

PURCHASING RESOLUTION REVISIONS

FINANCE DEPARTMENT

City Council
March 19, 2024

RiversideCA.gov

1

Legislative History

- **Centralized Purchasing Requirement:** City Charter Section 1105 and Municipal Code Chapter 3.16 mandate a Centralized Purchasing System for the City.
- **City Manager's Role:** Section 601 (d) of the City Charter outlines the City Manager's responsibility to develop rules and regulations for contracting and purchasing, pending City Council's approval.
- **Board of Public Utilities Authority:** Section 1202(b) empowers the Board of Public Utilities to sanction and award public works contracts as per Section 1109. This includes purchases or acquisitions related to the Department of Public Utilities exceeding \$50,000, with authorization for the City Manager or designated representative to finalize contracts or issue purchase orders accordingly.



2

RiversideCA.gov

2

Background – Local Vendor Preference

- 1991: 1% local preference for goods purchases.
- 2003: Local preference increased to 5% for goods.
- 2012: Community Benefit Program template for Design-Build contracts.
- 2020: Overview presented to Committee.
- 2021: Organizational plan received and filed.
- 2023: Finance Department outlines existing policies and recommendations.
- 2024: Economic Development, Placemaking and Branding/Marketing Committee Recommendation Received



3

RiversideCA.gov

3

Discussion – Local Vendor Preference

- **Maintain Current LVP for Goods:**
 - Keep existing criteria; vendors qualify via city-based sales tax returns.
 - Ensures city gains sales tax revenue; vendors need a City Business License.
- **Extend LVP to Services and Professional Services:**
 - Proposal based on positive data; extend LVP to include Services and Professional Services.
 - Inspired by Design-Build sector; requires proposers' commitment through specific actions.
- **Enhancements to LVP:**
 - Level One (Up to \$10K): Single quote with Good-Faith Effort Affidavit.
 - Level Two (\$10K - \$50K): Three quotes, 5% Local Vendor Preference.
 - Level Three (Over \$50K): Formal bidding, 5% Local Vendor Preference.



4

RiversideCA.gov

4

Background – City Manager Signature Authority

- **Overview of Signing Authority**

- Authorized by City Charter Section 601 and Chapter 3.16 of the Riverside Municipal Code.
- Delegated authority allows contract signing without City Council approval:
 - Up to \$50,000 by the City Manager.
 - Up to \$25,000 by Department Heads.

- **Reason for last increase (2005)**

- Aimed to bring consistency across procurement regulations.
- Established a uniform threshold of \$50,000.
- Emphasized the need for alignment in signature authorities across all City departments.



5

RiversideCA.gov

5

Discussion – City Manager Signature Authority

- The Purchasing Division has launched a comprehensive initiative aimed at enhancing **operational efficiency** by strategically **streamlining processes**.
- This initiative involves a statistical analysis based on:
 - Internal process reviews
 - Comparative assessments of Local Agency City Manager Signature Authority Limits
- The goal is to identify and resolve bottlenecks in the City Manager's signature authority to improve the efficiency of City processes.



6

RiversideCA.gov

6

Internal Controls

- Key **components supporting the enhancement** of the City Manager's signature authority include:
 - **Purchasing Resolution No. 23914:** Establishes a structured procurement approach, emphasizing competitive bidding and ethical standards, and sets fiscal responsibility limits for the City Manager's acquisitions.
 - **City's Administrative Manuals:** Detail operational procedures for purchasing and contracting, promoting transparency and accountability, and serving as guides for City staff to ensure consistent application of procurement processes.
 - **Adopted Budget:** Provides a biennial structure and five-year planning horizon, laying the groundwork for a strategic and long-term financial outlook with internal controls that align spending with strategic priorities.
 - **City Attorney Contract Review:** Offers an additional oversight layer by ensuring all contracts and agreements undergo thorough legal evaluation before execution, confirming compliance with city policies and regulations.



