



PURCHASING DIVISION

Process, Updates & Discussion

Kim Sitton, Finance Director
Yasmin Lopez, Purchasing Manager
Scott Briggs, Lead Purchasing Specialist



September 28, 2022

Agenda

1. **Purchasing Update**
2. **Materials, Supplies and Equipment Procurement**
3. **Alternative Bidding Threshold***
4. **Maintenance Activity to RFP Process (Non-Public Projects)***
5. **Newspaper Advertising for Non-Public Projects***

** Requires changes to Corona Municipal Code*



1.

PURCHASING UPDATE

PURCHASING UPDATE

- ▶ Current Purchasing team staffing at **100%** since August
 - ▶ Training staff (New staff: 3 in April, 1 in August)
- ▶ Current pending purchasing requisitions = 429
- ▶ Approximately 150-250 is baseline
- ▶ 178 backlog, greater than 60 days old
 - New fiscal year, influx of requests
 - Staffing (training, learning curve)
- ▶ Anticipate to fully eliminate backlog by end of December

PURCHASING STATISTICS

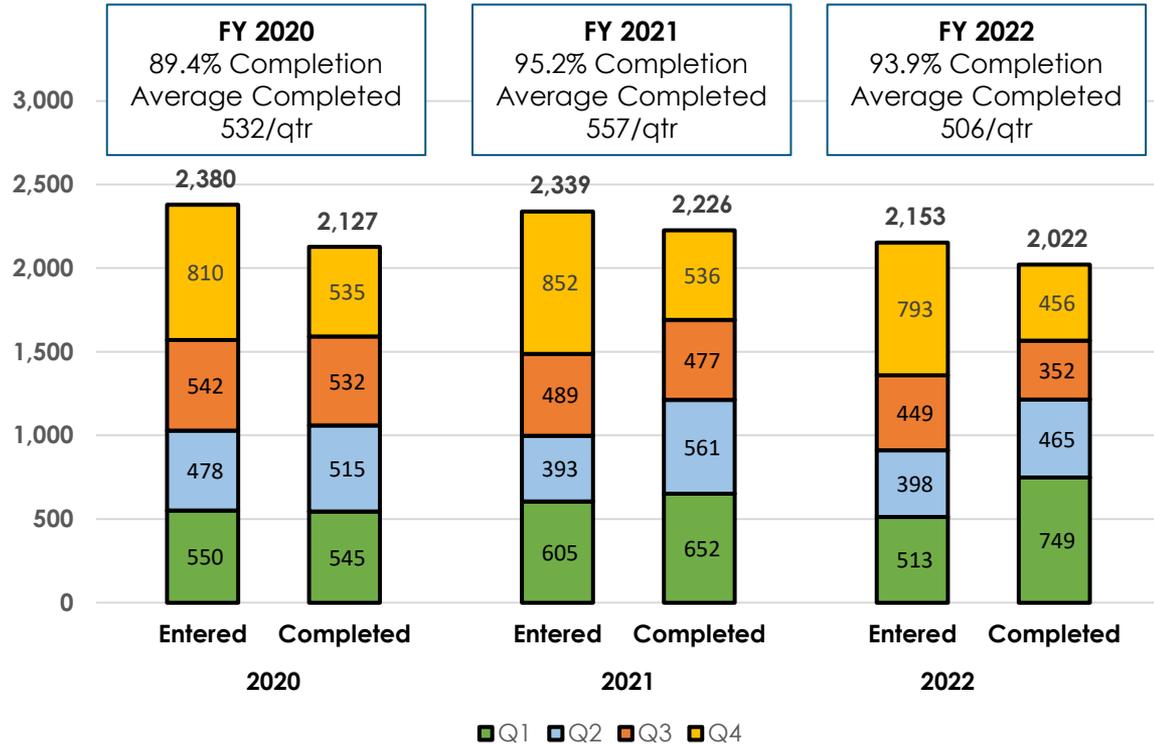
Purchasing Requests Entered vs. Completed

Purchasing Requests:

- Purchase Order
- Notice Inviting Bid
- Request for Proposal
- Agreements/Contracts
- Change Order

Changes impacting the process count since the last year:

- Reorganization has increased/decreased requests, depending on division
- Prior “grouping” of requests now split into separate items



PURCHASING PROCESS REVIEW

Process Mapping Project

- Purchasing Process and Contracts
 - Involved stakeholders throughout the organization
 - As-Is (Current State) and To-Be (Future State)
 - Documents staff, steps, documents, and technology used in the process
 - Identified bottlenecks and issues that impact staff time to process, causes confusion between departments, lacks consistency, potential to overspend purchase orders, difficult to find documents, and contract expirations
 - Enterprise Resource Planning (ERP) system scope of work anticipated by end of December 2022

2.

