

**CITY OF REDONDO BEACH  
BUDGET & FINANCE COMMISSION AGENDA  
Thursday, September 23, 2021**

**VIRTUAL MEETING**

**THIS VIRTUAL MEETING IS HELD PURSUANT TO EXECUTIVE ORDER  
N-29-20 ISSUED BY GOVERNOR NEWSOM ON MARCH 17, 2020.**

**SPECIAL MEETING OF THE BUDGET AND FINANCE COMMISSION - 6:30  
PM**

**ALL COMMISSION MEMBERS ARE PARTICIPATING BY VIRTUAL  
MEETING. MEMBERS OF THE PUBLIC MAY ONLY PARTICIPATE BY  
ZOOM, EMAIL OR eCOMMENT.**

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TO JOIN ZOOM MEETING (FOR PUBLIC COMMENT ONLY):

Register in advance for this meeting:

[https://us02web.zoom.us/webinar/register/WN\\_YWGctNakRpSbAsPMxk\\_Byg](https://us02web.zoom.us/webinar/register/WN_YWGctNakRpSbAsPMxk_Byg)

After registering, you will receive a confirmation email containing information about joining the meeting.

If you are participating by phone, be sure to provide your phone # when registering. You will be provided a Toll Free number and a Meeting ID to access the meeting. Note; press # to bypass Participant ID. Attendees will be muted until the public participation period is opened. When you are called on to speak, press \*6 to unmute your line. Note, comments from the public are limited to 3 minutes per speaker.

eCOMMENT: COMMENTS MAY BE ENTERED DIRECTLY ON WEBSITE AGENDA PAGE:

<https://redondo.granicusideas.com/meetings>

- 1) Public comments can be entered before and during the meeting.
- 2) Select a SPECIFIC AGENDA ITEM to enter your comment;
- 3) Public will be prompted to Sign-Up to create a free personal account (one-time) and then comments may be added to each Agenda item of interest.
- 4) Public comments entered into eComment (up to 2200 characters; equal to approximately 3 minutes of oral comments) will become part of the official meeting record. Comments may be read out loud during the meeting.

EMAIL: TO PARTICIPATE BY WRITTEN COMMUNICATION WITH ATTACHED DOCUMENTS BEFORE 3PM DAY OF MEETING:

Written materials that include attachments pertaining to matters listed on the posted agenda received after the agenda has been published will be added as supplemental materials under the relevant agenda item. Email FinanceMail@redondo.org

## **SPECIAL MEETING OF THE BUDGET AND FINANCE COMMISSION - 6:30 PM**

- A. CALL MEETING TO ORDER**
- B. ROLL CALL**
- C. SALUTE TO THE FLAG**
- D. APPROVE ORDER OF AGENDA**
- E. BLUE FOLDER ITEMS - ADDITIONAL BACK UP MATERIALS**

*Blue folder items are additional back up material to administrative reports and/or public comments received after the printing and distribution of the agenda packet for receive and file.*

- E.1. [For Blue Folder Documents Approved at the Budget and Finance Commission Meeting](#)**

**CONTACT:** JENNIFER PAUL, FINANCE DIRECTOR

- F. CONSENT CALENDAR**

*Business items, except those formally noticed for public hearing, or discussion are assigned to the Consent Calendar. The Commission Members may request that any Consent Calendar item(s) be removed, discussed, and acted upon separately. Items removed from the Consent Calendar will be taken up under the "Excluded Consent Calendar" section below. Those items remaining on the Consent Calendar will be approved in one motion following Oral Communications.*

- F.1. [APPROVAL OF AFFIDAVIT OF POSTING FOR THE SPECIAL BUDGET AND FINANCE COMMISSION MEETING OF SEPTEMBER 23, 2021.](#)**

**CONTACT:** JENNIFER PAUL, FINANCE DIRECTOR

- F.2. [APPROVAL OF THE MINUTES FROM THE REGULAR BUDGET AND FINANCE COMMISSION MEETING OF AUGUST 12, 2021.](#)**

**CONTACT:** JENNIFER PAUL, FINANCE DIRECTOR

- G. EXCLUDED CONSENT CALENDAR ITEMS**

- H. PUBLIC PARTICIPATION ON NON-AGENDA ITEMS**

*This section is intended to provide members of the public with the opportunity to comment on any subject that does not appear on this agenda for action. This section is limited to 30 minutes. Each speaker will be afforded three minutes to address the Commission. Each speaker will be permitted to speak only once. Written requests, if any, will be considered first under this section.*

