

Item # 200
MONDAY, 4/14/14

(O-2014-97)

Item # 52
4-29-14

ORDINANCE NUMBER O- 20364 (NEW SERIES)

DATE OF FINAL PASSAGE MAY 15 2014

AN ORDINANCE OF THE COUNCIL OF THE CITY OF SAN DIEGO AMENDING CHAPTER 2, ARTICLE 2, DIVISION 5 OF THE SAN DIEGO MUNICIPAL CODE BY AMENDING SECTION 22.0505, AND AMENDING CHAPTER 2, ARTICLE 2, DIVISION 32 OF THE SAN DIEGO MUNICIPAL CODE BY AMENDING SECTIONS 22.3203, 22.3204, 22.3205, 22.3206, 22.3208, AND 22.3210, RELATING TO THE PURCHASING AGENT'S RESPONSIBILITIES AND THE PROCUREMENT PROCESS TO BE USED BASED ON THE ESTIMATED AMOUNT OF THE GOODS AND SERVICES CONTRACT.

WHEREAS, the San Diego Municipal Code requires departments to submit requisitions for goods and services to the Purchasing Agent for approval; and

WHEREAS, the San Diego Municipal Code requires the City to award contracts for goods and services using certain competitive processes based on the estimated cost of the contract; and

WHEREAS, the San Diego Municipal Code prohibits the subdivision of purchases for expenditures that should be logically made as a single purchase if the intent is to avoid the requirements of the San Diego Municipal Code and the City Charter; and

WHEREAS, the San Diego Municipal Code authorizes the award of contracts for goods and services without a competitive process in certain circumstances; and

WHEREAS, the Purchasing and Contracting Department wishes to amend certain sections of the San Diego Municipal Code relating to the Purchasing Agent's responsibilities and the threshold dollar amounts relating to the procurement process used to award contracts for goods and services; NOW, THEREFORE,

BE IT ORDAINED, by the Council of the City of San Diego, as follows:

Section 1. That Chapter 2, Article 2, Division 5 of the San Diego Municipal Code is amended by amending section 22.0505, to read as follows:

§22.0505 Requisitions

- (a) The Purchasing Agent, head of each department, or designee may approve requisitions and approve purchase orders for goods required by the department in an amount not to exceed \$25,000.
- (b) Requisitions for goods in excess of \$25,000 shall be approved by the head of such department or office and addressed to the Purchasing Agent.
- (c) All purchase orders issued pursuant to requisitions shall bear the certificate or stamp or like approval of the Chief Financial Officer or designee pursuant to Charter section 80 and shall be reviewed for compliance with Charter section 81.
- (d) If the department or office making the requisition has available a sufficient appropriation balance, the Purchasing Agent shall either furnish the goods requisitioned from the storerooms or warehouses under his control or shall procure them by purchase. Whenever any department or office requires goods which another department is able to furnish, suitable work order or requisition may be made or transfer without monetary consideration may be effected, and such goods may be furnished to the requiring department or office. In such cases, appropriate charges and credits, if any, shall be made to the accounts affected by such transaction.

- (e) Whenever any department requires goods or services which are not available from City sources, the requesting department shall provide the Purchasing Agent with specifications completely describing the procurement by purpose or description or combination thereof. The specifications so provided shall be subject to the approval of the Purchasing Agent prior to purchase.
- (f) [No change in text.]

Section 2. That Chapter 2, Article 2, Division 32 of the San Diego Municipal Code is amended by amending sections 22.3203, 22.3204, 22.3205, 22.3206, 22.3208 and 22.3210, to read as follows:

§22.3203 Competitive Process for Contracts for Goods and Services

Except as otherwise provided in section 22.3208, *contracts for goods* and *contracts for services* shall be awarded through a competitive process based on the estimated amount of City funds to be paid to the winning *bidder* under the contract.

- (a) For contracts greater than \$25,000 but equal to or less than \$50,000, the Purchasing Agent may award the contract but shall seek competitive prices either orally or in writing.
- (b) For contracts greater than \$50,000 but equal to or less than \$150,000, the Purchasing Agent may award the contract but shall solicit written price quotations from at least five potential sources.
- (c) For contracts greater than \$150,000 but equal to or less than \$1,000,000, the Purchasing Agent may award the contract only after advertising for

sealed bids or proposals for a minimum of one day in the City official newspaper at least ten days before bids or proposals are due.

(d) [No change in text.]

§22.3204 Subdividing Purchase Prohibited

The Purchasing Agent is prohibited from subdividing into two or more purchases any purchase of goods or services for an expenditure of \$150,000 or more that logically should be made as a single transaction if the purpose of the subdividing is to avoid the bidding requirements of the San Diego Municipal Code and the City Charter.

§22.3205 Civil Service Commission Review

All *contracts for services* shall be reviewed by the Civil Service Commission.

