



AGENDA ITEM ANALYSIS

Project/Issue Name: 21-18 An Ordinance of the City Council of the City of Republic, Missouri, Amending Title I, Government Code, Chapter 110, Administration Policies, Article II, Purchasing and Surplus Property and Adopting a New Policy Entitled City of Republic's Purchasing Policy and Procedures.

Submitted By: David Cameron, City Administrator

Date: March 23, 2021

Issue Statement

Repealing existing and ordinances and a Municipal codes sections establishing the City's purchasing policy and enacting a new "Purchasing Policy".

Discussion and/or Analysis

Introduction.

The City has entered a period of growth. With the growth of the City, processes are evaluated to ensure that the procedures are designed to fulfil the City's Mission of "We will be aggressively progressive through Processes, Relationships, and Trust."

The City is working on larger scale projects, as well as developer agreements to facilitate the growth of the City infrastructure. Sometimes there are delays that result in longer timelines or missed savings opportunities.

There is also a new City Administration structure to allow for delegation of certain tasks. The old policy did not allow for this delegation.

The last area addressed in the policy revision is better procurement methods. The old ordinance outlined formal bidding methods but left out some methods that might be better for a city on the grow.

This revised policy has been reviewed by the City's Auding firm KPM to ensure that the intent of internal control, fair treatment of vendors, and competitive bidding are still in place.

The City's Purchasing Manual was last revised and approved by Council in August 2017. The proposed purchasing policy changes would make it easier for City staff to perform purchasing and surplus disposal tasks efficiently by giving the City Administrator authority to create administrative procedures for smaller value items, while preserving city Council oversight and approval of larger value items.



Key Changes.

The key changes are presented below.

Changes to allow for quicker implementation of budgeted projects:

- New Formal Bid limitation –
 - \$50,000 all purchases except construction,
 - \$70,000 for construction.

 - For projects that stem from Developer Agreements, the approval for the agreement would still go to Council before work begins on the project.
 - Unbudgeted items over \$20,000 would still need to be approved by Council to be added to the budget for approval.

Changes made to allow for delegation of approval or less formal bidding:

- Added Micro Expenditure Limitation of \$5,000 and below. Current policy limitation is \$2,500. This allows no bids, quotes, or purchase requisitions. Just due diligence to purchase lowest price item. This change is designed to assist departments like Parks and Public Works who regularly purchase items locally for events or projects.
- Approvals –
 - Director Limitation raised to \$10,000
 - Finance Director approval \$10,000+
 - City Administrator or City Administrator Designee approval \$30,000+
 - Council Approval \$50,000 +, \$70,000+ for construction projects
 - This increases all the levels. Meets the intent of having internal control but allows for quicker turnaround of the purchase process.
- Added wording throughout the policy to allow a City Administrator designee for approvals. This allows the designee to review and sign when the City Administrator is unavailable.
- Changed the unbudgeted purchase reporting to \$10,000 for director notification and \$20,000 to be reported to Council.
- Identifies that the finance department is designated to carry out the day-to-day functions of purchasing. Outlines the responsible parties. This clarifies who is responsible for purchasing and purchasing related items. The City is working towards a centralized purchasing model.

Changes to allow for better bidding methods:

- Formal Bidding Methods –
 - Added in Invitation To Bid (no negotiation, lowest responsible bidder),
 - Request for Proposals (for subjective purchases without clear scope or professional services other than Architectural and Engineering),
 - Request for Information (to gather information from vendors if project scope is unknown. Prevents unfair advantages in the RFQ/IFB/RFP development).



- Geographic Preference – City of Republic preference if price difference is less than 3%. Should help with sourcing local items (printing, screen printing, and construction supplies). However, it is notated that it is prohibited for Federal Grant purchases. Currently there is no geographic preference.
- Clarifies the Split Parcel policy to allow bidding PW projects as separate purchases if they are for separate projects. Example, Developer Agreement is presented, while currently working on a road project. The expectation is that the materials can be bid according to each job, even if overlap of time frame. Not having to stop construction on the projects to go out for a formal bid because the increased amount of gravel needed. Best practices can still be followed to do bulk bidding for known amounts, but this gives an allowance for the City's economic growth and for unforeseen projects.
- Allows for electronic bidding methods and changes the advertising methods for formal bids to the City website.

Clarifies what items do not need to be bid out:

- List of Items Which Competitive Bidding is not Required –
 - Added items that are used regularly, such as utilities, insurance, fuel, travel, and short-term rentals/leases.
 - This list was expanded to take away confusion on having to go through the Purchase Requisition Process for required items.
 - Leasing short term equipment was addressed, not included in the original policy.
 - Example - administration budgets for electricity and there is one electric provider. Staff would not have to fill out a purchase requisition each month. Liability and Workers Compensation are required, and the annual renewal is budgeted for each year.

Items added for Grants:

- Names the official Grant Administrator and Grant Coordinator.
- Defines that grants should be brought to Council for approval if the grant will involve a contractual agreement (Intergovernmental Agreement or Memorandum of Understanding).

Recommended Action

Staff recommends approval.