- H.1. [For eComments and Emails Received from the Public](#)**

**CONTACT:** JENNIFER PAUL, FINANCE DIRECTOR

- I. ITEMS CONTINUED FROM PREVIOUS AGENDAS**

**J. ITEMS FOR DISCUSSION PRIOR TO ACTION**

**J.1. DISCUSSION OF THE UNIFORM PUBLIC CONSTRUCTION CONTRACT ACCOUNTING ACT AND OPPORTUNITIES TO STREAMLINE PUBLIC WORKS CONTRACT PROCUREMENT**

**CONTACT:** JENNIFER PAUL, FINANCE DIRECTOR

**K. MEMBER ITEMS AND REFERRALS TO STAFF**

**L. ADJOURNMENT**

*The next meeting of the Redondo Beach Budget and Finance Commission will be a regular meeting to be held at 6:30 p.m. on October 14, 2021, in the Redondo Beach Council Chambers, at 415 Diamond Street, Redondo Beach, California via teleconference.*

*It is the intention of the City of Redondo Beach to comply with the Americans with Disabilities Act (ADA) in all respects. If, as an attendee or a participant at this meeting you will need special assistance beyond what is normally provided, the City will attempt to accommodate you in every reasonable manner. Please contact the City Clerk's Office at (310) 318-0656 at least forty-eight (48) hours prior to the meeting to inform us of your particular needs and to determine if accommodation is feasible. Please advise us at that time if you will need accommodations to attend or participate in meetings on a regular basis.*

*An agenda packet is available 24 hours at [www.redondo.org](http://www.redondo.org) under the City Clerk.*



# Administrative Report

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E.1., File # BF21-3051

Meeting Date: 9/23/2021

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**TITLE**

For Blue Folder Documents Approved at the Budget and Finance Commission Meeting



# Administrative Report

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F.1., File # BF21-3049

Meeting Date: 9/23/2021

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**TITLE**

APPROVAL OF AFFIDAVIT OF POSTING FOR THE SPECIAL BUDGET AND FINANCE  
COMMISSION MEETING OF SEPTEMBER 23, 2021.

**Financial Services**

415 Diamond Street, P.O. Box 270  
Redondo Beach, California 90277-0270  
www.redondo.org

tel 310 372-1171  
fax 310 937-6666

STATE OF CALIFORNIA            )  
COUNTY OF LOS ANGELES    )     SS  
CITY OF REDONDO BEACH        )

**AFFIDAVIT OF POSTING**

In compliance with the Brown Act, the following materials have been posted at the locations indicated below.

Legislative Body	Budget and Finance Commission
Posting Type	Special Meeting Agenda
Posting Locations	415 Diamond Street, Redondo Beach, CA 90277 ✓ City Hall Bulletin Board, Door "4"
Meeting Date & Time	September 23, 2021    6:30 p.m.

As the Finance Director and Liaison of the Budget and Finance Commission of the City of Redondo Beach, I declare, under penalty of perjury, the document noted above was posted at the date displayed below.

*Jennifer Paul, Finance Director  
Budget and Finance Commission*

Date: September 20, 2021



# Administrative Report

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F.2., File # BF21-3050

Meeting Date: 9/23/2021

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**TITLE**

APPROVAL OF THE MINUTES FROM THE REGULAR BUDGET AND FINANCE COMMISSION  
MEETING OF AUGUST 12, 2021.

## **OPENING SESSION**

Via teleconference, a Regular Meeting of the Redondo Beach Budget and Finance Commission was called to order by Chair Conroy at 6:30 p.m., in the City Hall Council Chambers, 415 Diamond Street, Redondo Beach, California.

## **ROLL CALL**

Commissioners Present:	Johnson, Samples, Solomon, Chair Conroy
Commissioners Absent:	Marin, Nguyen, Woodham
Officials Present:	Jennifer Paul, Finance Director
	Steve Diels, City Treasurer
	Eleanor Manzano, City Clerk
	Diane Strickfaden, Human Resources Director
	Nilesh Mehta, Chief Deputy City Treasurer
	Doug Kaku, Grants Financial Administrator

## **SALUTE TO THE FLAG**

Chair Conroy led the Commissioners in a Salute to the Flag.

