



CITY OF BANNING STAFF REPORT

TO: CITY COUNCIL

FROM: Douglas Schulze, City Manager

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MEETING DATE: June 25, 2024

SUBJECT: Consideration of Resolution 2024-101, Approving the Use of the Public Utility Exceptions for Informal Procurements Under Article 2, Section 3-105, Note 7 of the City's Purchasing Policy No. B-30, for Fiscal Year 2024-25 for the Purchase of Certain Supplies, Materials and Equipment for the City's Public Utility Departments

RECOMMENDATION:

Adopt Resolution 2024-101.

BACKGROUND:

In February of 2019, the City Council adopted Resolution 2018-156, approving the Purchasing Officer's recommended amendments to the City's Purchasing Policy No. B-30. Within this updated Policy, Article 2, Section 3-105, Note 7 provides exceptions from regular purchasing procedures for the City's utilities (electric, sewer, and water) for certain types of materials, equipment and supplies listed in that Note.

The list of items that may, with City Council approval, and with the review and approval by the Purchasing Officer, be purchased without formal competitive bids are provided in Attachment 2, Purchasing Policy, to this staff report. This list is sometimes referred to as the exceptions list.

The City's utilities, as a matter of routine business, regularly consume specific commodities, materials, inventory, and services which are included in the exceptions list, and that are typical to the operations, maintenance, planned replacement, and capital improvements of their respective enterprise services. In order to provide good customer service in a safe, timely, uninterrupted, and efficient manner, it is necessary for the utilities to routinely and at times, quickly, purchase these specifically excepted items without the delay that would result from compliance with the formal bidding procedures.

City staff understands that by invoking this exception, the staff in the Utility Departments would not be required to procure the items on the exceptions list through a formal competitive process. However, to address this issue and avoid an overuse of this exception, the approved Purchasing Policy incorporates two checks and balances applicable to purchases using these exceptions. In addition to the Council's authorization of these exceptions, the Purchasing Officer reviews these exceptions to formal procurement requirements through the requisition process. The Purchasing Officer is aware that there are items that often pose a peculiar and unique purchasing circumstance in which it can be difficult to acquire suitable and appropriate items that meet the distinct, specific needs of the utilities and are necessary to allow them to maintain adequate service levels for utility customers. Due to the nature of the public utilities industry, the specific and aged utilities' assets, and limited availability of qualified vendors, authorizing the exceptions within the Purchasing Policy will allow the utilities to meet the goals and needs set forth by Council to better serve the City's utility customers.

As standard practice and whenever possible, the public utilities departments will acquire more than one quote for a product, to ensure wise use of funds. When this is not possible or a situation is presented where it would be detrimental to reliability and service, the sole source function within the Purchasing Policy may be utilized, subject to the approval and recommendation of the Purchasing Officer. The public utilities of the City of Banning strive to provide continuity of service and improve work flow while purchasing the item for the best price and maintaining appropriate purchasing standards and practices.

JUSTIFICATION:

The City's utilities maintain capital improvement plans that have been reviewed and approved by the City Council. Further, the capital improvement plans and annual operations and maintenance programs are included in annual budgets and are authorized by the City Council on a regular basis. Requiring City Council review of routine purchases that are already approved through the capital improvement planning and regular budgeting updates can be redundant and inefficient. In addition, the routine practice of obtaining competitive proposals, bids or quotes from material vendors often will not result in cost-efficiencies because the items are unique, or the items have been found to be purchased for the best price from a particular vendor. The primary purpose of the City's utilities is to provide continued reliable, and uninterrupted utility services. In order to ensure that the City's utility services remain consistently reliable, it is necessary for the City's utilities to have the means to quickly and efficiently acquire specific goods, equipment and services as identified and approved in advance by the City Council, and set forth as exceptions in the City's Purchasing Policy. The adoption of the Resolutions herein will serve to further ensure the continued, reliable provision of utility services to the City while at the same time providing authority to the Purchasing Officer to review and approve of the use of the exception for those purchases.

FISCAL IMPACT:

Expedited processing of purchase requisitions for items on the Purchasing Policy exceptions list will improve the timeliness, efficiency, and effectiveness of staff, and result in greater efficiency in the provision of utility services, thereby saving money.

ALTERNATIVES:

1. Adopt Resolution 2024-101, as recommended.
2. Adopt Resolution 2024-101, with modifications.
3. Do not approve Resolution 2024-101 and provide alternative direction to staff.

ATTACHMENTS:

1. [Resolution 2024-101, Utility Purchasing Exceptions.docx](#)
2. [B-30 Procurement Pages 16 and 17.pdf](#)