



## Legislation Details (With Text)

**File #:** 20-0197      **Version:** 1

**Type:** \*Gen. Bus. - Staff Report      **Status:** Agenda Ready

**In control:** City Council Regular Meeting

**On agenda:** 8/18/2020      **Final action:**

**Title:** Consider Introducing an Ordinance Amending Chapters 2.36 (Purchasing) and 2.37 (Public Projects) of the Manhattan Beach Municipal Code to Allow Electronic Filing of Bids and Modifying the Authority to Approve Changes Orders and Procure Professional Services (Finance Director Charelian).  
INTRODUCE ORDINANCE NO. 20-0019

**Sponsors:**

**Indexes:**

**Code sections:**

**Attachments:** 1. Draft Ordinance No. 20-0019, 2. Legislative Digest

Date	Ver.	Action By	Action	Result
8/18/2020	1	City Council Regular Meeting		

**TO:**  
Honorable Mayor and Members of the City Council

**THROUGH:**  
Bruce Moe, City Manager

**FROM:**  
Steve S. Charelian, Finance Director  
Stephanie Katsouleas, Public Works Director  
Gwen Eng, Purchasing Manager

**SUBJECT:**  
Consider Introducing an Ordinance Amending Chapters 2.36 (Purchasing) and 2.37 (Public Projects) of the Manhattan Beach Municipal Code to Allow Electronic Filing of Bids and Modifying the Authority to Approve Changes Orders and Procure Professional Services (Finance Director Charelian).  
**INTRODUCE ORDINANCE NO. 20-0019**

**RECOMMENDATION:**  
Staff recommends that the City Council introduce Ordinance No. 20-0019 amending Chapters 2.36 (Purchasing) and 2.37 (Public Projects) of the Municipal Code authorizing electronic filing of bids and modifying the authority to approve change orders and procure professional services.

**FISCAL IMPLICATIONS:**  
There are fiscal implications associated with implementing a new system, and \$30,000 is budgeted in Fiscal Year 2020-2021 for this project. The project cost will be offset by revenue generated from fees charged on public construction project bid submittals, estimated at \$10,000 annually. Subsequent years will require annual maintenance costs, which will be budgeted accordingly in the Finance Department's operating budget.

## **BACKGROUND:**

Since 2018, all formal bids have been posted using BidSync, an electronic bid notification service, with the primary purpose of garnering greater vendor participation. It is used for all formal bid solicitations for materials, services and capital improvement projects. However, it has not been used to receive bids electronically. Currently, hard copies of bids are received by the City Clerk's office at a certain time and date and subsequently analyzed by staff for conformance with the bid specifications. Receipt of hard copy bid submittals is required under Section 2.36 (Purchasing) of the Manhattan Beach Municipal Code (MBMC).

## **DISCUSSION:**

Staff reviewed the City's purchasing processes with the goal of streamlining and improving workflow and maximizing the value of staff time used to obtain and tabulate bids. This review resulted in recommended modifications to Chapter 2.36 (Purchasing) of the Manhattan Beach Municipal Code (MBMC or code) to allow for the electronic submittal of all types of bids for City services. This, as well as other minor changes, updates the code to better reflect current practices. A summary of the changes to language in MBMC 2.36 and 2.37 are listed below:

### Electronic Bidding

There have been positive changes in the on-line bidding industry. Many of the bid notification vendors have improved their services to include social media outreach, automated bid tabulation, custom evaluation groups, tracking of contract performance terms, automated notification of contract expiration dates, managing boilerplate clauses, and managing documents and workflow. These desired attributes are specific to the bidding process and thus are not available in the City's financial system (Munis).

Obtaining formal bids is a time consuming process when considering all the coordination that goes into releasing a Request for Bid or Proposals (RFP), scheduling a bid opening date with the City Clerk, reviewing the bids for accuracy, etc. There is also added submittal complexity when considering the social distancing and touch point measures resulting from Covid-19. Electronic bidding, by contrast, eliminates some steps altogether and streamlines others. It also helps eliminate inaccuracies often found in manual bid submittals and reduces staff time spent reviewing bids for conformance with specifications. In the last fiscal year, staff scheduled 34 bid openings with the City Clerk's Office for goods, services and projects. For these reasons, amending the code to allow for receipt of electronic bids is critical to improve our procurement process and provide for efficiency.

By allowing for the receipt of bids electronically for procurement of goods and services under MBMC 2.36.070 (E) and (F) and for capital projects under MBMC 2.37.040 (C), the net effect will result in decreasing the procurement timeline for acquisition of materials and services, while also improving the quantity and quality of bids received. Should the proposed code amendment be approved by City Council, staff will begin evaluating qualified vendors to ensure that the best solution is obtained. Implementation is anticipated to be completed by December 2020.

### Professional Services (MBMC 2.36.130)

Staff recommends updating this section to allow departments to solicit professional services subject to administrative policy and procedures. Currently, all solicitations are handled through General Services Division and this will expedite the process for obtaining specialized services when needed.

### Change Orders (MBMC 2.36.090 (B))

Currently, only the City Manager has the authority to approve cumulative change orders up to the formal bid limit of \$50,000. However, in MBMC 2.36.080(B), the Finance Director has the authority to approve purchases up to \$20,000; therefore, the wording should be consistent throughout to prevent confusion. In addition, this will shorten the approval process while maintaining financial controls.

Electronic Bidding for Capital Projects (MBMC 2.37.040 (C))

This section adds language to allow the City to accept bids for capital projects through electronic means and it states that the City may charge a fee, as established by resolution, for the acceptance of such bids.

Staff recommends that the City Council introduce Ordinance No. 20-0019 amending Chapters 2.36 (Purchasing) and 2.37 (Public Projects) of the Municipal Code allowing for electronic bidding and other minor changes.

**PUBLIC OUTREACH:**

After analysis, staff determined that public outreach was not required for this issue.

**ENVIRONMENTAL REVIEW:**

The City has reviewed the proposed activity for compliance with the California Environmental Quality Act (CEQA) and has determined that the activity is not a "Project" as defined under Section 15378 of the State CEQA Guidelines; therefore, pursuant to Section 15060(c)(3) of the State CEQA Guidelines, the activity is not subject to CEQA. Thus, no environmental review is necessary.

**LEGAL REVIEW:**

The City Attorney has reviewed this report and approves Ordinance No. 20-0019 as to legal form.

**ATTACHMENTS:**

1. Draft Ordinance No. 20-0019
2. Legislative Digest