## **APPROVAL OF ORDER OF AGENDA**

Motion by Commissioner Johnson, seconded by Commissioner Samples, to approve the agenda as presented. Motion carried unanimously, with the following roll call vote:

AYES:	Johnson, Samples, Solomon, Chair Conroy
NOES:	None
ABSENT:	Marin, Nguyen, Woodham

## **BLUE FOLDER ITEMS**

Finance Director Paul explained that the Blue Folder item is an internal, rough study that was prepared and presented to the Commission July 2019. The conclusion was to proceed with the actuarial study that Steven Glicksman will be presenting.

Motion by Commissioner Solomon, seconded by Commissioner Johnson, to receive and file the study related to Item J.1. Motion carried unanimously, with the following roll call vote:

AYES:	Johnson, Samples, Solomon, Chair Conroy
NOES:	None
ABSENT:	Marin, Nguyen, Woodham

## **CONSENT CALENDAR**

**F.1. APPROVAL OF AFFIDAVIT OF POSTING** for the Regular Budget and Finance Commission Meeting of August 12, 2021.

**F.2. APPROVAL OF THE MINUTES** from the Regular Budget and Finance Commission Meeting of June 10, 2021.



There were no Zoom or eComments.

Motion by Commissioner Solomon, seconded by Commissioner Johnson, to receive and file the Consent Calendar. Motion carried unanimously, with the following roll call vote:

AYES: Johnson, Samples, Solomon, Chair Conroy  
NOES: None  
ABSENT: Marin, Nguyen, Woodham

#### **EXCLUDED CONSENT CALENDAR – NONE**

#### **PUBLIC PARTICIPATION ON NON-AGENDA ITEMS**

There were no Zoom or eComments.

#### **ITEMS CONTINUED FROM PREVIOUS AGENDAS (OLD BUSINESS) – NONE**

#### **ITEMS FOR DISCUSSION PRIOR TO ACTION (NEW BUSINESS)**

##### **J.1. DISCUSSION OF PREPARED ACTUARIAL STUDY OF THE WORKERS' COMPENSATION, FIRE DEPARTMENT ONLY; SELF-INSURANCE PROGRAM**

Human Resources Director Strickfaden introduced Steven Glicksman and explained that he has prepared an Actuarial study of the Fire Department upon request by the Budget & Finance Commission and City Council.

Commissioner Solomon gave a brief background on the feasibility study for County services.

Mr. Glicksman directed the Commission to page 6 of the Actuarial study. He said the outstanding losses means that if the City decided they didn't want the fire department any more, this amount would be how much the face value of the checks that the City would owe the injured firefighters. As of March 30,

In response to Commissioner Solomon regarding the way the self-insured retention and administration of the claims work, Human Resources Director Strickfaden said it is per claim, similar to a deductible on insurance, and anything beyond the \$750,000 is covered by excess insurance that is negotiated and contracted through the risk pool. She said the City is currently a member of PRISM, after being with ICRMA for years and noted that not many claims hit the \$750,000 limit.

Commissioner Solomon asked if it is reflective of all expenses, or specific to loss of earnings, or medical bills. Human Resources Director Strickfaden said it should be all expenses; but a third party administrator is used for everything except for the 4850, which is done through payroll and is reported.

In response to Commissioner Solomon regarding it being a stop loss for the City, Human Resources Director Strickfaden said no.

Mr. Glicksman referred to pdf 4, the Workers' Comp report and gave an overview.

Commissioner Solomon explained City Council budgeted for another review of county services and a review or proposal of what a regional fire dept would look like. Also, a letter was sent to the county from the city requesting information. He suggested to call for a motion for Mr. Glicksman's report which includes numbers specific to the fire department be forwarded to City Council so they will have the information when they get numbers back from the county.

Mr. Glicksman's referred them to pdf 3 regarding the intended usage.

Solomon asked that it be received and filed for inclusion with the feasibility study to City Council. Seconded by...

Mr. Glicksman asked if he would have the opportunity to discuss the report with City Council as he believes there are a lot of nuances in the report that they would benefit from. Finance Director Paul said they would want them there.

Commissioner Samples said he would like to come up with an evaluation that would show the differences.