7

RiversideCA.gov

7

Internal Process Review (Procurement)

- **Purchasing Resolution No. 23914**
 - Create a detailed framework for managing City fund expenditures, focusing on transparency, fairness, and accountability.
 - Consolidates procurement rules into a single document for clarity and consistent policy application, requiring competitive procurement processes except as specified.
 - Enforces strict internal controls and ethical standards, including adherence to the Conflict-of-Interest Code and promoting unbiased, fair, and honest interactions with vendors.
 - Prohibits personal gifts from contractors to ensure impartial procurement decisions and encourages dispute resolution and positive relationships.
- **Administrative Manuals**
 - Details procedures for purchasing and contracting, covering a broad spectrum of procurement activities to support the resolution's objectives.
- **These documents together offer a comprehensive approach to City fund expenditure spending, promoting competitive procurement, ethical conduct, and professional excellence to protect public interest and maintain city resident trust.**



8

RiversideCA.gov

8

Internal Process Review (Budget)

- The budget serves as a **critical policy instrument, financial plan, operations guide, and communication tool** for the City, emphasizing **strategic priorities, fiscal decision-making, daily management, and public dialogue.**
- The City of Riverside employs a **biennial budget** and a five-year planning process, enhancing financial oversight and aligning spending with strategic objectives and priorities.
 - This approach promotes transparency, accountability to taxpayers, and overall fiscal health, positioning the budget as a cornerstone of the City's financial management strategy.
 - Emphasis on robust internal controls within the budgeting process ensures financial integrity and responsible expenditure of City funds.
- The Finance Department plays a key role in **safeguarding financial integrity** through contract review processes, which include reviewing and certifying available funds to comply with budgetary constraints, **ensuring fiscal responsibility.**



9

RiversideCA.gov

9

Internal Process Review (City Attorney)

The agreement process within City departments varies based on the need for City Council approval.

Without City Council Approval:

- Process starts with the department collaborating with the Purchasing Department for necessary RFPs, RFQs, bids, or exceptions.
- Involves submitting a purchasing concurrence request and a draft report into the Purchasing Portal.
- The City Attorney is requested to prepare the document, which, once finalized, is sent for external signatures and insurance, then to Risk Management.
- Department Head completes an approval form, which, along with the agreement, goes through the Finance Department for approvals.
- The City Attorney gives final approval before sending it to the City Clerk for verification and attestation by the City Manager. The department receives an electronic copy, and the original is retained by the City Clerk.
- The department forwards a copy to the external party post-Purchase Order issuance.



10

RiversideCA.gov

10

Internal Process Review (City Attorney)

With City Council Approval:

- Initial steps are similar to the non-Council approval process until document preparation by the City Attorney.
- Divergence begins with the department submitting the purchasing approval and City Council report into Legistar, followed by obtaining external signatures and insurance.
- After Department Head approval, documents go through the Finance Department for directorial approvals, then the City Clerk attaches them to the City Council report for public meeting approval.
- Following City Council approval, the process aligns back with the non-Council approval steps for finalization and distribution.
- Both processes require detailed preparation and internal approvals, but City Council-required approvals involve additional legislative steps, including submission into Legistar and public meeting approval, differentiating it from the more straightforward non-Council approval process.



11

RiversideCA.gov

11

Internal Process Review (Legistar)

Department Responsibilities	City Clerk's Office
Proactive Review of Tentative Agendas and Master Calendar	Loads Agenda Items and Updates Calendar
Document updates and revisions	Uploads documents and Assigns Signature Route
Oversee Agenda item progression	Standardizes submission processes and provides training
Deadline Adherence	Publishes Agenda
Obtain necessary approvals from impacted departments	
Requests late submittal approvals for missed deadlines	
Final document retrievals once approved	

