

**LODI CITY COUNCIL
SHIRTSLEEVE SESSION
CARNEGIE FORUM, 305 WEST PINE STREET
TUESDAY, JULY 19, 2011**

A. Roll Call by City Clerk

An Informal Informational Meeting ("Shirtsleeve" Session) of the Lodi City Council was held Tuesday, July 19, 2011, commencing at 7:00 a.m.

Present: Council Member Hansen, Council Member Katzakian, Council Member Nakanishi, Mayor Pro Tempore Mounce, and Mayor Johnson

Absent: None

Also Present: City Manager Bartlam, City Attorney Schwabauer, and City Clerk Johl

B. Topic(s)

B-1 Discuss Changes to the Purchasing Policy and Settlement Authorities (CM)

City Manager Bartlam provided a brief introduction regarding the purchasing policy revisions.

Deputy City Manager Jordan Ayers provided a PowerPoint presentation regarding proposed purchasing policy revisions. Specific topics of discussion included an overview, centralized versus decentralized purchasing, current purchase order limit of \$500, comparison purchase order numbers from other communities, purchase order limit proposal at \$2,500, current quote requirements for \$500, proposed quote limit to \$2,500, comparison quote numbers from other communities, formal bid limit currently at \$20,000, proposed formal bid limit at \$30,000, comparison formal bid numbers from other communities, current department head and city manager levels at \$5,000 and \$20,000, proposed department head and city manager levels at \$10,000 and \$30,000, comparison levels from other communities for authority levels, reporting requirements, Cal Card usage, Cal Card rebates, Cal Card proposal to expand usage with detailed approval process, professional services for exemptions, and current and proposed settlement authority.

In response to Mayor Johnson, Mr. Ayers stated the numbers from Tracy vary because the purchase order limit is based upon the nature of the good.

In response to Council Member Hansen, Mr. Ayers stated the challenge with the quote process is getting vendors to respond in a timely manner, especially with smaller dollar amounts.

In response to Myrna Wetzel, Mr. Ayers stated the lowest bid and best value are both used in purchasing.

In response to Mayor Johnson, Mr. Ayers stated that, with respect to utilizing multiple vendors, staff would need to be cognizant of the market and good comparable sources.

In response to Council Member Hansen, Mr. Ayers stated quotes are generally obtained via telephone, email, and on line.

In response to Mayor Johnson, Mr. Ayers stated staff could look at a rotation for vendors to ensure multiple vendors are being used so that the business is spread throughout the community.

In response to Council Member Hansen, Mr. Ayers stated currently there is no competitive quote requirement for under \$500, verbal quotes are required for \$500 to \$1,000, written quotes are

required for more than \$1,000, and the proposal is to have written quotes for over \$2,500.

In response to Council Member Katzakian, Mr. Bartlam stated the overall cumulative purchasing costs are monitored based on the need for the material and storage of the same.

Mayor Johnson and Mayor Pro Tempore Mounce briefly discussed current and proposed authority limits for department heads and the city manager, as well as the timing and process associated with receiving the goods.

In response to Council Member Nakanishi, Mr. Bartlam provided a brief overview of internal controls based on how much money is spent, industry perspective and trust in the staff, and the City not having a history of issues.

In response to Council Member Hansen, Mr. Bartlam reviewed the departmental budget expenditure and savings process, stating at the end of the fiscal year he is more concerned about the bottom line rather than individual line items. Mr. Ayers stated personnel versus operational costs vary by department and the total salary and benefits for the City are in the \$30 million to \$35 million range.

In response to Council Member Nakanishi, Mr. Bartlam stated the City Manager currently reviews all purchases through the approval process and it would be up to Council if it ever wanted to allow a city manager to delegate that responsibility to another position.

In response to Mayor Johnson, Mr. Ayers stated Cal Card usage can be limited through vendor type and classification controls. Mr. Bartlam stated the professional services agreement process also has the dollar amount controls so that anything over \$20,000 still comes to Council.

In response to Mayor Pro Tempore Mounce, Mr. Ayers stated the settlement authority is a separate and stand-alone proposed policy from the purchasing policy.

Council Member Nakanishi requested a personnel time and cost savings analysis in regard to the proposed recommendations.

At the request of Mayor Pro Tempore Mounce and Council Member Hansen, the following employees spoke in regard to their experience with the purchasing process: Rob Lechner, Wally Sandelin, Steve Dutra, Randi Johl, Charlie Swimley, Kari Chadwick, and Liz Kirkley.

Ed Miller spoke in regard to having a general departmental credit card rather than credit cards that are issued to specific individuals in a department.

C. Comments by Public on Non-Agenda Items

None.

D. Adjournment

No action was taken by the City Council. The meeting was adjourned at 8:43 a.m.

ATTEST:

Randi Johl
City Clerk