Commissioner Solomon summarized the discussion as follows:

This report captures what the present value of estimated numbers are out several years. If we were to opt for a county model, new direct injury claims would cease on that day, exclusive of 4850, we would still have our existing claims going forward which we would be responsible for and we could have legacy claims that arise after the date of transfer but the presumptive injury claims would begin to abate the further out we go from the severance date.

There were no Zoom or eComments.

Motion by Commissioner Solomon, seconded by Commissioner Samples, to receive and file the Discussion of Prepared Actuarial Study of the Workers' Compensation, Fire Department only; Self-Insurance Program. Motion carried unanimously, with the following roll call vote:

AYES:	Johnson, Samples, Solomon, Chair Conroy
NOES:	None
ABSENT:	Marin, Nguyen, Woodham

Diane said they would talk when he gets back from his trip.

## **J.2. DISCUSSION AND POSSIBLE ACTION REGARDING UTILIZING MOSS ADAMS FOR FUTURE SERVICES AND THE PROPOSED FISCAL YEAR 2021-2022 INTERNAL AUDIT PLAN**

City Clerk Eleanor Manzano provided the following background information:

- Moss Adams has been the provider for the internal control program – contract expired June 2021
- Work was on hold last year due to budget constraints and Covid
- City Council has reinstated the \$100,000 this year
- The contract will be going to City Council for amendment

Mark Sterenka from Moss Adams said they worked with City Clerk Manzano and Finance Director Paul and identified the projects most beneficial to the City.

The five items they will be focusing on this year are:

1. FWA Program Development/Training
2. Internal Service Funds (ISF) Review
3. Procurement Operational Review
4. Policy Training
5. Ongoing Internal Audit Services

Commissioner Samples expressed concern with the procurement policies in the municipal code and noted that they are outdated. Mr. Sterenka said it would be part of the procurement operational review.

Chair Conroy asked which items are outstanding and what the procedure is for getting them wrapped up. Mr. Sterenka said management is responsible to respond to the audits and the audit findings.

City Treasurer Diels explained that it might take other personnel, or review that has a cost associated with it which would require requesting money from City Council. He added that due to the tight budget, they have not been able to get it.

Chair Conroy said he would like to see the prior internal audit plan showing which items weren't completed and why.

Finance Director Paul proposed initializing a review of the current state because she believes the last published report with the conclusions and staff's responses was completed several years ago.

Commissioner Solomon asked if item 3 relates to contracts over \$35,000 or all contracts. Mr. Sterenka replied that it includes the types of purchases and procurement across the city, and how they are being conducted. He said this is broader looking at where it's working how they want it to, where it could be working more efficiently and effectively and what are the things that would help that.

In response to Commissioner Solomon regarding the ISF review, specifically the VRF, Mr. Sterenka said an internally developed ISF is common. He said they look for the use of reasonable assumptions, the basis to drive those, and some methodology.

In response to Commissioner Solomon regarding using ISF as one-time allocations to help the budget, Mr. Sterenka said it does happen, it is not an anomaly; the key is what is it being used to pay for.

Commissioner Johnson recalled there were a series of open projects and he thinks it would be good to see the status of the projects. Mr. Sterenka said it is common in most cities and counties - they deliver reports and City management tracks responses overall. In addition, he thinks it makes sense to review on a quarterly basis.

Mr. Sterenka noted that some cities have three activities – Moss Adams provides a report of findings and recommendations, management responds, then validation that the management responses address the finding.

In response to Commissioner Solomon regarding the roles and responsibilities component, City Treasurer Diels replied that former Finance Director Ruhland worked on the reporting requirements that the Finance department needed to make available to the City Treasurer and that requirement has been satisfied.

City Clerk Manzano reported that the payroll and human resource reports were concluded.

There were no Zoom or e-Comments.

