CONSENT AGENDA

AGENDA ITEM 12.05
November 15, 2011

TO: Mayor and City Council

FROM: Bob Deis, City Manager


RECOMMENDATION

It is recommended that the City Council adopt a resolution approving the findings and authorizing the City Manager to purchase equipment, emergency medical service (EMS) pharmaceutical supplies, and advanced life support (ALS) supplies through the Sacramento Metropolitan Fire District cooperative purchasing agreement with Life Assist, Inc. through April 30, 2012, for an amount not to exceed $95,000. It is also recommended that the City Council ratify the payments made to Life Assist, Inc. in the amount of $189,898.99 from FY2008-09 through FY2010-11 and estimated year-to-date payments of $10,000 in FY2011-12. In addition, it is recommended that Council authorize the City Manager to take any and all appropriate actions necessary to carry out the intent of this resolution.

Summary

The proposed resolution will authorize and approve the purchase of medical supplies and equipment through Sacramento Metropolitan Fire District cooperative purchasing agreement with Life Assist, Inc. through April 30, 2012, for a total amount not to exceed $95,000. Authorized representatives from Life Assist, Inc. have agreed to provide equipment and medical supplies to the City of Stockton under the same terms and conditions afforded the Sacramento Metropolitan Fire District.

The previous cooperative purchasing agreement between the Sacramento Metropolitan Fire District and Life Assist, Inc. expired in August, 2008. Due to failure in contract oversight by the Fire Department and lack of internal controls by the Administrative Services Department, the City continued purchases of medical supplies and equipment from Life Assist, Inc. under the expired contract until the present time. Staff requests the City Council to ratify payments made to Life Assist, Inc. under the expired contract for $48,568.68 in FY 2008-09, $68,512.67 in FY 2009-10, $72,817.64 in FY 2010-11, and estimated year-to-date payments of $10,000 in FY2011-12.
APPROVAL OF PURCHASE OF SUPPLIES AND EQUIPMENT THROUGH A COOPERATIVE PURCHASING AGREEMENT BETWEEN THE SACRAMENTO METROPOLITAN FIRE DISTRICT AND LIFE ASSIST, INC. THROUGH APRIL 30, 2012 AND RATIFY PREVIOUS PAYMENTS MADE TO LIFE ASSIST INC. FROM FY2008-09 THROUGH FY2010-11 IN THE AMOUNT OF $189,898.99 AND ESTIMATED YEAR-TO-DATE PAYMENTS OF $10,000 IN FY 2011-12

DISCUSSION

Background

The Stockton Fire Department provides First Responder Advanced Life Support Emergency Medical Services to the citizens of our community. In order to be accredited by the San Joaquin County Emergency Medical Services Agency to provide this service, Fire Department apparatus are required to maintain standard inventories of medications, materials, equipment and supplies. A small percentage of these consumable supplies are restocked by transporting ambulances in the field, such as examination gloves and bandaging materials. Additionally, items such as back boards and traction splints often accompany patients to the hospital and are difficult or impossible to retrieve. This resolution, if adopted, will allow the Fire Department to continue to maintain the required inventory levels of equipment and supplies, as well as to provide uninterrupted service to the community.

In past years, the procurement of EMS and ALS supplies has been accomplished by leveraging cooperative purchasing agreements established by allied agencies through a competitive bid process. This eases the burden on the City and Fire Department and still meets the requirements of a competitive bidding process. The City of Sacramento Fire Department and the Sacramento Metropolitan Fire District have provided cooperative purchasing agreements to the City of Stockton that are suitable for our use. Due to the ongoing nature of the Fire Department’s need for medical supplies and equipment, past resolutions have allowed for the renewal of cooperative purchasing agreements. The Fire Department, in conjunction with the Purchasing Division, has continued to purchase medical supplies in this manner with the premise that authorization existed for this practice.

