



# CITY OF DALY CITY

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August 17, 2018

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

Re: 2017-2018 County of San Mateo Civil Grand Jury Report "Cooperative Purchasing - A Roadmap to More Effective City Procurement"

Dear Judge Swope:

We are in receipt of the Grand Jury report "Cooperative Purchasing - A Roadmap to More Effective City Procurement". Pursuant to your July 19, 2018 request for response, the Daly City City Council held a public meeting on August 13, 2018 and approved this response. The City of Daly City responds to the Grand Jury's findings and recommendations as follows:

## **Findings:**

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

**Response:** The City agrees with the finding.

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

**Response:** The City agrees with the finding.

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

**Response:** The City agrees with the 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:** The City agrees with the 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:** The City agrees with the 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:** The City agrees with the 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:** The City agrees with the 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:** The City agrees with the finding.

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

**Response:** The City agrees with the 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:** The City agrees with the 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:** The City agrees with the finding.

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

**Response:** The City agrees with the finding.

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

**Response:** The City agrees with the finding.

**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.

**Response to Recommendation 1:**

The recommendation has been implemented.

City of Daly City participates in cooperative purchasing practices, piggyback contracts and joint procurement agreements to save time and resource, and to obtain high quality and standardize products.

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.

**Response to Recommendation 2:**

The recommendation has not yet been implemented, but will be implemented in the future depending on the availability of other cities and the County Procurement Division.

City of Daly City supports cities and the County Procurement Division to form a work group and meet regularly to explore opportunities for cooperative procurements, to share best practices on procurement and to promote a more efficient procurement process that can add up to significant time and resource savings.

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.

**Response to Recommendation 3:**

The recommendation does not pertain to the City of Daly City.

- R4. Share with the Cities the County's procurement needs to identify opportunities for further cooperative purchasing.

**Response to Recommendation 4:**

The recommendation does not pertain to the City of Daly City.

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

**Response to Recommendation 5:**

The recommendation does not pertain to the City of Daly City.

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.

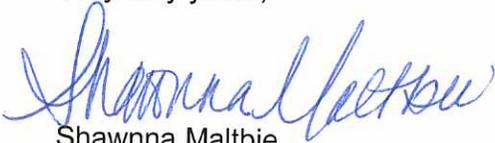
**Response to Recommendation 6:**

The recommendation does not pertain to the City of Daly City.

The City of Daly City appreciates the opportunity to provide written responses to the San Mateo County Civil Grand Jury Report "Cooperative Purchasing - A Roadmap to More Effective City Procurement."

Should you or the Grand Jury require any additional information, please contact me directly at (650) 991-8127.

Very truly yours,



Shawna Maltbie  
Interim City Manager

cc: City Council  
Annette Hipona, City Clerk  
Rose Zimmerman, City Attorney