MATERIALS, SUPPLIES AND EQUIPMENT PROCUREMENT

Ask – Item #2

That the City Council provide feedback and direction on the proposed material, supplies and equipment procurement changes.

MATERIALS, SUPPLIES AND EQUIPMENT PROCUREMENT

(Using Pipeline Materials as example)

- ▷ Historically, obtained multi-year bids for many materials
- ▷ With recent market instability, suppliers not willing to guarantee pricing for long periods of time
- ▷ Proposed process change:
 - Issue purchase orders (POs) to multiple vendors, at the beginning of each fiscal year
 - Example: Pipeline materials - minimum of four (4) suppliers within 30-mile radius
 - Departments to obtain quotes and submit Alternative Bidding Quote Summary form to Purchasing along with the P-Track, following Alternative Bidding Process

MATERIALS, SUPPLIES AND EQUIPMENT PROCUREMENT

(Using Pipeline Materials as example)

- ▶ CMC 3.08.080 establishes bidding requirements for materials, supplies and equipment

- ▶ Pipeline material purchases
 - Emergency response to pipelines
 - Scheduled replacement
 - Planned maintenance of water treatment facilities, booster stations, pressure reducing stations, well sites, sewer lift stations , and water reclamation facilities

MATERIALS, SUPPLIES AND EQUIPMENT PROCUREMENT

PROS	CONS
<ul style="list-style-type: none">• Simplifies purchasing process for lower value bids/projects• Reallocates purchasing time to more complex projects/bids• Administratively efficient as departments know product vendors to contact• Provides access to materials in a timely fashion (immediate availability)• Bidders more likely to respond to smaller scale bids, rather than larger, long-term commitments	<ul style="list-style-type: none">• Additional responsibility on department staff for obtaining bid information• Additional department staff time prior to submitting purchasing request

RECOMMENDATION: Approve process change to issue multiple POs at the beginning of the fiscal year and follow alternative bidding process for materials, supplies, and equipment.

Ask – Item #2

That the City Council provide feedback and direction on the proposed material, supplies and equipment procurement changes.

3.

ALTERNATIVE BIDDING THRESHOLD REVISIONS

(Proposed Change to Corona Municipal Code)

Ask – Item #3

That the City Council provide feedback and direction on the proposed alternative bidding threshold changes.

ALTERNATIVE BIDDING THRESHOLD REVISIONS

Alternative Bidding: Also known as Informal Bidding.

- ▷ Proposed increase from \$45,000 to \$60,000 aligns with State Limits (Public Contract Code Chapter 2.58), formalized in January 2019
- ▷ Provides increase to keep up with inflation
- ▷ Administratively efficient
- ▷ Department experts to obtain quotes

ALTERNATIVE BIDDING THRESHOLD REVISIONS

Amount	Current	Amount	Proposed
\$0 - \$5,000	Competitive bidding at discretion of the department	\$0 - \$5,000	Competitive bidding at discretion of the department
\$5,001 - \$10,000*	Competitive bidding at discretion of the purchasing agent	\$5,001 - \$10,000*	Competitive bidding at discretion of the purchasing agent
\$10,001 - \$45,000*	Minimum of three vendors solicited for quotes, Purchasing Division to issue Purchase Order	\$10,001 - \$60,000*	Minimum of three vendors solicited for quotes, Purchasing Division to issue Purchase Order
\$45,001+	Follows bidding requirements per CMC 3.08.120	\$60,001+	Follows bidding requirements per CMC 3.08.120

RECOMMENDATION: Approve increase to \$60,000 for alternative bidding and process change for levels for obtaining quotes.

*On site services – departments required to work with Purchasing staff to ensure insurance requirements, prevailing wage, and other requirements are met.

Ask – Item #3

That the City Council provide feedback and direction on the proposed alternative bidding threshold changes.

4.

MAINTENANCE ACTIVITY TO RFP PROCESS *(Proposed Change to Corona Municipal Code)*

Ask – Item #4

That the City Council provide feedback and direction for moving from Notice Inviting Bid (NIB) to Request for Proposal (RFP) process for maintenance services work.

