



Legislation Text

File #: 24-0275, Version: 1

TO:

Honorable Mayor and Members of the City Council

THROUGH:

Bruce Moe, City Manager

FROM:

Steve S. Charelian, Finance Director
Julie Bondarchuk, Financial Controller
Mario Hernandez, Purchasing Supervisor

SUBJECT:

Consideration of an Alternative Purchasing Process for the Acquisition of Budgeted Vehicles and Related Equipment for Fiscal Year (FY) 2024-2025 (Finance Director Charelian).

- A) WAIVE FORMAL BIDDING FOR BUDGETED VEHICLES AND EQUIPMENT**
- B) AUTHORIZE CITY MANAGER TO APPROVE PURCHASE OF BUDGETED VEHICLES AND EQUIPMENT**

RECOMMENDATION:

Staff recommends that the City Council take the following actions:

- a) Waive formal bidding per Manhattan Beach Municipal Code Section 2.36.140 for Budgeted Vehicles and Equipment for FY 2024-2025.
- b) Authorize City Manager to approve purchase of budgeted vehicles and related equipment for FY 2024-2025.

FISCAL IMPLICATIONS:

The recommended action has no fiscal implication.

BACKGROUND:

Last fiscal year, City Council approved an alternative purchasing processes for budgeted vehicles and equipment. This enabled staff to obtain vehicles in a timely fashion while maintaining competitiveness and allowed staff to complete all the budgeted vehicle purchases without any carryforwards. Although market conditions show slight improvement, staff recommends continuing this alternative purchasing method for Fiscal Year 2024-2025.

Funds have been allocated for the purchase of twenty-one new vehicles in the Fiscal Year 2024-2025 Budget. Nine of these vehicles are budgeted over \$75,000, which means staff must adhere to a formal bidding process to acquire these vehicles. The duration of the purchasing process can vary while the average formal bidding process for vehicles takes about eight weeks. With current demand outpacing supply, it has been difficult for staff to procure vehicles to be delivered within a reasonable time frame. About 95% of the bids received for vehicles or equipment are from vendors who do not

have the item in stock. The bids are often for a future delivery with the item either in transit or with a future build date. It is rare for vendors who have the vehicle on hand to bid due to the long formal bidding process.

For vendors who do have the item in stock, they are not able to offer longer-term pricing on goods due to price fluctuations making a formal bid process difficult to complete. Additionally, some vendors are also not willing to wait for City staff to complete the formal bidding process, especially if they have other buyers willing to purchase the item.

DISCUSSION:

Due to the fluctuation and demand of inventory, staff is proposing an informal bidding process for vehicles and equipment budgeted in the Fiscal Year 2024-2025 Budget for items in stock or in transit. The informal bidding process still requires that at least three competitive quotes are received for anything over \$10,000. This will allow staff to negotiate directly with suppliers and potentially procure better pricing rather than requiring the vendor to hold the item and provide a price guarantee while staff completes the formal bidding process. Staff will return to City Council to ratify the purchase after the transaction has been completed. If the purchase exceeds the budgeted amount or the item is readily available, formal bidding procedures will still be followed, and City Council approval will be obtained before the vehicle is purchased.

City Council can waive formal bidding when practical and in the City's best interest under the Manhattan Beach Municipal Code, Section 2.36.140. Staff requests that City Council waive formal bidding for all vehicle and equipment purchases already budgeted for Fiscal Year 2024-2025 and authorize the City Manager to approve the purchase of budgeted goods with City Council ratification after the fact. This would allow more flexibility for staff to be able to obtain the necessary items in a timely manner.

PUBLIC OUTREACH:

After a thorough analysis, staff determined that there would be no impact to the public and that public outreach was not required.

ENVIRONMENTAL REVIEW:

The City has reviewed the proposed activity for compliance with the California Environmental Quality Act (CEQA) and has determined that there is no possibility that the activity may have a significant effect on the environment; therefore, pursuant to Section 15061(b)(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 determined that no additional legal analysis is necessary.

ATTACHMENT:

1. Fiscal Year 2024-2025 Schedule of Capital Purchases (Equipment & Vehicles)