On December 14, 2004, the City Council adopted Resolution 04-0806 for the incremental purchases of medical supplies and equipment from Life Assist Inc., Rancho Cordova, CA, through a cooperative purchasing agreement that had been established through a competitive bidding process by the City of Sacramento and the Sacramento Metropolitan Fire District. This cooperative purchasing agreement by the City of Sacramento and the Sacramento Metropolitan Fire District expired in August, 2008. An expiration date for this agreement was not listed in the approved resolution. After extensive research, it indicates that the Purchasing Division had obtained temporary approval from the City Attorney’s Office in August, 2008, to continue processing and
issue of a Purchase Order pending a request for Council approval by the Fire Department to enter into a new agreement. The Fire Department failed to take the appropriate steps to bring this item to Council before the expiration of the cooperative purchasing agreement. The department failed to seek Council approval to continue purchases under a new cooperative purchasing agreement. Due to failure in contract oversight by the Fire Department and the lack of internal controls by the Administrative Services Department, the City continued to purchase medical supplies and equipment under the expired cooperative purchasing agreement and Administrative Services Department continued to process and issue new purchase orders and made payments to Life Assist, Inc. without the proper authorization.

The failure in contract oversight is attributed to several factors. This includes staff re-assignments as a result of staff reduction in the Fire Department (due to lay-offs and retirements) and also the increase in workload of remaining personnel. The Fire Department was also focused and occupied with various budget reduction issues at the time. The lack of controls by the Administrative Services Department purchasing and accounts payable divisions also contributed to the failure to recognize that services and payments continued after expiration of the agreement.

The Purchasing Division compiled data detailing payments made to Life Assist, Inc under the expired cooperative purchasing agreement from FY2008-09 through FY2010-11 totaling $189,898.99 and another estimated year-to-date payments of $10,000 in FY2011-12. While the cooperative purchasing agreement has expired in August 2008, the payments made to Life Assist, Inc. for equipment and supplies purchases were based on price lists in a new cooperative agreement completed by the Sacramento Metro Fire District in 2008.

The failure in contract oversight is being addressed by improving internal controls to avoid similar situations to occur in the future. The following are currently being conducted or practiced:

- The City Auditor’s Office has initiated an audit of the City’s disbursement controls to test effectiveness, assess if contract lapses are isolated instances, and provide recommendations for improvement. The same office has also initiated a compliance audit of contract management to ensure that contract policies and procedures are enforced and contracts are closely monitored by each department to ensure that the provisions are complied with. The auditors will
present their findings and provide recommendations to improve contract process and compliance.

- The Fire Department has identified a contract coordinator who will be responsible for understanding and monitoring the citywide contract process for the department. A contract manager for each open contract has been assigned to track all aspects of the contract including payments, insurance, performance, reports and expiration.

- The Administrative Services Department has also implemented new internal controls to support the City’s vendor accounts payable disbursements cycle. First, outreach and training meetings have been conducted with each program department to review their transactions and to work collaboratively on compliance with the City's purchasing policies. Accounts payable supervisory review has been instituted for all transactions over a set dollar threshold. 100% of all non-contract vendor payments are also receiving supervisory review. Finally, the purchasing division has instituted a Quality Assurance Surveillance Program (QASP) to sample actual disbursements for compliance. This provides an additional feedback opportunity on compliance for outreach to program departments. The Purchasing Division will also be reviewing the City’s other cooperative purchasing agreements for compliance with City contract requirement.

- A City-wide contract database is maintained by the City Clerk’s Office. However, the database is not automated to send out alerts notifying departments of expiring or expired contracts. Training is being offered by the City Clerk’s Office to departments on the use of the contract database to enable the departments to obtain relevant contract information.

**Present Situation**

In September, 2008, the Sacramento Metropolitan Fire District concluded a competitive bidding process that established a cooperative purchasing agreement with Life Assist, Inc., Rancho Cordova, CA, that is valid through April, 2012. The City of Stockton has in its possession correspondence from both the Sacramento Metropolitan Fire District and Life Assist, Inc. that authorizes the use of their current cooperative purchasing agreement. The Fire Department and Purchasing Division have reviewed the
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agreement and found that it meets our needs for the procurement of EMS pharmaceutical supplies and ALS supplies.

