

COUNCIL COMMUNICATION

From: The City Manager

Subject: Purchasing, Contracting, and Selling Procedure Ordinance

Manager's Recommendation:

It is recommended that §14.20-14.27, *Purchasing, Contracting, and Selling Procedure*, and §14.35-14.44, *Contract Compliance Provisions*, of Chapter 14, "Finance and Purchasing," of Title I, "Administrative Code," of the Saginaw Code of Ordinances O-1, be repealed and a new ordinance §14.20-14.34, *Purchasing, Contracting, and Selling Procedure*, of Chapter 14, "Finance and Purchasing," of Title I, "Administrative Code," of the Saginaw Code of Ordinances O-1, be adopted. An Ordinance has been prepared and appears under the regular order of business.

Justification:

Submitted for your approval is a repealment of the present *Purchasing, Contracting, and Selling Procedure* (§14.20-14.27 of Chapter 14, Finance and Purchasing, of Title I, Administrative Code, of the Saginaw Code of Ordinances O-1), (hereinafter Purchasing Ordinance) and introduction of a new ordinance having the same title. For several years, the Purchasing Ordinance and procedures have been thoroughly reviewed. Numerous meetings were held and department heads and Purchasing Office personnel provided input and suggestions in an effort to streamline the purchasing process. The ordinance was also researched against State law and adjustments were made accordingly to coincide with the current statutes.

Although numerous changes were made to the ordinance, the ordinance still concurs with the requirements for purchasing procedures under Section 33 of the City Charter. Major changes to the ordinance include:

COUNCIL COMMUNICATION

1) Repealing of the set aside provisions for Saginaw Based, Small, Minority and Women-Owned Business Contracting.

2) Exclusion of certain goods and services from the bidding process, including, but not limited to, dues and subscriptions/library materials, medical services, travel expenses, mail & package delivery services, utility bills, certain advertisements, and employee benefit payments.

3) Provisions have been added for disqualifying contractors that fail to provide the service or supplies in the manner and/or form required, deliver poor goods or services, fail to comply with laws and ordinances or default in its quotations.

4) Provisions for the department or division to submit its recommended bid to the Purchasing Committee electronically and for the Committee to approve by the same means, saving time and money for the members to physically meet for a meeting that normally takes 15 minutes.

5) A provision has been added to give the Department Head, and/or his/her designee, (with the approval of the Finance Director and/or Budget Administrator), the discretion to increase or decrease a purchase order contract or construction contract by 10% of the original bid proposal due to unforeseen circumstances.

6) A provision has been added to give the City Engineer, and/or his/her designee, (with the approval of the Finance Director and/or Budget Administrator), the discretion to increase or decrease the total contract for construction projects for building, altering, repairing, improving or demolishing any public structure or building, or other public improvements of any kind to any public property by 20% of the original bid proposal due to unforeseen circumstances.

COUNCIL COMMUNICATION

7) The ordinance still gives preference to Saginaw-based businesses, however, the formula used to establish the lowest bidder has been simplified.

8) Sections have also been added to the ordinance to cover Sole Source bidding, Brand Name or Equal specifications, Recycling, Cooperative Purchasing, the online sale of City property and donating City goods or supplies of no value to charitable organizations.

As part of updating the purchasing process, there is also submitted a repealment of §14.35-14.44, "Contract Compliance Provisions", of Chapter 14, Finance and Purchasing, of Title I, Administrative Code, of the Saginaw Code of Ordinances O-1, entitled "Contract Compliance Provisions." The City has not had a Contract Compliance Officer for several years and therefore the ordinance has not been enforced. When this ordinance was created in 1979, it established guidelines for the Compliance Officer in determining if a contractor qualified for a set aside award. As noted above, the set aside provisions are being repealed, and therefore, this ordinance is no longer necessary. The Purchasing Officer will continue to require contractors to complete the necessary paperwork to ensure contractors do not discriminate against any subcontractor, employee or applicant on the basis of race, creed, color, age, national origin, sex, height, weight or marital status, and require contractors to submit and keep updated, a certificate of insurance in the types and amounts specified in the bid proposal before any purchase order contract is submitted to Council for approval.

Council Action:

This Council Communication is for explanation purposes only of the ordinance to be introduced.