

<b>REQUEST FOR COUNCIL ACTION</b> CITY OF SAN DIEGO	CERTIFICATE NUMBER (FOR COMPTROLLER'S USE ONLY)
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TO: CITY COUNCIL	FROM (ORIGINATING DEPARTMENT): Purchasing and Contracting	DATE: 3/11/2014
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SUBJECT: Proposed Revisions to the Municipal Code Concerning the Approval of Purchase Requisitions and Contract Award Thresholds

PRIMARY CONTACT (NAME, PHONE): Dennis Gakunga, 619-236-7163	SECONDARY CONTACT (NAME, PHONE): Kristina Peralta, 619-236-6214
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**COMPLETE FOR ACCOUNTING PURPOSES**

FUND					
FUNCTIONAL AREA					
COST CENTER					
GENERAL LEDGER ACCT					
WBS OR INTERNAL ORDER					
CAPITAL PROJECT No.					
AMOUNT	0.00	0.00	0.00	0.00	0.00

FUND					
FUNCTIONAL AREA					
COST CENTER					
GENERAL LEDGER ACCT					
WBS OR INTERNAL ORDER					
CAPITAL PROJECT No.					
AMOUNT	0.00	0.00	0.00	0.00	0.00

**COST SUMMARY (IF APPLICABLE):**

**ROUTING AND APPROVALS**

CONTRIBUTORS/REVIEWERS:	APPROVING AUTHORITY	APPROVAL SIGNATURE	DATE SIGNED
Liaison Office	ORIG DEPT.	Gakunga, Dennis	03/11/2014
	CFO		
	DEPUTY CHIEF	Sturak, Jeff	03/12/2014
	COO		
	CITY ATTORNEY	Elliott, Mara	03/13/2014
	COUNCIL PRESIDENTS OFFICE		

PREPARATION OF:     RESOLUTIONS     ORDINANCE(S)     AGREEMENT(S)     DEED(S)

Approving the proposed amendments of the Municipal Code regarding the approval of purchase requisitions and contract award thresholds as outlined in report #14-015.

STAFF RECOMMENDATIONS:  
Approve Requested Actions

**SPECIAL CONDITIONS (REFER TO A.R. 3.20 FOR INFORMATION ON COMPLETING THIS SECTION)**

COUNCIL DISTRICT(S):	ALL
COMMUNITY AREA(S):	ALL

ENVIRONMENTAL IMPACT:	This Activity is not a "project" and is therefore not subject to State CEQA Guidelines Section 15060(c)(3).
CITY CLERK INSTRUCTIONS:	

**COUNCIL ACTION**  
**EXECUTIVE SUMMARY SHEET**  
CITY OF SAN DIEGO

DATE: 3/11/2014

ORIGINATING DEPARTMENT: Purchasing and Contracting

SUBJECT: Proposed Revisions to the Municipal Code Concerning the Approval of Purchase Requisitions and Contract Award Thresholds

COUNCIL DISTRICT(S): ALL

CONTACT/PHONE NUMBER: Dennis Gakunga/619-236-7163

**DESCRIPTIVE SUMMARY OF ITEM:**

Purchasing and Contracting is recommending several revisions be made to the Municipal Code with regards to dollar thresholds for contracts and formal and informal bid processes.