§22.3206 Award of Contracts for Goods and Services

(a) Except as provided in section 22.3206(b), the Purchasing Agent shall award *contracts for goods* and *contracts for services* to the *bidder* offering the best value to the City, considering price and other factors. The City may consider the following factors in evaluating which bid or proposal offers the best value to the City: unit cost, life cycle cost, economic cost analysis, operating efficiency, warranty and quality, compatibility with existing equipment, maintenance costs (including the costs associated with proprietary invention), experience and *responsibility* of the *bidder*, and any additional factors the City deems relevant.

(b) [No change in text.]

(c) [No change in text.]

§22.3208 Contracts Not Required to be Competitively Awarded

The following contracts may be awarded without advertisement or a competitive process:

- (a) A contract that provides for an expenditure of \$25,000 or less;
- (b) through (d) [No change in text.]
- (e) A *sole source contract* certified by the Purchasing Agent pursuant to section 22.3016, provided that if the justification of the *sole source contract* is the emergency nature of the project, the Purchasing Agent notifies the City Council and obtains the City Council's approval pursuant to section 22.3208(c).
- (f) Annual blanket purchase orders for an expenditure greater than \$25,000 for commercially available materials and supplies, provided that they are:
 - (1) and (2) [No change in text.]
 - (3) \$150,000 or less.
- (g) *Contracts for inmate services* which comply with section 22.3209.
- (h) *Contracts for services with agencies* or non-profit organizations which comply with section 22.3210.

§22.3210 Contracts for Services with Agencies and Non-Profit Organizations

The Purchasing Agent may award *contracts for services* to any *agency* or to any nonprofit organization qualified under Section 501(c)(3) of the Internal Revenue Code without City Council approval, provided that:

- (a) and (b) [No change in text.]
- (c) The contract does not exceed \$1,000,000 per fiscal year; and

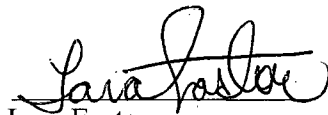
(d) [No change in text.]

Section 3. That a full reading of this ordinance is dispensed with prior to its passage, a written or printed copy having been made available to the City Council and the public prior to the day of its passage.

Section 4. That this ordinance shall take effect and be in force on the thirtieth day from and after its final passage.

APPROVED: JAN I. GOLDSMITH, City Attorney

By

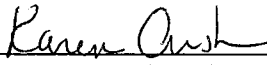


Lara Easton
Deputy City Attorney

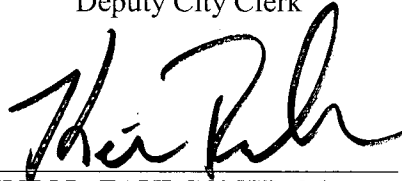
LEE:cfq
03/04/14
O-2014-97
Or.Dept:P&C

I hereby certify that the foregoing Ordinance was passed by the Council of the City of San Diego, at this meeting of **APR 29 2014**.

ELIZABETH S. MALAND
City Clerk

By 
Deputy City Clerk

Approved: 5/15/14
(date)


KEVIN L. FAULCONER, Mayor

Vetoed: _____
(date)

KEVIN L. FAULCONER, Mayor

Passed by the Council of The City of San Diego on APR 29 2014, by the following vote:

Councilmembers	Yeas	Nays	Not Present	Recused
Sherri Lightner	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ed Harris	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Todd Gloria	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Myrtle Cole	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mark Kersey	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Lorie Zapf	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Scott Sherman	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
David Alvarez	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Marti Emerald	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Date of final passage MAY 15 2014

AUTHENTICATED BY:

KEVIN L. FAULCONER
Mayor of The City of San Diego, California.

(Seal)

ELIZABETH S. MALAND
City Clerk of The City of San Diego, California.

By Karen Cwik, Deputy

I HEREBY CERTIFY that the foregoing ordinance was not finally passed until twelve calendar days had elapsed between the day of its introduction and the day of its final passage, to wit, on

APR 14 2014, and on MAY 15 2014

I FURTHER CERTIFY that said ordinance was read in full prior to passage or that such reading was dispensed with by a vote of five members of the Council, and that a written copy of the ordinance was made available to each member of the Council and the public prior to the day of its passage.

(Seal)

ELIZABETH S. MALAND
City Clerk of The City of San Diego, California.

By Karen Cwik, Deputy

Office of the City Clerk, San Diego, California

Ordinance Number O- 20364

#200
4/14/14

(O-2014-97)

STRIKEOUT ORDINANCE

OLD LANGUAGE: ~~Struck Out~~

NEW LANGUAGE: Double Underline

ORDINANCE NUMBER O- _____ (NEW SERIES)

DATE OF FINAL PASSAGE _____

AN ORDINANCE OF THE COUNCIL OF THE CITY OF SAN DIEGO AMENDING CHAPTER 2, ARTICLE 2, DIVISION 5 OF THE SAN DIEGO MUNICIPAL CODE BY AMENDING SECTION 22.0505, AND AMENDING CHAPTER 2, ARTICLE 2, DIVISION 32 OF THE SAN DIEGO MUNICIPAL CODE BY AMENDING SECTIONS 22.3203, 22.3204, 22.3205, 22.3206, 22.3208, AND 22.3210, RELATING TO THE PURCHASING AGENT'S RESPONSIBILITIES AND THE PROCUREMENT PROCESS TO BE USED BASED ON THE ESTIMATED AMOUNT OF THE GOODS AND SERVICES CONTRACT.