The Purchasing Division of Administrative Services confirms that participation in cooperative purchasing programs with other public entities that have gone through the bid process not only provide cost savings by means of purchasing volume but also reduces staff time in developing bid specifications or hiring an outside consultant to write and review all bids and conducting the bid process.

Findings

Stockton Municipal Code Section 3.68.070 provides for an exception to the competitive bidding requirements in cases where the City Council has approved findings that support and justify the purchase of supplies and services through a cooperative purchasing agreement entered into by any other governmental jurisdiction or public agency. The findings are as follows:

a. The Sacramento Metropolitan Fire District has established purchasing agreements with Life Assist, Inc. for the designated equipment, supplies, and services that are needed by the City of Stockton in order to provide emergency medical services.

b. The Sacramento Metropolitan Fire District established its purchasing agreements with Life Assist, Inc. through a competitive bidding process.

c. The bid specifications used by Sacramento Metropolitan Fire District have been assessed as being compatible with the City of Stockton’s processes and needs.

d. Authorized representatives from Life Assist, Inc. have agreed in writing to provide equipment, supplies and services through the cooperative purchasing agreement under the same terms and conditions afforded the Sacramento Metropolitan Fire District.

e. In spite of the fact that the 2004 cooperative purchase agreement with Life Assist had expired, the subsequent competitive bidding process conducted by Sacramento Metropolitan Fire District in 2008 resulted in a new cooperative purchase agreement with Life Assist Inc., again ensuring that
Stockton Fire Department purchases were based on the lowest competitive prices for the medical supplies available thru Life Assist.

f. That the purchases of $48,568.68 in FY2008-09, $68,512.67 in FY2009-10, $72,817.64 in FY2010-11, and estimated $10,000 for year-to-date FY2011-12 were otherwise made in accordance to the pricing list of the cooperative purchasing agreement with Life Assist and in accordance with the purchasing policies of the City of Stockton, at the lowest available price.

g. There is an immediate need to continue purchases of equipment, services, and supplies through the cooperative purchasing agreement, and due to the City’s limited resources to conduct its own competitive bid process and the time necessary to do so, it is in the best interest of the City of Stockton to use the cooperative purchasing agreement with Life Assist.

Based on the above findings and pursuant to SMC 3-105(d), staff recommends approval of the purchase of medical supplies and equipment through Sacramento Metropolitan Fire District cooperative purchasing agreement with Life Assist, Inc. through April 30, 2012, for a total amount not to exceed $95,000. This is the amount allocated in the FY2011-12 approved budget for purchases of EMS and ALS supplies and equipment.

Prior to the expiration of the existing cooperative purchasing agreement on April 2012, the Stockton Fire Department will return and present a recommendation to the City Council for the approval of a new competitive bidding process or a cooperative purchasing agreement for the purchase of medical equipment and supplies to replace the existing cooperative agreement.

FINANCIAL SUMMARY

Payments to Life Assist, Inc. from FY2008-09 to FY2010-11 that are being ratified have been expended against the Fire Department’s past year budgets. There is no additional financial impact in ratifying these past year payments.

The Fire Department has allocated $95,000 for EMS pharmaceutical supplies and ALS supplies in the FY2011-12 approved budget. There are sufficient funds in Fire Fighting/EMS account 010-2620-530-30.50 FR2145 to pay for purchases under this new cooperative purchasing agreement with Life Assist, Inc. Purchases under this agreement shall not exceed $95,000 through April 30, 2012.
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ESTIMATED YEAR-TO-DATE PAYMENTS OF $10,000 IN FY 2011-12 

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Respectfully submitted,

DAVID L. RUDAT 
INTERIM FIRE CHIEF

APPROVED

BOB DEIS 
CITY MANAGER
RESOLUTION APPROVING FINDINGS AND AUTHORIZING THE CITY MANAGER TO PURCHASE EQUIPMENT, EMERGENCY MEDICAL SERVICE PHARMACEUTICAL SUPPLIES, AND ADVANCED LIFE SUPPORT SUPPLIES THROUGH THE SACRAMENTO METROPOLITAN FIRE DISTRICT COOPERATIVE PURCHASING AGREEMENT WITH LIFE ASSIST, INC., THROUGH APRIL 30, 2012, FOR AN AMOUNT NOT TO EXCEED $95,000, AND RATIFYING PAYMENTS MADE TO LIFE ASSIST, INC., IN THE TOTAL AMOUNT OF $189,898.99, FROM FY 2008-09 THROUGH FY 2010-11 AND ESTIMATED YEAR-TO-DATE PAYMENTS OF $10,000 IN FY 2011-12