**STAFF RECOMMENDATION:**

Approve Requested Actions

**EXECUTIVE SUMMARY OF ITEM BACKGROUND:**

This ordinance amends San Diego Municipal Code sections 22.0505, 22.3203, 22.3204, 22.3205, 22.3206, 22.3208, and 22.2310. The ordinance amends section 22.0505 of the San Diego Municipal Code to allow the Purchasing Agent, department head or designee to approve requisitions for goods in an amount not to exceed \$25,000. All requisitions for goods in excess of \$25,000 must be authorized by the Purchasing Agent. The ordinance amends section 22.3203 relating to the procurement process to be used based on the estimated amount of the goods and services contract as follows: (1) for contracts greater than \$25,000, but equal to or less than \$50,000, the Purchasing Agent is required to seek competitive prices either orally or in writing; (2) for contracts greater than \$50,000, but equal to or less than \$150,000, the Purchasing Agent may award the contract but must solicit written price quotations from at least five potential sources; and (3) 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. Section 22.3204 is amended to prohibit the Purchasing Agent from subdividing two or more purchases of goods or services for an expenditure of \$150,000 or more if the purpose is to avoid the bidding requirements of the San Diego Municipal Code and the City Charter. This ordinance amends sections 22.3205 and 22.3206 to make non-substantive changes to conform the language and formatting. The ordinance amends section 22.3208 to allow the Purchasing Agent to award contracts for \$25,000 or less without advertisement or a competitive bidding process. Section 22.3208 is amended further to allow annual blanket purchases orders for expenditures greater than \$25,000 without a competitive bidding process provided the expenditure is required by City forces for immediate completion of work in progress, not normally kept in City stores, and are less \$150,000. Finally, section 22.3210 is amended to increase the threshold dollar amount that the Purchasing Agent is allowed to award contracts for services to any agency or non-profit without City Council approval. This ordinance amends the threshold dollar amount from \$500,000 to \$1,000,000 per fiscal year.

For additional information, please see staffReport to the City Council, Report number 14-015.

## FISCAL CONSIDERATIONS:

It is anticipated that there will be minimal impact to departmental budgets based on current workflow process. If OneSD system configuration changes are needed that are identified as being outside of the scope and capabilities of the OneSD team, there might be expenses associated with those modifications which cannot be quantified at this time.

## PREVIOUS COUNCIL and/or COMMITTEE ACTION

None regarding this report.

## EQUAL OPPORTUNITY CONTRACTING INFORMATION (IF APPLICABLE)

P&C will work with the Equal Opportunity Contracting Program (EOCP), key stakeholders, and the entire vendor community to ensure that the goals of Council Policy 100-10 are achieved.

## COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS

The proposed Municipal Code recommendations were briefed at the Citizens Equal Opportunity Commission (CEOC) on March 5, 2014. P&C has also conducted meetings with the various Chambers of Commerce, and business community groups.

## KEY STAKEHOLDERS AND PROJECTED IMPACTS

Key stakeholders for the proposed Municipal Code recommendations are citizens served by City departments, City employees, and all City vendors.

Gakunga, Dennis

Originating Department

Sturak, Jeff

Deputy Chief/Chief Operating Officer



THE CITY OF SAN DIEGO  
**REPORT TO THE CITY COUNCIL**

DATE ISSUED: March 10, 2014 REPORT NO: 14-015  
ATTENTION: Committee on Budget and Government Efficiency  
SUBJECT: Proposed Revisions to the Municipal Code Concerning the Approval of  
Purchase Requisitions and Contract Award Thresholds  
REFERENCE: San Diego Municipal Code Chapter 2, Article 2, Divisions 5 and 32

REQUESTED ACTION:

Approve the amendments of San Diego Municipal Code Chapter 2, Article 2, Divisions 5 and 32 as proposed.

STAFF RECOMMENDATION:

Approve the Requested Actions.

BACKGROUND:

The Purchasing and Contracting Department (P&C) is responsible for administering the City's centralized procurement and materials management functions to ensure the availability of goods and services to meet the City's operational needs. P&C's Fiscal Year 2014 Budget consists of 41.59 full time positions, including 10.00 Procurement Specialists (buyers). A Procurement Specialist is responsible for assisting the various City departments with the purchases of goods and services necessary to perform their critical missions. Based on this current staffing level, the P&C Procurement Specialist to City staff ratio is 1 to 1,000. In essence, one Procurement Specialist is serving 1,000 City employees.

