



Date: November 26, 2014
To: Patrick H. West, City Manager *PLW*
From: John Gross, Director of Financial Management *[Signature]*
For: Mayor and Members of the City Council
Subject: **"Piggyback Purchasing"**

At the meeting on November 18, 2014, the City Council requested more information on "Piggyback Purchasing." This memo provides general background and provides some examples of Piggyback Purchases as well as a status update on the tree trimming contract award.

Piggyback Purchasing is an informal name for joint and cooperative purchasing - a widely accepted and utilized option for governmental purchases. A Piggyback Purchase describes the situation where a public agency uses the competitive procurement processes of another agency to save money and/or time. It is specifically authorized by the City Charter and has been used by the City as one of its purchasing options for many years.

When a proposed purchase is presented to the Purchasing Division by a City department, Purchasing reviews it for Piggyback Purchase opportunities. Purchasing becomes aware of these opportunities through announcements, internet searches, and information from the Departments. Departments who use commodities, equipment, or services are often aware of competitive purchases other public agencies have made. The major advantages of using Piggyback Purchasing include:

1. Faster access to the purchased items (often much faster)
2. Probable cost savings
3. More efficient use of staff time by avoiding the cost of the bidding process

While widely used in government, Piggyback Purchasing is not the best option for every purchase. A decision must be made for each individual purchase as to whether Piggyback Purchasing is available and in the City's best interests to use. At times, the bid specifications prepared by another government agency may not match the needs of the City. Another important consideration is whether or not the City is likely to get the same or better pricing from a Piggyback Purchase than if it made the purchase itself.

“Piggyback Purchasing”

November 26, 2014

Page 2

Any proposed Piggyback Purchase is reviewed first by Purchasing and then by the City Attorney’s Office. The process of providing Purchasing’s information to the City Attorney for his review is currently being refined.

Some of the characteristics considered in a Piggyback contract are:

1. Do the bid specifications match the City’s needs?
2. Has the bid been sufficiently advertised?
3. Is there reason to believe that specifications are appropriate and that the bid process reached a sufficient number of bidders?
4. Does the available and comparable pricing information provide evidence of good pricing?
5. Was the bid approved/awarded by the other government agency?

Some examples of Piggyback Purchasing recently used or currently used include:

- Auto fuel
- Ambulance purchases
- Uniform rental
- Graffiti protective coatings
- Cell phone services
- Tree trimming services (the current main contract is a Piggyback Purchase)

The tree trimming services award scheduled for November 18, 2014, was requested to be pulled by staff in order for staff to have time to review the associated complaint that was received. The preliminary review indicates that the Piggyback Purchase was appropriate. The awarded contractor offered a price almost 50 percent less than that of the closest competitor for the primary type of tree trimming used in Long Beach. Notwithstanding that it does not appear that there was any issue with the piggyback contract, staff is still reviewing whether or not to combine the different tree trimming services the City uses. The proposed award combined the different services into one proposed contract that was the subject of the complaint. City staff are continuing to review whether the maximum efficiency and level of service will be achieved through one bid award package or multiple bid award packages. Consequently, until staff completes its analysis, there has been no decision as to whether to move forward with a recommendation to award the tree trimming Piggyback Purchasing contract or to break the tree trimming services into two or more bid packages. That decision will be made in the next few weeks and City staff will return to the City Council with a recommendation when that review is complete.

CC: TOM MODICA, ASSISTANT CITY MANAGER
JYL MARDEN, ASSISTANT TO THE CITY MANAGER