Motion by Commissioner Johnson, seconded by Commissioner Solomon, to receive and file the Discussion Review of City's Statement of Investment Policy. Motion carried unanimously, with the following roll call vote:

AYES:	Johnson, Nguyen, Samples, Solomon, Chair Conroy
NOES:	None
ABSENT:	Marin, Woodham

### **J.3. CITY TREASURER'S QUARTER 4 FISCAL YEAR 2020-2021 REPORT**

Chief Deputy City Treasurer Mehta and City Treasurer Diels provided the following:

- Treasurer's Portfolio Summary
- Investment Reporting Guidelines
- Investment Report by FHN Main Street
  - Portfolio Summary
  - Investment Policy Compliance Report
  - Investment Activity Report
  - Economic and Market Update
- Key Investment Objectives for Municipal Investing: Safety, Liquidity, Yield
- Interest earned year-to-date is \$1.57 Million
- General fund contribution rated is 49%. Approximately \$771,300 contributed to the general fund through investment activity.

In response to Commissioner Solomon regarding the trend in Corporates, City Treasurer Diels said that area pays the highest returns, so if securities that match the City's requirements from a risk standpoint, they will continue to purchase them.

In response to Commissioner Solomon regarding which securities were bought, City Treasurer Diels said the first purchase were Treasuries.

Chair Conroy said he would like to see the fees that are being paid as a percentage for the different types of investments. City Treasurer Diels said they are not tracked on an ongoing basis, but they have it for each purchase. City Treasurer Diels said the City has an arrangement with Rick, the consultant, and he is before the Commission once per year and before City Council once per year.

City Treasurer Diels said he will have the consultant show the Commission how to read a Blumberg transaction sheet and show them the costs. He noted that the consultant is paid \$4,500 per quarter.

There were no Zoom or eComments.

Motion by Commissioner Nguyen, seconded by Commissioner Solomon, to receive and file the City Treasurer's Quarter 4 Fiscal Year 2020-2021 Report. Motion carried unanimously, with the following roll call vote:

AYES: Johnson, Nguyen, Samples, Solomon, Chair Conroy  
NOES: None  
ABSENT: Marin, Woodham

### **K. MEMBER ITEMS AND REFERRALS TO STAFF**

Commissioner Solomon mentioned that according to the code, a \$15,000 CIP project is not indexed for inflation. He said he spoke with Assistant City Manager Witzansky and City Engineer Winje, and understands a change would require a charter amendment. He said if City Council is budgeted for charter amendment reviews, would it be possible to have a discussion on the municipal code segment with the threshold of the City's CIP brought back in the fall.

## **ADJOURNMENT OF BUDGET & FINANCE COMMISSION – 8:38 P.M.**

There being no further business to come before the Commission, Commissioner Solomon moved, seconded by Commissioner Nguyen, to adjourn the meeting at 8:38 p.m., to a Special Meeting to be held at 6:30 p.m., on September 16, 2021, in the Redondo Beach Council Chambers at 415 Diamond Street, Redondo Beach, California. Motion carried unanimously, with the following roll call vote:

AYES: Johnson, Nguyen, Samples, Solomon, Chair Conroy  
NOES: None  
ABSENT: Marin, Woodham

Respectfully submitted,

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Jennifer Paul  
Finance Director



# Administrative Report

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H.1., **File #** BF21-3052

**Meeting Date:**

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**TITLE**

For eComments and Emails Received from the Public



# Administrative Report

J.1., File # BF21-3048

Meeting Date: 9/23/2021

**To: BUDGET AND FINANCE COMMISSION**

**From: JENNIFER PAUL, FINANCE DIRECTOR**

## **TITLE**

DISCUSSION OF THE UNIFORM PUBLIC CONSTRUCTION CONTRACT ACCOUNTING ACT AND OPPORTUNITIES TO STREAMLINE PUBLIC WORKS CONTRACT PROCUREMENT

## **EXECUTIVE SUMMARY**

The procurement of construction contracts for the City's capital improvement activities is regulated by the California Public Contracts Code (PCC), the City Charter and the Redondo Beach Municipal Code (RBMC), which all require the use of competitive bidding procedures when making a contract award for a public works project. These regulations can be unintentionally cumbersome for contracts of smaller value that present both lower risk of and consequences from activity that would compromise public trust. Both the City Charter and the California Uniform Public Construction Contract Accounting Act (UPCCAA) have mechanisms in place that recognize the need for lower value contracts to have less restrictive competitive bidding and awarding regulations in order to balance regulatory safeguards with expedient service to the public. This report identifies the similarities in the City's Charter, RBMC and the UPCCAA and provides potential options for the City to increase bid limits to procure contracts for public works projects in a more efficient way, while continuing to safeguard the public's trust.