Over the last fiscal year, new leadership in the P&C department has undertaken a holistic review of department operations and all policies. During that time the department has achieved significant improvements including:

- The implementation of an electronic vendor registration system (Planet Bids)
- The implementation of a City-wide procurement forecasting process
- The launch of an extensive 'procure-to-pay' deep dive effort of the City's OneSD (SAP) system
- Established a standing discussion group with regional partners
- Implemented posting of awarded City contracts on the City's website

Despite these improvements, procurement cycle time delays and oversight deficiencies throughout the procurement process remains a significant concern. As a result, starting in September, P&C initiated an action plan to identify improvement measures and develop concrete and tangible steps that could be adopted to help reduce procurement delays and enhance oversight of the City's contracting process. The following sections of this report provide an overview of the current procurement process and also recommendations for changes to the Municipal Code. If these recommendations are approved, it is anticipated that the procurement cycle times will substantially decrease and there will be an increase in overall oversight.

In drafting these proposed amendments, P&C researched government procurement best practices, specifically through the National Institute of Government Procurement (NIGP), which produces the annual Public Procurement Benchmark Survey Report. The report benchmarked 357 public agencies in the United States, including 19 in California. P&C also researched public procurement trends and examined other comparable municipalities. A summary matrix of the comparable municipalities is included in Attachment B.

### Current Procurement Process

The Municipal Code currently requires the Purchasing Agent to process most requisitions regardless of dollar amount. Purchase requisitions are processed in the OneSD system with some limited exceptions for payments that are not practical for processing via a purchase order method, such as petty cash, P-Card or payments made through the invoice payment/direct pay process. Purchase requests in the OneSD system are reviewed and approved by the user department and then authorized by the Comptroller. Once approved by the Comptroller, purchase requests must be routed to P&C for a Purchase Order (PO) to be issued to the vendor. The requirement to have every purchase processed through P&C, regardless of dollar amount, is resulting in significant backlog and unnecessary delays. Departments should be empowered with the ability to process lower level purchases with the appropriate procurement oversight.

In Fiscal Year 2013, P&C processed approximately 9,500 purchase requisitions with 7,968 of these requests being under \$25,000. These represent 84 percent of the total requests processed by P&C (Figure A). However, this accounted for only 4 percent of the City's total expenditures (Figure B). In essence, P&C is spending 84 percent of its time on purchases related to only 4 percent of the City's total expenditures.

Empowering departments with the ability to purchase goods up to \$25,000 will allow P&C to spend more time on larger purchases, resulting in better research, planning, scheduling, and procurement of items critical to the mission of departments.

The following pie charts illustrate the volume of purchases below \$25,000 processed by P&C each year and their related dollar value.

Percent of Purchases under \$25,000 and their related Percent of total City Spend