§22.0505

Requisitions

- (a) The Purchasing Agent, head of each department, or designee may approve requisitions and issue purchase orders for goods required by the department in an amount not to exceed \$25,000.
- ~~(a)(b) Requisitions for articles, commodities, supplies, materials or equipment by any department or office goods in excess of \$25,000 shall be addressed to the Purchasing Agent, approved by the head of such department or office and addressed to the Purchasing Agent. Purchase orders issued pursuant to such requisitions shall bear the certificate or stamp or like approval of the Auditor and Comptroller pursuant to Section 80 of the Charter and shall be reviewed by him for compliance with Section 81 of the Charter.~~

- (c) All purchase orders issued pursuant to requisitions shall bear the certificate or stamp or like approval of the Chief Financial Officer or designee pursuant to Charter section 80 and shall be reviewed for compliance with Charter section 81.
- ~~(b)~~(d) If the department or office making the requisition has available a sufficient appropriation balance, the Purchasing Agent shall either furnish the ~~items~~ goods requisitioned from the storerooms or warehouses under his control or shall procure them by purchase. Whenever any department or office requires ~~supplies or equipment~~ goods which another department or office is able to furnish, suitable work order or requisition may be made or transfer without monetary consideration may be ~~affected~~, and such ~~supplies or equipment~~ goods may be furnished to the requiring department or office. In such cases, appropriate charges and credits, if any, shall be made to the accounts affected by such transaction.
- (e) ~~“Sole Source.” As used in this Division, “sole source” means that the procurement is available from only one source and there is no permissible substitute.~~
- ~~(e)~~(e) Whenever any department requires ~~supplies, materials, equipment or services~~ goods or services which are not available from City sources, the requesting department shall provide the Purchasing Agent with specifications completely describing the procurement by purpose, ~~function, or~~ or description or combination thereof. The specifications so

provided shall be subject to the approval of the Purchasing Agent prior to ~~procurement action~~ purchase.

~~(d)~~(f) [No change in text.]

§22.3203 Competitive Process for Contracts for Goods and Services

Except as otherwise provided in Section 22.3208, *contracts for goods* and *contracts for services* shall be awarded through a competitive process based on the estimated amount of City funds to be paid to the winning *bidder* under the contract.

~~(a)~~ ~~A competitive process is not required for contracts of \$5,000 or less.~~

~~(b)~~(a) For contracts greater than ~~\$5,000~~25,000 but equal to or less than \$10,000-50,000, the Purchasing Agent may award the contract but shall seek competitive prices either orally or in writing.

~~(e)~~(b) For contracts greater than ~~\$10,000~~50,000 but equal to or less than ~~\$50,000~~ 150,000, the Purchasing Agent may award the contract but shall solicit written price quotations from at least five potential sources.

~~(d)~~(c) For contracts greater than ~~\$50,000~~150,000 but equal to or less than \$1,000,000, the Purchasing Agent may award the contract only after advertising for sealed bids or proposals for a minimum of one day in the City official newspaper at least ten days before bids or proposals are due.

~~(e)~~(d) [No change in text.]

§22.3204 Subdividing Purchase Prohibited

The Purchasing Agent is prohibited from subdividing into two or more purchases any purchase of goods or services for an expenditure of ~~\$50,000~~150,000 or more that logically should be made as a single transaction if the purpose of the

subdividing is to avoid the bidding requirements of the San Diego Municipal Code and the City Charter.

§22.3205 Civil Service Commission Review

All *contracts for services* shall be reviewed by the Civil Service Commission in accordance with Section 23.1801.

§22.3206 Award of Contracts for Goods and Services

(a) Except as provided in Section 22.3206(b), the Purchasing Agent shall award *contracts for goods* and *contracts for services* to the *bidder* offering the best value to the City, considering price and other factors. The City may consider the following factors in evaluating which bid or proposal offers the best value to the City: unit cost, life cycle cost, economic cost analysis, operating efficiency, warranty and quality, compatibility with existing equipment, maintenance costs (including the costs associated with proprietary invention), experience and *responsibility* of the *bidder*, and any additional factors the City deems relevant.

(b) [No change in text.]

(c) [No change in text.]

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 - (1) and (2) [No change in text.]
 - (3) ~~Less than \$150,000~~ or less.
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The Purchasing Agent may award *contracts for services* to any *agency* or to any nonprofit organization qualified under Section 501(c)(3) of the Internal Revenue Code without City Council approval, provided that:

- (a) and (b) [No change in text.]
- (c) The contract does not exceed ~~\$500,000~~ 1,000,000 per fiscal year; and
- (d) [No change in text.]

LEE:cfq
03/04/14
O-2014-97
Or.Dept: P&C