## **BACKGROUND**

The PCC is the body of law that regulates construction contracts for activities deemed to be a public works project. The set of laws is intended "to eliminate favoritism, fraud and corruption in the awarding of public contracts"<sup>1</sup> by implementing a formal, competitive process for awarding contract work. Competitive bidding aligns with good purchasing practice and the formalities associated with state law mitigate the potential for corruption. The PCC also states that the "California public contract law should be efficient and the product of the best of modern practice and research"<sup>2</sup> and that it should "aid public officials in the efficient administration of public contracting"<sup>3</sup>. However, these checks and balances slow the process of procurement. In some cases, the delay is unwarranted, such as for simpler, low risk, low value projects.

An example of the cumbersome nature of the PCC can be found in the requirement that all municipal public projects over \$5,000 must be awarded to the lowest responsible bidder after a period of public notice of the opportunity (PCC Section 20162.) This formal competitive bidding procedure makes sense for projects over a certain value. However, a city could spend resources up to an exceeding \$5,000 to carry out the reporting, advertising, bid support, plan and specification publication, etc., and

it is easy to see that this limit is low from a cost benefit aspect for lower value projects. The low value of this threshold is also problematic in that it increases the likelihood that cities will need to award contracts to poorly performing or inexperienced contractors. Cities subject to this law have no efficient way to reduce participation of poor quality contractors on low cost projects. Larger cost projects do this inherently by having higher requirements for successful experience, safety performance and bonding capacity. By raising the threshold for contracts that must be awarded to the low bidder, a city can exercise some discretion to avoid those contractors without sufficient qualifications or experience on a greater number of their less expensive projects.

To address the needs of efficiency of project delivery while still providing sufficient controls and to establish uniform procedures, the State Legislature enacted the UPCCAA in 1983. The UPCCAA is a body of law added to the PCC (Section 22000 to 22045) that allows for alternative bidding and awarding procedure to cities and other local agencies choosing to adopt it. An FAQ on the UPCCAA, prepared by the State, is attached for additional information. To date over 230 municipalities have adopted the UPCCAA<sup>4</sup>.

Among other things, establishes three sets of procedures for public projects, based on the estimated value of the construction. Level 1 projects are less than \$45,000, Level 2 projects range from \$45,001 to \$175,000, and Level 3 projects are those exceeding \$175,000. These limits change occasionally by act of the Legislature, which last occurred in 2011. The primary difference between the levels is how bids are solicited and awarded. Level 1 projects can be performed by force account<sup>5</sup>, purchase order or negotiated contract. Level 2 projects require use of informal bidding procedures that require notice 10 days before bids are due to either a list of qualified contractors maintained by the City or to a specified list of construction trade journals. Under the Level 2 process, the legislative body can also delegate contract award authority to a staff member, further saving time to begin a project. Level 3 projects require a formal bidding process that includes a longer noticing period and award by the legislative body.

Pursuant to the state Constitution, cities within the State of California are formed as either general law or charter cities. General law cities must comply with the \$5,000 bid limit established in PCC Section 20162 unless they adopt the UPCCAA. Adopting the UPCCAA allows the agency to use the higher bid limits and procedures, but the agency is required to perform additional cost accounting procedures for public projects. Furthermore, upon any complaint by an interested party the agency is subject to an accounting procedures review by the California Uniform Construction Cost Accounting Commission (CUCCAC).

The City is not required to adopt the UPCCAA in order to increase to the bid limits. Adoption of the UPCCAA brings an increase in administrative burden related to mandated cost accounting procedures and policies. Furthermore, adoption of the UPCCAA potentially subjects the City to an exhaustive and time consuming accounting procedures review by CUCCAC any time a disgruntled bidder sheds doubt on the City's process. Therefore, staff does not recommend that the City adopt the UPCCAA.

For a charter city, there are better options to improve the procedures outlined in the PCC. According to PCC Section 1100.7, charter cities, such as Redondo Beach, are not subject to the provisions of



the PCC if a city charter provision or ordinance conflicts with any relevant provision of the PCC. Pursuant to this section the City has established, in the City Charter and RBMC, alternative bid limits and procedures for public works projects. In a City Charter amendment that was approved by voters on March 7, 1989, and a subsequent ordinance adopted by City Council on February 20, 1990, the City incorporated a significant amount of the language and procedures similar to the UPCCAA related to bidding for public works projects.