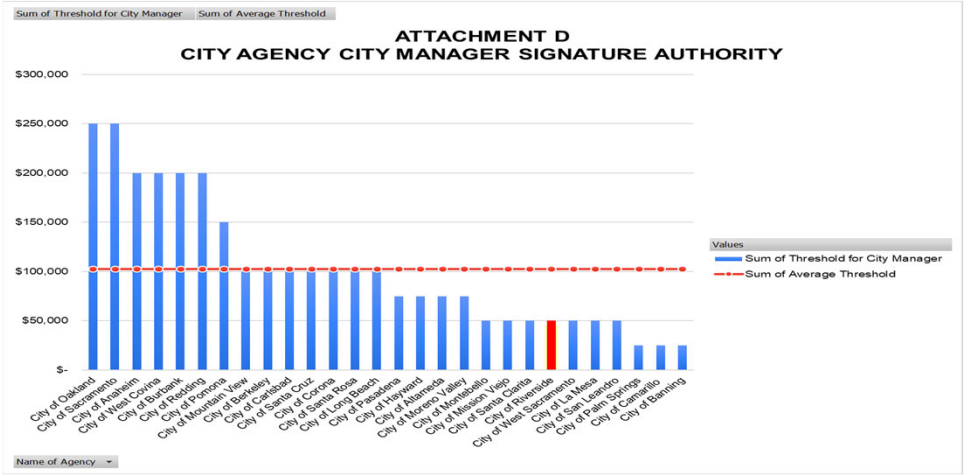


12

RiversideCA.gov

12


City Data Chart Survey Results (CAPPO)




Purchasing Resolution No. 23914 Recommendations

Section	Existing Language	Recommended Modifications
203. Authorization	- Contracts and purchase orders for \$50,000 or less - Other contracts as approved by City Council, Board of Public Utilities, and Board of Library Trustees	- Contracts and purchase orders for \$100,000 or less - Includes Goods, Services, Professional Services, Construction, and Design-Build Services - Maintains approval for other contracts as existing
205. City Attorney Authorization	- Contracts up to \$50,000 for expert and consultant services related to litigation, claim defense/prosecution, and related matters	- Contracts up to \$100,000 for the same range of services
408. Rejection of Awards	-Where the Using Agency seeks the procurement of Services or Professional Services through Request for Proposals or Request for Qualifications, the Informal Bid shall be awarded in accordance with the evaluation criteria set forth in the Request for Proposals or Request for Qualifications	-Add: Except that a local Proposer may be given preference pursuant to Section 704 "Preference Policy", where the difference in price proposal between the local Proposal and the lowest price proposal does not exceed five percent (5%) of the lowest price proposal.



Purchasing Resolution No. 23914 Recommendations		
Section	Existing Language	Recommended Modifications
508. Awards	<p>-(b) A Contract for Goods may be awarded to a local Responsive Bidder who is not the Lowest Responsive Bidder pursuant to Section 604, "Preference Policy"</p> <p>(c) Contracts procured through Formal Procurement for Services or Professional Services, where a Request for Proposals or Request for Qualifications was used to solicit Bids, shall be awarded by the Awarding Entity in accordance with the evaluation criteria set forth in the Request for Proposals or Request for Qualifications</p>	<p>-Add: if the Bid difference amount between the local Responsive Bidder and the Lowest Responsive Bidder does not exceed five percent (5%) of the Lowest Responsive Bid;</p> <p>-Add: except that a local Proposer may be given preference pursuant to Section 704 "Preference Policy", where the difference in price proposal between the local Proposal and the lowest price proposal does not exceed five percent (5%) of the lowest price proposal;</p>
		<p>15</p> <p>RiversideCA.gov</p>