MAINTENANCE SERVICES FROM NIB TO RFP

Maintenance Services Examples: Landscape maintenance (LMDs and parks), tree maintenance, janitorial services, and pest control

- ▷ Procurement advertised through Notice Inviting Bid (NIB)
 - Vendor selected based on lowest price

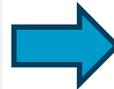
- ▷ **Proposed change:** Move to Request for Proposal (RFP) process, allowing for additional evaluation criteria
 - Vendor selected based on best overall value

MAINTENANCE SERVICES FROM NIB TO RFP

Current NIB Process “Lowest Price”

Criteria: Price

PROS	CONS
<ul style="list-style-type: none">• Low Price	<ul style="list-style-type: none">• Safety concerns• Contractors “low ball” and not able to meet City’s needs• Lacks flexibility to negotiate price• Quality of service• Poor performing contractors require additional staff time• Service disruptions• “On call” contractors used to fill gap, stretches resources



Proposed RFP Process “Best Overall Value”

Criteria: Price, Experience, Competence, Strength and Stability of Firm, Staffing Capacity, Record of Meeting Schedules, Educational Qualifications, and Client References

PROS	CONS
<ul style="list-style-type: none">• Stable and credited contractors will participate in solicitation• Contractors more readily comparable against RFP qualifications• Flexibility to negotiate price/cost savings• Accountability, monitor expenses against services performed	<ul style="list-style-type: none">• Longer initial time (posting and evaluation of RFP)• Possible to have fewer contractors respond due to additional contractor time and effort to provide proposal presenting qualifications

Ask – Item #4

That the City Council provide feedback and direction for moving from Notice Inviting Bid (NIB) to Request for Proposal (RFP) process for maintenance services work.

5.

NEWSPAPER ADVERTISING REQUIREMENT FOR NON-PUBLIC PROJECTS *(Proposed Change to Corona Municipal Code)*

Ask – Item #5

That the City Council provide feedback and direction on the proposal to remove advertising in the local newspaper *for non-public projects.*

PUBLIC & NON-PUBLIC PROJECTS

Public Project Examples: Grade Separation and Pavement Rehabilitation



PUBLIC PROJECTS

Public Projects means the following:

- ▷ Construction, reconstruction, erection, alteration, renovation, improvement, demolition and repair work involving any publicly owned, leased or operated facility.
- ▷ Painting or repainting of any publicly owned, leased, or operated facility.
- ▷ In the case of Utility Systems “public project” includes only the construction, reconstruction, erection, alteration, improvement or repair of dams, reservoirs, power plants and electrical transmission lines of 230,000 volts and higher

PUBLIC & NON-PUBLIC PROJECTS

Non-Public Project Example: Routine facility maintenance, e.g. cutting the grass



NON-PUBLIC PROJECTS

Non-Public Projects Means the Following:

- ▷ Routine, recurring and usual work for the preservation or protection of any publicly owned building for its intended purpose.
- ▷ Minor repainting
- ▷ Janitorial services
- ▷ Pest control
- ▷ Resurfacing of streets/highways less than one inch
- ▷ Landscape, maintenance, including mowing, watering, trimming, pruning, planting, replacement of plants and servicing irrigation and sprinkler systems.

REMOVE NEWSPAPER ADVERTISING REQUIREMENT FOR NON-PUBLIC PROJECTS



PROS

Cost Savings – each advertisement \$400-\$500
(estimated \$18,000/fiscal year)

Expedites the advertising of projects
(current publication is once per week on Fridays,
notice to newspaper 2 days prior to publication)

Expedites the award of projects

Saves processing time for purchasing

CONS

Advertisement is not available in the
newspaper

Ask – Item #5

That the City Council provide feedback and direction on the proposal to remove advertising in the local newspaper for non-public projects.

NEXT STEPS

- ▶ Based on today's discussion and direction, return to City Council as needed to approve Municipal Code and Purchasing Policy updates
- ▶ Continue to work on process improvements, tracking benchmarks and data
- ▶ Update City Council periodically on progress

Questions?



951-279-3500



Yasmin.Lopez@CoronaCA.gov

Kim.Sitton@CoronaCA.gov



www.CoronaCA.gov

MAINTENANCE SERVICE EXAMPLES

Example #1: Airport Landscape Contractor

- ▷ Contract Term 07/01/2020 – 06/30/2022
- ▷ Vendor provided 30-day termination notice 04/01/2021
- ▷ Current projects placed “on-hold” to complete emergency bid for services
- ▷ Multiple Stakeholders
 - Department Directors, Project Manager, Purchasing Manager, Purchasing Specialists
 - FY 2022 Bidder #1 \$37,200 / Bidder #2 \$40,152 / Bidder #3 \$83,520
 - FY 2020 Bidder #1 \$19,140

MAINTENANCE SERVICES EXAMPLES

Example #2: Landscape Maintenance Areas 1 and 5

- ▷ Contract Term: Calendar year, bid award five years, contract in the middle of renewal period
- ▷ Vendor provided termination notice 11/01/2021
- ▷ Current projects placed “on-hold” to complete emergency bid for services
- ▷ Multiple Stakeholders
 - Department Directors, Project Manager, Purchasing Manager, Purchasing Specialists
 - FY 2022 Bidder #1 \$624,092 / Bidder #2 \$775,220 / Bidder #3 \$916,092
 - FY 2018 Bidder #1 \$531,690 / Bidder #2 \$560,826 / Bidder #3 \$718,978