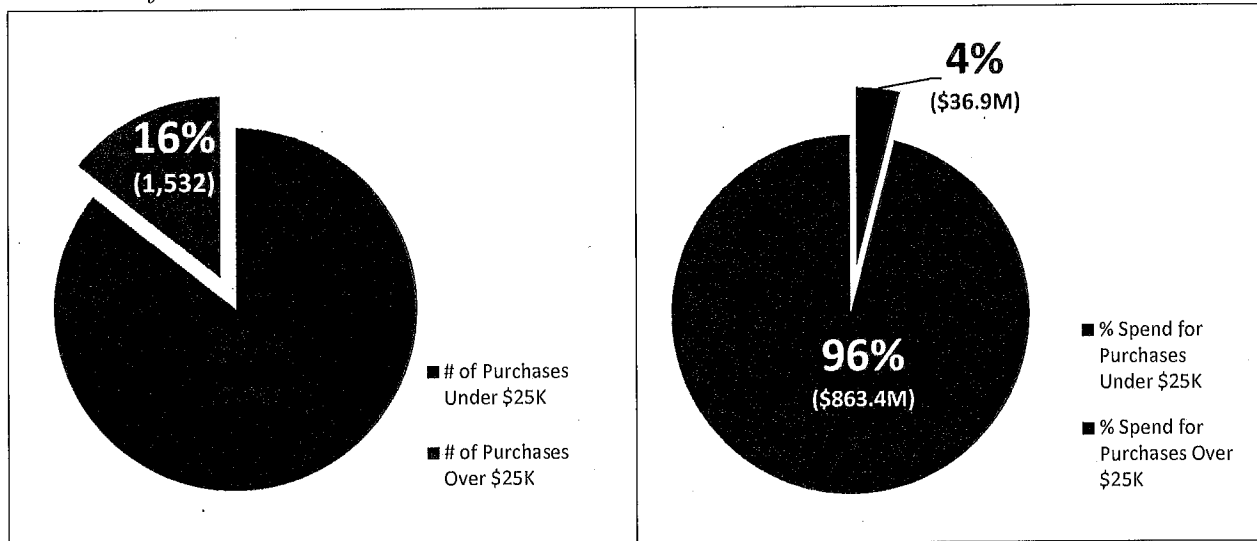


Figure A

Figure B

**PROPOSED MUNICIPAL CODE CHANGES:**

This report includes proposed amendments (underlined) to the Municipal Code Chapter 2, Article 2, Divisions 5 and 32 which include: increasing contract award thresholds; streamlining the requisition approval and contract award process.

**Section §22.0505 Requisitions**

- §22.0505 (a) - Amend language to read "The Purchasing Agent, department head, or designee may approve requisitions for goods required by the department in an amount not to exceed \$25,000."
- §22.0505 (b) - Amend language to read "The Purchasing Agent shall approve requisitions in excess of \$25,000 for goods approved by a department head or designee."

Note that P&C is recommending additional changes to section 22.0505 (b), (c), and (d) to address revisions that need to be made so that the language is consistent with the Charter and other sections of the Municipal Code. We recommend deleting section 22.0505(e) concerning sole source contracts because the subject is fully addressed in section 22.3208(e).

**Section §22.3203 Competitive Process for Contracts for Goods and Services**

- §22.3203(a) - Amend language to read "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."

- 22.3203 (b) - Amend language to read “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.”
- §22.3203 (c) - Amend language to read “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.”

**Section §22.3204      Subdividing Purchase Prohibited**

- §22.3204 - Amend language to read “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.”

Sections 22.3205 and 22.3206 are amended to reflect updates to the municipal code.

**Section §22.3208      Contracts Not Required to be Competitively Awarded**

- §22.3208 (a) - Amend language to read “A contract that provides for an expenditure of \$25,000 or less;”
- §22.3208 (f) - Amend language to read “Annual blanket purchase orders for an expenditure greater than \$25,000 for commercially available goods, provided that they are:
  - (3)      \$150,000 or less.”

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

- §22.3210 - Amend language to read “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:
  - (c)      The contract does not exceed \$1,000,000 per fiscal year.”



The following sections provide a summary of the proposed amendments. In addition, Attachment A to this report provides the strike-out version of the requested changes.

- **Recommendation 1:** §22.0505 (a) – Amend language to read “The Purchasing Agent, department head, or designee may approve requisitions for goods required by the department in an amount not to exceed \$25,000.”
- **Recommendation 2:** §22.0505 (b) - Amend language to read “The Purchasing Agent shall approve requisitions in excess of \$25,000 for goods approved by a department head or designee.”

**Background:**

The Municipal Code currently requires the Purchasing Agent to process all requisitions regardless of dollar amount with some limited exceptions, such as petty cash, P-Card or payments made through the invoice payment/direct pay process. P&C recommends allowing the delegation of authority to department heads, or a designee, to approve purchases up to \$25,000. Eliminating the requirement for lower level purchases under \$25,000 to be processed through P&C will eradicate a significant ‘choke-point’ to the delivery of purchases to departments. This recommendation is consistent with recommended best practices from NIGP, and public procurement trends. According to the NIGP and our research, public agencies and municipalities should adopt a combination of both centralized and decentralized purchasing functions. If amended, purchases up to \$25,000 would be processed by the user departments, which will enable them to obtain their critical items quicker and with fewer interruptions to their operations. Purchases above \$25,000 will continue to be handled by P&C, allowing for more effective planning, consolidation of purchases, and maximization of cost savings.

**Procurement Oversight:**

P&C will conduct citywide trainings and develop supporting Administrative Regulations (ARs) and process narratives to ensure departments are complying with all purchasing requirements. P&C will work with the Office of the Comptroller and the Department of Information Technology to implement the proposed recommendations. The departments will also develop and conduct citywide department training to ensure compliance with policies and procedures. P&C has also committed to generating a monthly report to track all department purchases and identify anomalies or opportunities for consolidation. The report will be made available each quarter on the City’s website to ensure transparency and accountability.

