



City of Rialto

Legislation Text

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For Economic Development Committee [August 12, 2021]

TO: Honorable Economic Development Committee Members

FROM: Marcus Fuller, City Manager

Consideration of an Update to Rialto Municipal Code 2.48 - Purchasing Ordinance

BACKGROUND:

Chapter 2.48 of the Rialto Municipal Code regulates the City's purchasing procedures, and was originally adopted pursuant to Ordinance No. 742 on March 20, 1978. At that time purchasing regulations were established requiring City Council approval of any purchase or contract in an amount exceeding \$10,000 - the City Administrator's "Signature Authority."

Amendments to the purchasing regulations have occurred over time, as follows:

- Ordinance No. 1062, adopted May 3, 1989 to implement a 1% local business preference.
- Ordinance No. 1165 adopted March 3, 1992 replacing Chapter 2.48 in its entirety to update and conform to bidding standards at that time, including an increase of the Signature Authority to \$15,000.
- Ordinance No. 1201, adopted November 2, 1993 to implement a 2% local business preference.
- Ordinance No. 1334 adopted July 2, 2002 replacing Chapter 2.48 in its entirety to update and conform to bidding standards at that time.
- Ordinance No. 1664 adopted February 26, 2019 amending certain provisions within Chapter 2.48

The last whole-sale update to the purchasing procedures was in 2002, and the Signature Authority of \$15,000 has not been updated since 1992.

ANALYSIS/DISCUSSION:

The City's current purchasing regulations have not kept pace with changes in state law, or to allow for greater administrative efficiencies. For a city with a total budget of \$200 million but with a Signature Authority of only \$15,000 - the City Manager has limited ability to operate efficiently without burdening the City Council with approvals related to the most mundane and ministerial purchasing items.

The purchasing regulations are in need of an update to better identify the purchasing regulations related to materials, supplies and services vs. Public Works projects. Also, I would recommend an

increase in the Signature Authority to better reflect the City's overall budget requirements and to avoid burdening the City Council with the volume of minor purchases that occur under the current Signature Authority of \$15,000 that has existed since 1992.

A review of Signature Authority limits for San Bernardino County cities as compared to their overall budget is provided in the following Table.

| <u>County</u> | <u>City</u> | <u>Services / Materials</u> | <u>Public Projects</u> | <u>FY20/21 Budget (Total)</u> |
|----------------|------------------|--|-----------------------------------|-------------------------------|
| San Bernardino | Grand Terrace | \$10,000 | unlimited provided it is budgeted | \$8,042,957 |
| San Bernardino | Twentynine Palms | \$25,000 | \$25,000 | \$9,915,808 |
| San Bernardino | Big Bear Lake | \$25,000 | \$25,000 | \$27,595,555 |
| San Bernardino | Barstow | \$25,000 | \$75,000 | \$30,966,944 |
| San Bernardino | Yucaipa | \$50,000 (Services) / \$25,000 (Materials) | \$5,000 | \$34,587,867 |
| San Bernardino | Adelanto | \$25,000 | \$125,000 | \$40,631,850 |
| San Bernardino | Montclair | \$15,000 | \$15,000 | \$44,064,526 |
| San Bernardino | Loma Linda | \$25,000 | \$25,000 | \$44,574,700 |
| San Bernardino | Hesperia | \$50,000 | \$50,000 | \$90,777,651 |
| San Bernardino | Highland | \$20,000 | \$100,000 | \$96,644,305 |
| San Bernardino | Apple Valley | \$50,000 | \$50,000 | \$98,199,970 |
| San Bernardino | Chino Hills | \$25,000 | \$200,000 | \$124,148,232 |
| San Bernardino | Colton | \$25,000 | \$25,000 | \$175,458,657 |
| San Bernardino | Redlands | \$30,000 | \$60,000 | \$192,476,491 |
| San Bernardino | San Bernardino | \$50,000 | \$50,000 | \$212,201,958 |
| San Bernardino | Rancho Cucamonga | \$100,000 | \$175,000 | \$224,576,730 |
| San Bernardino | Rialto | \$15,000 | \$15,000 | \$225,611,080 |
| San Bernardino | Chino | \$50,000 | \$50,000 | \$226,961,522 |
| San Bernardino | Victorville | \$50,000 | \$50,000 | \$229,642,597 |
| San Bernardino | Fontana | \$100,000 | \$125,000 | \$247,729,600 |
| San Bernardino | Ontario | \$100,000 | \$100,000 | \$553,761,426 |

As shown, Rialto's FY 20/21 originally adopted budget of \$225.5 million was the fifth largest in San Bernardino County, but with the second lowest Signature Authority (lowest is Grand Terrace at \$10,000 with a FY 20/21 budget of \$8 million). Based on Rialto's overall budget in comparison to Rancho Cucamonga and Fontana, a recommendation is to set the Signature Authority to \$100,000.

Moreover, state laws related to Public Works Project were changed in 1983 to allow cities to voluntarily adopt the Uniform Public Construction Cost Accounting Act set forth in Public Contract Code section 22000 et seq. (the "Act"). Currently, as a general law city our purchasing regulations impose a burden on Staff to formally bid any purchase over \$5,000. This fact places an extreme burden on obtaining pricing and purchasing on almost every item needed in the City's normal operations.

The City of Rialto has the option to adopt the Act with respect to awarding contracts related to Public Works Projects to improve our ability to more efficiently administer the process. Currently, the state has updated the Act with the following designations for informal vs. formal bidding:

- Force Account = \$60,000
- Informal Bidding = < \$200,000
- Formal Bidding = > \$200,000

More information regarding the Act is found on the state's website at:

[<https://www.sco.ca.gov/ard_cuccac.html>](https://www.sco.ca.gov/ard_cuccac.html)

Also, as Attachment 1 is a FAQ document provided by the state.

It is my recommendation that the City join the other 273 California cities that have adopted the Act to help streamline the City's procedures for awarding Public Works projects.

I have prepared a draft Ordinance to replace Chapter 2.48 in its entirety with new purchasing regulations that will accomplish the following:

- Adopt the Act related to Public Works Projects and incorporate the state thresholds for Force Account, Informal Bidding, and Formal Bidding into the City's purchasing regulations
- Increase Signature Authority to \$100,000 or such limit as otherwise adopted by City Council by Resolution
- Establish regulations for the purchase of Supplies and Services as follows:
 - \$10,000 or less: by negotiated Contract.
 - \$10,000.01 - \$100,000: by the Informal Process (requiring at least 3 informal Bids).
 - Over \$100,000: by the Formal Process (requiring a Notice Inviting Bids [NIB], public notice, and at least 10 days of bidding).
- Establish regulations for the purchase of Professional Services as follows:
 - Up to \$100,000: May be procured by the Informal Quote Process (requiring at least 3 informal proposals).
 - Over \$100,000: by the Formal Request for Qualifications (RFQ) and/or Request for Proposals (RFP) Process.
- Establish regulations for Public Works Projects for Informal and Formal Bidding, procedures for approval of plans, award, bid protests, acceptance of projects, etc.

A draft of the Ordinance (still pending City Attorney final review) is included as Attachment 2.

FINANCIAL IMPACT:

None at this time.

RECOMMENDATION:

The City Manager recommends that the Economic Development Committee consider the changes to the purchasing regulations, and recommend to the City Council an update to Chapter 2.48 of the Rialto Municipal Code.