The City of Stockton (City) has to acquire certain medical supplies and equipment in order to provide emergency medical services; and

The City Charter authorizes the City to participate in cooperative purchasing agreements for the purchase of goods and services; and

Stockton Municipal Code ("SMC") section 3.68.070 provides for an exception to the competitive bidding requirements for contracts in cases where the City Council has approved findings that support and justify exceptions to the competitive bidding process for the purchase of supplies or services through other governmental jurisdictions or public agencies via a cooperative purchasing agreement; now, therefore,

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF STOCKTON, AS FOLLOWS:

1. The following findings support an exception to the competitive bidding process to facilitate the purchase of equipment and supplies to be used by the Stockton Fire Department in providing emergency medical services to the residents of the City and the surrounding response areas:

a. The Sacramento Metropolitan Fire District has established purchasing agreements with Life Assist, Inc., for the designated equipment, supplies, and service that are needed by the City in order to provide emergency medical services.

b. The Sacramento Metropolitan Fire District established its purchasing agreements with Life Assist, Inc., through a competitive bidding process.
c. The bid specifications used by Sacramento Metropolitan Fire District have been assessed as being compatible with the City’s processes and needs.

d. Authorized representatives from Life Assist, Inc., have agreed in writing to provide equipment, supplies, and services through the cooperative purchasing agreement under the same terms and conditions afforded the Sacramento Metropolitan Fire District.

e. There is an immediate need to continue purchasing equipment, supplies, and services through the cooperative agreement, and due to our limited resources to conduct our own competitive bid process and the time necessary to do so, it is in the best interest of the City to use the cooperative agreement with Life Assist, Inc.

2. Based on the above findings and pursuant to SMC section 3.68.070, the City Council hereby declares that an exception to the competitive bidding process is justified and directs the City Manager, on behalf of City, to procure from Life Assist, Inc., through the Sacramento Metropolitan Fire District’s Cooperative Agreement, equipment and supplies for the Stockton Fire Department through April 30, 2012, for an amount not to exceed $95,000.

3. The City Council hereby approves previous expenditures incurred and ratifies previous payments made to Life Assist, Inc., for a total amount of $189,898.99 from FY 2008-09 through FY 2010-11 and estimated year-to-date payments of $10,000 in FY 2011-12 for the purchase of emergency medical service pharmaceutical and advanced life support supplies and equipment through the Sacramento Metropolitan Fire District’s Cooperative Agreement with Life Assist, Inc.

   a. In spite of the fact that the 2004 Cooperative Purchase Agreement with Life Assist, Inc., had expired, the subsequent competitive bidding process conducted by Sacramento Metropolitan Fire District in 2008 resulted in a new Cooperative Purchase Agreement with Life Assist, Inc., again ensuring that Stockton Fire Department was still purchasing and receiving the lowest competitive prices for the medical supplies available through Life Assist, Inc.

   b. The purchases of $48,568.68 in FY 2008-09, $68,512.67 in FY 2009-10, $72,817.64 in FY 2010-11, and estimated year-to-date payments of $10,000 in FY 2011-12, were otherwise made in accordance with the pricing list of the Cooperative Purchasing Agreement with Life Assist, Inc., and in accordance with the purchasing policies of the City, at the lowest available price.
4. The City Manager is hereby authorized and directed to take the actions as deemed necessary to carry out the purpose and intent of this Resolution.

PASSED, APPROVED, and ADOPTED November 15, 2011.

ANN JOHNSTON, Mayor
of the City of Stockton

ATTEST:

BONNIE PAIGE, City Clerk of the
City of Stockton