



City of Prineville
DEPARTMENT OF PLANNING & COMMUNITY DEVELOPMENT
STAFF REPORT

Date: January 13, 2009
To: Prineville City Council
From: Ricky Sites, Community Development Director

Issue: Cost Savings Through Procurement Practices

Over the past 2 years the City has realized substantial Cost Savings through new procedures used for Public Works procurement. There has been a focused effort to update and review existing contracts, to analyze the way in which purchases have been made and a research effort to examine opportunities available to the City to benefit from changes in our procurement efforts.

A few months ago we came to the Council with a report on the savings we have realized in moving from a consultant based work effort to a staff based work effort in all departments. At that time, we said we would be returning with a report on the goods – based savings. The methods we have employed to realize these savings are a combination of standard competitive bidding processes for quantities of goods rather than multiple individual purchase, utilization of state and other public agency contracts for purchasing (piggy-backing), establishing “Pools” for certain services that fix prices for a period of up to 2 years, streamlining specifications for “like” bidding, creating a contract-type Purchase Order form , and more fully utilizing the provisions already set forth in our procurement ordinance. We have also weeded out some of our outdated contracts and replaced them with consolidated purchasing agreements, or found less expensive sources for the goods or services.

Some examples of Public Works’ recent savings follow:

	Costs for 07/08	Costs for 08/09	Savings
1. Les Schwab	\$2,559.82 (Individual)	\$752.63 (GSA Contract)	\$1,847.19
2. Airgas	\$75,013.84	\$62,758.50(Bid)	\$12,255.34

Although our savings are based primarily on Public Works purchasing, the results could be applied City-wide once we have the human resources identified to create the structure required to accomplish this.

This report is intended as the first phase of a plan to move toward a Purchasing Group centralized for all City departments. The attached worksheet shows the savings in goods and services (exclusive of consultant savings already reported) that are actual for Public Works.

We expect to return with a report on projected savings in about 2 months presuming that we can apply these procurement processes City-wide. After that, we expect to bring you a plan with costs and savings options to determine the best approach to maintaining the savings to the City.

PUBLIC WORKS

FUND	FY- 06 07	FY- 07 08	Savings from 06-07 to 07-08	FY- 08 09	Savings from 07-08 to 08-09
10-Transportation	\$390,261.92	\$617,971.01	\$227,709.09	\$251,439.83	\$366,531.18
52-Water Fund	\$471,478.16	\$525,666.67	\$54,188.51	\$480,548.60	\$45,118.07
53-Sewer Fund	\$656,479.30	\$536,361.67	\$120,117.63	\$503,856.56	\$32,505.11
73-Public Works Fund	\$333,758.61	\$498,917.69	\$165,159.08	\$246,218.74	\$252,698.95
	\$1,851,977.99	\$2,178,917.04	\$128,479.13	\$1,482,063.73	\$696,853.31

Examples:

Utilizing State Contracts
Discounts using Bidding

Les Schwab
Air Gas