The City's Charter, Article XIX, Section 19, recognizes the value to the public of being able to deliver public works projects efficiently and groups public works projects according to dollar value. The City Charter allows for projects up to \$15,000 (the City's "Level 1") to be let by force account, negotiated contract or purchase order. Projects valued from \$15,000 and \$50,000 (the City's "Level 2") may be let by an informal procedure that is set by the City Council by ordinance (RBMC 2-6.1.03), which allows for a 10-day notice and authorizes the Mayor to execute the contract with the lowest responsible bidder without explicit approval of the City Council under most conditions. Projects over \$50,000 (the City's "Level 3") must follow formal bid procedures, which involve a 30-day notice and Council award.

#### **DISCUSSION:**

The Level 1 and Level 2 requirements in the UPCCAA, City Charter and RBMC make contracting more efficient by saving time in both the advertising period and the time to award and execute the contract for the project. The City's Level 1 allowances also make it possible to solicit quotes only from known and reliable contractors, resulting in fewer surprises in the administration of the contract.

The City regularly uses the Level 1 and Level 2 procedures and would benefit by matching the bid threshold amounts to those of the UPCCAA. The City's limits, at \$15,000 and \$50,000 respectively, were last adjusted in 1989 and are significantly lower than (only about 1/3 of) UPCCAA thresholds. There are two options to pursue increasing the City's bid thresholds. Both options involve an election of the voters, since it would be necessary to change the language of the City Charter. In addition, an ordinance update would be required.

#### **Option 1:**

In this first option, assuming voter approval, the City Charter would be revised to remove the expression of the bid thresholds as specific amounts and permit them to be set and changed, from time to time, by ordinance of the City Council, similar to the way the informal bidding procedures are handled. Staff could then recommend, as needed, that the ordinance be changed to match the bid threshold levels set by the State Controller, which can change no more frequently than every five years and in no less than \$15,000 increments.

By changing the City Charter to allow the Council to set the threshold levels, the Council retains full control to adjust them as required by the City for efficient delivery of projects. By tying the City threshold to the levels set by the State Controller, Council gains the confidence that it is acting in accordance with many other municipalities in the State and region.

#### **Option 2:**

In this second option, assuming voter approval, the specific amounts of the bid thresholds in the City

Charter would be increased to match or nearly match the bid threshold levels to those of the UPCCAA. This option would not allow Council to set the bid thresholds by ordinance and any future increase would require voter approval.

Changing the City Charter is appropriately complex and would involve considerable effort on the part of City staff from multiple Departments. There are likely other significant and items (in addition to smaller “clean up” items) that could also be considered in any effort to amend the Charter and obtain an affirmative vote of the citizens of Redondo Beach. Such a task would involve considerable effort on the part of City staff from multiple departments. Changing the thresholds of our methodology to more efficiently procure and deliver public works projects may not be enough to drive such an effort, but it most certainly should not be left out of such an endeavor.

#### **RECOMMENDATION:**

Staff believes gains in efficiency of project delivery can be made by considering and adjustment of City Charter mandated bid threshold levels used in determining the method by which public works projects are advertised for bids and awarded. Therefore, Staff recommends the Commissions receive and file this report on potential methods to streamline the procurement of contracts for public works projects.

<sup>1</sup> California Public Contracts Code, Division 1, Section 100(d)

<sup>2</sup> California Public Contracts Code, Division 1, Section 101

<sup>3</sup> Ibid, Section 102

<sup>4</sup> [https://www.sco.ca.gov/Files-ARD-Local/Participating\\_Agencies\\_-\\_General.pdf](https://www.sco.ca.gov/Files-ARD-Local/Participating_Agencies_-_General.pdf) <[https://www.sco.ca.gov/Files-ARD-Local/Participating\\_Agencies%20-%20General.pdf](https://www.sco.ca.gov/Files-ARD-Local/Participating_Agencies%20-%20General.pdf)>, April 10, 2018.

<sup>5</sup> Work by force account means work performed by City crews or by subcontracted firms who augment City crews and perform work on a time and materials basis

#### **COORDINATION**

Preparation of this report was coordinated with the Finance Department and the Public Works Department.

#### **FISCAL IMPACT**

None.