



Scenic Pacifica
Incorporated Nov. 22, 1957

CITY OF PACIFICA

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September 24, 2018

Honorable V. Raymond Swope, Judge of the Superior Court
c/o Charlene Kresevich
Hall of Justice
400 County Center, 2nd Floor
Redwood City, CA 94063-1655

Re: Grand Jury Report: "Cooperative Purchasing- A Roadmap to More Effective City Procurement"

Honorable Judge Swope:

Thank you for the opportunity to review and comment on the above referenced Grand Jury Report filed on July 19, 2018. The City of Pacifica's response to both the findings and recommendations are listed below.

**Response to Grand Jury Findings:
FINDINGS**

- F1. All 20 of the cities in the County purchase goods and services through decentralized purchasing systems.

Response to F1: The City agrees with this finding.

- F2. Decentralized purchasing systems successfully allow the Cities to procure goods and services at fair market prices while minimizing labor costs.

Response to F2: The City agrees with this finding.

- F3. The creation of a centralized purchasing department to provide the organization with advanced procurement services and guidance can be cost prohibitive.

Response to F3: The City agrees with this finding.

- F4. While city employees receive training on municipal purchasing guidelines and policies, many employees who conduct purchasing operations as a secondary responsibility are not trained or instructed to negotiate optimum prices by leveraging market power.

Response to F4: The City agrees with this finding.

- F5. City employees who conduct purchasing operations as a secondary responsibility often do not identify commonly purchased goods that other departments also purchase and so miss the opportunity to negotiate lower costs which could be obtained by purchasing the items in bulk for multiple departments.

Response to F5: The City agrees with this finding.

- F6. Cooperative purchasing practices allow multiple public entities to collaboratively purchase goods and services, thereby gaining economies of scale that they would otherwise not have.

Response to F6: The City agrees with this finding.

- F7. Cooperative purchasing practices are compatible with decentralized purchasing systems and can allow the Cities to leverage their collective market power, without changing existing purchasing systems.

Response to F7: The City agrees with this finding.

- F8. Adoption of cooperative purchasing practices, including piggyback agreements and cooperative purchasing agreements, can enable all Cities to obtain lower prices on goods and services.

Response to F8: The City agrees with this finding.

- F9. Each city has limited communications with each other regarding procurement best practices, shared purchasing challenges, and purchasing solutions.

Response to F9: The City agrees with this finding.

- F10. The County of San Mateo's Procurement Division is the only remaining public centralized purchasing department at the City and County level within San Mateo County.

Response to F10: The City of Pacifica does not have enough information to respond to this finding.

- F11. Collaboration between the Cities and the Procurement Division through cooperative purchasing practices could achieve significant cost savings for both the Cities and the County.

Response to F11: The City agrees with this finding.

- F12. The Procurement Division presently lacks the operational capacity to fully collaborate with the Cities.

Response to F12: The City of Pacifica does not have enough information to respond to this finding.

- F13. There are no formal channels for communication between the County and the Cities regarding procurement cooperation opportunities.

Response to F13: The City agrees with this finding.

Response to Grand Jury Recommendations:

The 2017-2018 San Mateo County Civil Grand Jury recommends that each City undertake the following by no later than February 1, 2019:

- R1. Increase the use of cooperative purchasing practices, including piggyback contracts and joint procurement agreements.

The City agrees with the spirit of this recommendation and currently participates in a number of cooperative purchasing agreements. We will continue our use of cooperative purchasing practices as opportunities arise that are practical and feasible for the City of Pacifica.

- R2. Share with other Cities and the County Procurement Division their procurement needs in order to identify opportunities for cooperative procurements between the Cities and the County.

The City accepts this recommendation and is open to working with other Cities and the County Procurement Division to share procurement needs in order to identify opportunities for cooperative procurements between the Cities and the County.

The 2017-2018 San Mateo County Civil Grand Jury recommends that the County of San Mateo do the following by no later than February 1, 2019:

- R3. Increase the use of cooperative purchasing practices, including the development and insertion of piggyback language into County contracts, with the Cities.
- R4. Share with the Cities the County's procurement needs to identify opportunities for further cooperative purchasing.

- R5. Relocate the County's Procurement Division into an appropriate reporting structure, such that the Procurement Division shall report directly to the County Manager.

The 2017-2018 San Mateo County Civil Grand Jury recommends that the County of San Mateo do the following by no later than July 1, 2019.

- R6. Develop and study a plan to achieve the Checkpoints on the Pathway towards City-County Procurement Cooperation within current plans to improve the Purchasing Division, including:
- a. Hire experienced buyers.
 - b. Create and distribute to the Cities a register of open contracts.
 - c. Ensure the County's purchasing software can track key indicators.
 - d. Ensure the County's purchasing software can accommodate city purchases.
 - e. Identify, in conjunction with the Cities, the goods and services with the highest potential savings.
 - f. Negotiate discounted contracts for those goods and services.
 - g. Distribute and report discounts to the Cities on a consistent basis.

Sincerely,

KEVIN WOODHOUSE
City Manager

cc: Pacifica City Council