- **Recommendation 3:** §22.3203 (a) - Amend language to read “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.”

**Background:**

The Municipal Code dictates that for contracts greater than \$5,000 but equal to or less than \$10,000, the Purchasing Agent may award the contract but shall seek competitive prices either orally or in writing. P&C recommends the increase of the current \$5,000 threshold to \$25,000,

and the current \$10,000 threshold to \$50,000. Increasing these thresholds will provide additional flexibility and reduce touch points. If adopted, departments will be able to acquire smaller dollar purchases quicker and with fewer interruptions to their operations.

**Procurement Cycle Time:**

Based on a review of recent procurements, if adopted, the following recommendation is estimated to reduce timelines for City departments' purchases from a month and a half to approximately two to four weeks.

**Procurement Oversight:**

P&C will conduct citywide training to ensure departments are complying with all purchasing requirements. P&C has also committed to generating a monthly report to track all department purchases and the report will be made available each quarter on the City's website to ensure transparency and accountability.

- **Recommendation 4:** §22.3203 (b) - Amend language to read “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.”
- **Recommendation 5:** §22.3203 (c) - Amend language to read “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.”
- **Recommendation 6:** §22.3204 - Amend language to read “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.”

**Background:**

The Municipal Code dictates that for contracts greater than \$10,000 but equal to or less than \$50,000, the Purchasing Agent may award the contract but shall solicit written price quotations from at least five potential sources. P&C recommends increasing the current \$10,000 threshold to \$50,000, and the current \$50,000 threshold to \$150,000. In addition, the Municipal Code also requires that for contracts greater than \$50,000, 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. P&C also recommends increasing this dollar threshold from \$50,000 to \$150,000. This threshold increase also applies to section 22.3204.

Increasing the thresholds will significantly simplify the bidding process for the entire vendor community. The streamlined bidding process will result in increased competition, reduced pricing for the City, and increased participation in City contracts. P&C will work with the EOCP,

key stakeholders, and the entire vendor community to ensure that the goals of Council Policy 100-10 are achieved.

**Procurement Cycle Time:**

Based on a review of recent procurements, if adopted, the following recommendations are estimated to reduce timelines for City departments' purchases from four to six months to approximately three months for formal bids and proposals. We also anticipate a reduction in timelines from four to six months to approximately one month for procurements not required to be advertised.

**Procurement Oversight:**

P&C will conduct citywide training to ensure departments are complying with all purchasing requirements. P&C has also committed to generating a monthly report to track all department purchases and the report will be made available each quarter on the City's website to ensure transparency and accountability.

- **Recommendation 7:** §22.3208 (a) - Amend language to read "A contract that provides for an expenditure of \$25,000 or less."

**Background:**

P&C recommends the increase of the current dollar threshold for contracts requiring a competitive bidding process from \$5,000 to \$25,000. Increasing the threshold will provide additional flexibility and reduce touch points. If adopted, departments will be able to acquire purchases up to \$25,000 quicker and with fewer interruptions to their operations. P&C will work with the Equal Opportunity Contracting Program (EOCP), key stakeholders, and the entire vendor community to ensure that the goals of Council Policy 100-10 are achieved.

**Procurement Cycle Time:**

Based on a review of recent procurements, if adopted, the following recommendations are estimated to reduce timelines for City departments' purchases from a month and a half to approximately two to four weeks.

**Procurement Oversight:**

P&C has committed to generating a monthly report to track all department purchases and identify anomalies or opportunities for consolidation. The report will be made available each quarter on the City's website to ensure transparency and accountability.

- **Recommendation 8:** §22.3208 (f) - Amend language to read "Annual blanket purchase orders for an expenditure greater than \$25,000 for commercially available goods provided that they are:  
  
(3) \$150,000 or less."

