Contracts

# CONTRACTING ELEMENTS

- Authority
  - Materials, supplies, equipment and public work of improvement Procurement – Charter 1208 & Municipal Code 4-107
  - Services Procurement – Fresno Municipal Code 4-107
  - Professional Services Procurement – Administrative Order 6-19
  - Non-professional Services Procurement -Administrative Order 6-28
- Competitive Process
- Appropriation
- Legal Review
- Contract Compliance
  - Monitors contracts 1 year or longer
  - Monitors insurance
  - Sends reminders to staff regarding contract deadlines

# REGULATED COMMUNICATIONS ORDINANCE – NO CONTACT RULE

- Bidders and proposers may not communicate with any elected official regarding a project during the procurement process.
- Applies to competitive bids, RFQs, and RFPs.
- Bidders or proposers who violate the ordinance may be found non-responsive and may not be awarded the contract
- Any communications to elected officials must be disclosed in writing within 24 hours

# PIGGYBACKS/COOPERATIVE CONTRACTS- WHEN DO WE USE?

- An exception to the Charter's competitive bidding requirement.
- Often used for material, supplies or equipment (i.e. goods), or where time constraints of conducting a bid are not feasible. These contracts also reduce administrative costs, save resources, and are faster to implement.
- They offer competitive volume pricing due to larger agencies (federal, state, and local) contracting and usage.
- Purchasing focuses on what the cost comparison was to determine price and best value before using a piggyback or cooperative.
- *Example: Restroom at Cary Park*

# REQUIREMENTS CONTRACTS (RC's)

- Generally 1-year contracts with 2 one-year extensions
  - Provides City/Departments with locked in pricing for first year term
  - Departments or Purchasing may identify the need for a Requirements Contract
- Requirements Contracts may be:
  - Competitively Bid (low bidder)
  - RFP (best value)
  - Piggyback (cost comparison vetted)
- *Example: Staples City Wide Office Supply Account*

## SOLE SOURCE (A.O. 3-3)

- Departments must provide justification to Purchasing why their particular project requires a sole source consideration and why the vendor of choice should be considered.
- Many Sole Source/Single Source scenarios are a result of City Business decisions.
- If Purchasing approves the Sole Source/Single Source, the Department must create and submit a Sole Source memo to the City Manager for approval. Only then can the department move forward.
- *Example: Cummins engine parts – Transportation Dept.*

## COMPETITIVE BIDS (CITY CHARTER SECTION 1208)

- Informal bids are under \$135,000; Formal bids are over \$135,000. Both are awarded to the lowest responsive and responsible bidder.
- The Charter requires competitive bidding for goods and public works of improvement (i.e. construction) over \$135,000. All formal bids are awarded by Council.
- Requests for Quotation may be used for products under the formal bid limit, where we typically require three quotes, and the lowest responsive and responsible quote gets the award.
- Local Preference typically applies to competitive bids, unless funding sources prohibits the preference (i.e. federal or state).
- We will look at how much we are spending on local preference and in Fresno at the end of the presentation.

# WHEN DO WE USE RFP'S?

- A RFP is a solicitation for services where the award is based on specific criteria, and is not awarded based on price alone, but is based on best value.
- Generally, a RFP cannot be used for Public Works of Improvement contracts, as Public Works contracts must be awarded to the lowest responsive and responsible bidder (Charter section 1208). A Design/Build project may use a RFP as allowed by the Charter and Municipal Code.
- A committee evaluates an RFP to determine best value.
- *Example: Grizzlies Concessionaire Services*

# WHEN DO WE USE RFQ'S?

- A RFQ is also used to solicit qualifications from proposers, but unlike an RFP does not include the cost.
- RFQ's also give the City the opportunity to select the most qualified firm that best meets the needs of the City.
- A RFQ allows the City to have more flexibility and may allow the proposers to use their expertise to complete or develop the scope of work. Opposed to a RFP, which will typically have a fully developed scope and/or technical specifications.
- *Example: Consulting Services for Five Year Rate Plan for DPU*

# EXCEPTIONS TO THE RFP/RFQ PROCESS

- Emergency or exigent circumstances.
- The service provider is uniquely qualified.
  - Uniquely Qualified – a service provider with unique skills, experience, fitness, familiarity or other factors enabling it to perform the proposed services. A uniquely qualified service provider does not have to be the sole provider of the services for the particular project, but must provide qualification(s) which other service providers lack making the service provider the best option for the City.

*Example: Police Department Body Cameras and Tasers*

# LOGISTICS OF RFP'S OR RFQ'S

- Purchasing facilitates the RFP process from beginning to end for any given department.
- Departments provide Purchasing with a list of proposed committee members.
- Committee members evaluate a number of criteria, including proposer's ability to meet the stated service requirements, cost, past performance and experience (based on references), conformance to terms and conditions, financial stability and other related information including any reference in the RFP to "proposer shall or must" meet said requirement.
- On average, from development of the RFP to Council approval, the process takes approximately 120 days, but may vary depending on the complexity of the RFP.

# CONSULTING CONTRACTS-WHEN DO WE GO TO COUNCIL?

- Council delegates authority to the City Manager to enter into all Contracts for all services \$50,000 and under. (Municipal Code Section 4-107)
- Services Contracts over \$50,000 must be approved by Council.
- Any material amendments to a Consultant Contract, which causes the contract to exceed \$50,000, or where the contract already exceeds \$50,000, must be approved by Council.
- *Example: Personnel Recruitment for Dept. Director Position*

# CITY EXPENDITURES WITH NON-LOCAL AND LOCAL VENDORS

Description of Expenditure	FY15 Amount	FY15 % of Total	FY16 Amount	FY16 % of Total	FY17 Amount	FY17 % of Total
Total Voucher Payments Issued	\$ 267,748,355	100%	\$ 293,169,332	100%	\$ 431,864,951	100%
Total Non Local Vouchers	\$ 88,007,937	33%	\$ 87,785,411	30%	\$ 170,729,288	40%
Total Voucher Payments in the Local Preference Area (includes City)	\$ 179,740,418	67%	\$ 205,383,921	70%	\$ 261,135,663	60%
Total Vouchers Issued in the City of Fresno	\$ 119,293,482	45%	\$ 150,560,323	51%	\$ 181,097,908	42%
Total Vouchers Issued outside City of Fresno-within Local Preference Area	\$ 60,446,936	22%	\$ 54,823,597	19%	\$ 80,037,754	18%

# OPTIONS FOR NON-DISCRIMINATION EVALUATION

- Decrease the term of agreements.
- Require Service providers to inform the City within 30 days of any fine, penalty, judgment, or settlement for discriminatory practices.
- Require Service providers to submit an annual report of all Community Reinvestment Act dollars spend within the Fresno city limits.