15

Purchasing Resolution No. 23914 Recommendations		
Section	Existing Language	Recommended Modifications
607. Preference Exceptions	N/A	<p>-Add: Preferences shall not be applicable in the following circumstances:</p> <p>(a) Where the Procurement is funded by utility rates subject to Proposition 218 and/or Proposition 26, such as Water, Electric, Sewer, or Solid Waste Collection;</p> <p>(b) Where the Goods are procured under a cooperative purchasing agreement;</p> <p>(c) Where the Procurement is funded in whole or in part by another governmental entity or granting agency with laws, regulations, or policies prohibiting local preference;</p> <p>(d) Where the Procurement is let under emergency or noncompetitive situations pursuant to Section 403 and 602;</p> <p>(e) When the Procurement involved is less than \$10,000.00, except that the Using Agency shall make good faith efforts to obtain such Goods from a local vendor as defined in Section 605;</p> <p>(f) Where the City Council has exercised discretion to waive the application of the local preference to a particular contract for which the Manager is the awarding authority; and</p> <p>(g) Where otherwise prohibited by law.</p>
		<p>16</p> <p>RiversideCA.gov</p>

16

Purchasing Resolution No. 23914 Recommendations


Section	Existing Language	Recommended Modifications
704. Local Preference	N/A	<p>-Add: In the Procurement of Services and Professional Services for the City's requirements, preference shall be given to those vendors who have a local presence in the City of Riverside, provided that price, quality, terms, delivery and service reputation are determined to be equal by the Manager under the criteria set forth in Sections 408 and 508 hereof. To qualify as a local vendor, the Bidder/Proposer must certify to the following at the time of Bid submission:</p> <ul style="list-style-type: none"> (a) It has fixed facilities with employees located within the City limits; (b) It has a business street address within the City limits (Post Office box or residential address shall not suffice to establish a local presence); (c) It has a current City business license. <p>False certifications shall be immediate grounds for rejection of any Bid/Proposal or if the Bid/Proposal is awarded, grounds for voiding the Bid/Proposal, terminating any Contract, and seeking damages thereto.</p>


17
RiversideCA.gov

17

Purchasing Resolution No. 23914 Recommendations

Section	Existing Language	Recommended Modifications
705. Preference Exceptions	N/A	<p>-Add: Preferences shall not be applicable in the following circumstances:</p> <ul style="list-style-type: none"> (h) Where the Procurement is funded by utility rates subject to Proposition 218 and/or Proposition 26, such as Water, Electric, Sewer, or Solid Waste Collection; (i) Where the Services are procured under a cooperative purchasing agreement; (j) Where the Procurement is funded in whole or in part by another governmental entity or granting agency with laws, regulations, or policies prohibiting local preference; (k) Where the Procurement is let under emergency or noncompetitive situations pursuant to Section 403 and 702; (l) When the Procurement involved is less than \$10,000.00, except that the Using Agency shall make good faith efforts to obtain such Services or Professional Services from a local vendor as defined in Section 704; (m) Where the City Council has exercised discretion to waive the application of the local preference to a particular contract for which the Manager is the awarding authority; and (n) Where otherwise prohibited by law.


18
RiversideCA.gov

18

Section	Existing Language	Recommended Modifications
<p>1104. Change Orders</p>	<ul style="list-style-type: none"> -Modifications to a Purchase Order shall be made only by Change Order - 10% of the original contract price up to \$50,000 requires Awarding Entity approval for modifications - Change Orders exceeding \$50,000 require Awarding Entity approval 	<ul style="list-style-type: none"> -Add: Except that minor variances of \$200 or less, where the variance is due to sales tax or freight charges may be processed without a Change Order. - 10% of the original contract price up to \$100,000 for modifications - Change Orders exceeding \$100,000 require Awarding Entity approval



STRATEGIC PLAN ALIGNMENT




ECONOMIC OPPORTUNITY AND HIGH PERFORMING GOVERNMENT

CROSS-CUTTING THREADS



Community Trust



Equity



Innovation



Fiscal Responsibility



Sustainability and Resiliency



Recommendations

That the City Council:

1. Approve an amended Purchasing Resolution to implement recommended changes to the City's Centralized Purchasing system regarding Local Vendor Preference, City Manager Signature Authority, and making minor corrections; and
2. Repeal Purchasing Resolution 23914.



21

RiversideCA.gov

21

Q&A

"Open Floor for Questions and Discussion"



22

RiversideCA.gov

22