**Background:**

P&C recommends increasing the threshold limit for urgent situation annual department purchase orders from the current limit of \$50,000 to \$150,000. The Municipal Code allows for the use of annual department purchase orders if they are required for immediate completion of work in progress. This includes work in progress due to critical unplanned and unforeseen tasks. The current dollar threshold does not provide the intended flexibility to the user departments. Increasing this threshold will allow P&C to be more responsive to user departments by ensuring that they receive critical commodities and services expeditiously and economically.

**Procurement Oversight:**

P&C will ensure that the appropriate levels of oversight are in place by coordinating with the respective vendors to develop quarterly reports to monitor emergency expenditures. The report will be made available on the City's website to ensure transparency and accountability.

- **Recommendation 9:** §22.3210 – Amend language to read “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:
  - (c) The contract does not exceed \$1,000,000 per fiscal year.”

**Background:**

P&C recommends increasing the thresholds for the use of non-profit organizations (NPOs) from the current limit of \$500,000 to \$1,000,000. The Municipal Code allows for the City to award contracts for services to any agency or nonprofit organization qualified under Section 501(c)(3) of the Internal Revenue Code without City Council approval if the Purchasing Agent certifies in writing that the contract furthers a specific public purpose, the contract is in the public interest, and the contract does not exceed \$500,000 per year.

NPOs such as the Urban Corps and Alpha Project provide services such as graffiti removal, weed abatement, drainage channel cleaning, tree planning, litter removal and habitat restoration. It is in the City's best interest to facilitate partnerships with NPOs, as they provide a labor-ready workforce able to expedite service contracts for City departments, all while supporting training, providing educational opportunities, and creating jobs for disadvantaged residents of the City of San Diego.

It should be noted that under the Meyers-Milias-Brown Act , the City is obligated to “meet and confer” with employee representatives in good faith regarding wages, hours, and other terms and conditions of employment before contracting-out any bargaining unit work, when applicable.

**Procurement Oversight:**

P&C will ensure that the appropriate levels of oversight are in place by coordinating quarterly meetings with respective vendors, and working with end user departments to monitor contracts and ensure compliance with all City policies. P&C will also be posting all contracts with non-profit organizations each quarter on the City's website to ensure transparency and accountability.

## IMPACTS OF PROPOSED RECOMMENDATIONS TO DEPARTMENTS

The proposed recommendations will empower departments with the ability to purchase routine low dollar items expeditiously and economically. Processing delays will also be significantly reduced. Departments will also be able to better plan their needs and partner with P&C on effective planning, consolidation of purchases, and maximization of cost savings. In addition, with the elimination of the frequent delays in the ordering of critical commodities and services, departments will be able to perform their critical missions and increase their ability to respond to the needs of their customers and residents of the City of San Diego.

## IMPLEMENTATION TIMELINE

<b>Actions</b>	<b>Date</b>
Conduct Citywide training for user departments	May – June 2014
Develop supporting Administrative Regulations (ARs) and process narratives to ensure departments are in compliance with all purchasing requirements	June – July 2014
Partner with IT to create configuration changes in the procurement system	July – Aug 2014

## FISCAL CONSIDERATIONS:

It is anticipated that there will be minimal impact to departmental budgets based on current workflow process. If OneSD system configuration changes are needed that are identified as being outside of the scope and capabilities of the OneSD team, there might be expenses associated with those modifications which cannot be quantified at this time.

## PREVIOUS COUNCIL and/or COMMITTEE ACTION

None regarding this report.

## EQUAL OPPORTUNITY CONTRACTING INFORMATION (IF APPLICABLE)

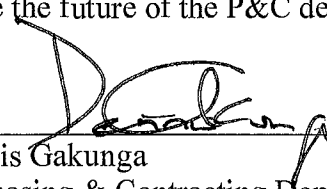
P&C will work with the Equal Opportunity Contracting Program (EOCP), key stakeholders, and the entire vendor community to ensure that the goals of Council Policy 100-10 are achieved.

## COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS

The proposed Municipal Code recommendations were briefed at the Citizens Equal Opportunity Commission (CEOC) on March 5, 2014. P&C has also conducted meetings with the various Chambers of Commerce, and business community groups.

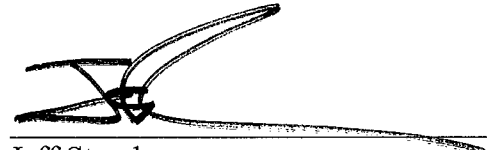
## KEY STAKEHOLDERS AND PROJECTED IMPACTS

Key stakeholders for the proposed Municipal Code recommendations are citizens served by City departments, City employees, and all City vendors. The impact of the proposed recommendations will fundamentally change the way the City processes its procurements and shape the future of the P&C department.



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Dennis Gakunga  
Purchasing & Contracting Department Director



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Jeff Sturak  
Deputy Chief Operating Officer

### **Attachments:**

1. Attachment A: Municipal Code Proposed Amendments (Strikeout)
2. Attachment B: Comparable Cities Information

## COMPARABLE AGENCIES PROCUREMENT PRACTICES

City	Limit for Formal Procurement	Number of buyers	Delegation of Authority to Indiv. Departments	Emergency Purchase Orders
City of San Diego	\$50,000	10	No	No limit for true emergencies; Purchasing Agent required to report emergency award to Council. Award must be ratified by Council Annual blanket purchase order to department limit is \$50,000
City/County of San Francisco	\$50,000	26	Yes, under \$10,000	There is no limit for true emergency purchases however, those in excess of \$100,000 are reported to the Council
City of Los Angeles	\$100,000	16	Yes, under \$1,000	Blanket purchase orders are created to deal with this issue
City of San Jose	\$100,000	9	Yes, blanket purchase orders utilized	Emergencies that exceed \$100,000 are reported to Council
City of New York	\$100,000	N/A (Purchasing is decentralized)	Yes. Purchasing is decentralized.	City agency must reach out to the Comptroller before intializing a purchase order for an emergency
County of San Diego	Informally competed up to \$250,000	20	Yes. Unlimited \$dollar limit to departments for releases against a contract. Departments may also utilize P-Card	There is no dollar limit for true emergencies. Ratified by Board.
County of Los Angeles	\$15,000	40	Yes. \$15,000 maximum delegated authority to departments for non-contracted items. Unlimited delegated authority to departments for items on contract	Emergency purchase orders are reported to the Board and require justification from Department Head - no limit.
County of Ventura	\$35,000	11	Yes. \$5,000 - \$10,000 and varies by department based on need	No limit for emergency purchase orders with appropriate documentation, reported to Board
City of Oakland	\$50,000	4	No	City Auditor may approve moving forward with expenditures that are related to emergencies
City of Seattle	\$47,000	9	Yes, under \$7000	No limit for emergency purchases but those that exceed \$10,000 require Department justification
City of Houston	\$50,000	25	Yes. A Blanket Purchasing Agreement is requested for small purchases with the approval of the department's manager/supervisor	Any emergency purchase order which exceeds bid limit is reportable to Council

**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, department head, or designee may approve requisitions 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~~ The Purchasing Agent shall approve requisitions in excess of \$25,000 for goods shall be addressed to the Purchasing Agent, approved by the head of such department or office.  
Purchase orders issued pursuant to such requisitions shall bear the certificate or stamp or like approval of the Auditor and Comptroller Chief Financial Officer or designee pursuant to Charter Section 80 of the



Charter and shall be reviewed by him for compliance with Charter  
Section 81 of the Charter.

~~(b)~~(c) 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)~~(d) 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~~ description or combination thereof. The specifications so provided shall be subject to the approval of the Purchasing Agent prior to procurement action purchase.

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

~~(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.

**§22.3203 Competitive Process for Contracts for Goods and Services**

Except as otherwise provided in ~~S~~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.

~~(e)~~(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~~ 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 by the Purchasing Agent without advertisement or a competitive process:

(a) A contract that provides for an expenditure of ~~less than~~ \$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) ~~Less than \$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 \$500,000~~1,000,000~~ per fiscal year; and
- (d) [No change in text.]

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