



PROCUREMENT PROCESS

City Council Workshop

April 1, 2014

Glendale City Charter

- Article VIII. Contracts, Sec. 2. Competitive bidding.
 - The city council shall establish by ordinance formal guidelines regulating the purchase of goods and services by the city. Such ordinance shall specify the conditions pursuant to which formal competitive bidding shall be required, conditions pursuant to which informal competitive bidding shall be required and those conditions under which no bidding for city contracts shall be required.

Glendale City Code

- Chapter 2, Administration, Article V, Financial Affairs, Division 2, Purchasing Procedure.
 - This division shall apply to expenditures of public funds, regardless of source, including state and federal assistance monies, by the city except that nothing in this division shall prevent the city from complying with terms and conditions of any grant, gift, bequest, cooperative agreement, or federal guideline. This division does not apply to contracts solicited or entered into for construction projects (*A.R.S. Title 34*) .

Overview

- Procurement Regulations for Goods & Services
- Procurement Procedures
 - Formal vs. Informal
 - Emergency purchases
 - Sole source procurements
 - Cooperative purchasing
 - Professional services

Purchases are Regulated by



Construction Contracts

- A.R.S. Title 34

Sec. 2-155. Bidding.

All construction contracts shall be awarded only after a public competitive bid in compliance with title 34, Arizona Revised Statutes.

(Ord. No. 2211, § 1, 9-25-01)

Goods & Services

- Glendale City Code
 - City Charter
 - Code of Ordinances
- City Manager Directives

City Charter

- City Charter, Article VIII - Contracts
 - Purchase of goods & services guidelines are established by ordinance
 - Ordinances guide when competitive bidding is required

Code of Ordinances

- Code of Ordinances (2-13-01)
 - Section 2-145 - Formal purchase procedures (purchases > \$50,000)
 - IFB (Invitation for Bid) or RFP (Request for Proposal)
 - IFB – Award to the lowest responsive bidder
 - RFP – Award to the most responsible & responsive proposal based on the evaluation criteria in the RFP
 - » May not be the lowest cost
 - » Clarification discussions may occur with responsive bidders
 - Section 2-145 (1)e – *“Budgeted line items specifically identifying products or services, which have been approved by the city council in their review and adoption of the annual budget of the city, and for which an award is within the allocated expenditure, shall be approved for award by the materials manager and deputy city manager. At the discretion of the city manager, the award of an IFB or RFP may be submitted for the approval of the city council. Awards that exceed the allocated expenditure shall require the approval of the city council.”*

Code of Ordinances

- Code of Ordinances

- Section 2-145 (continued)

- Section 2-145 (1)i – *“City manager directives prescribe procedures for the procurement of supplies and services, which exceed the formal purchase dollar threshold, and because of specific circumstances competition is not applicable. Awards, pursuant to this provision, shall require either the approval of the city council, or city manager”*
 - Section 2-145 (1)g – *“With the approval of the city manager, formal purchase procedures of section 2-145, may be waived when there has been a written determination that the formal purchase procedures of section 2-145, would not be likely to result in a lower price to the city or would cause unnecessary expense or delay under the circumstances.”*

- Formal Council approval unless exempted

Code of Ordinances

- Code of Ordinances
 - Section 2-146 – Informal purchase procedures
(purchases \leq \$50,000)
 - Purchases between \$10,000 & \$50,000, wherever practical, require at least 3 written quotes
 - Purchases between “small purchase amount” and \$10,000 may be made using verbal or written quotes
 - CMD #8 establishes authorization levels. The following policies are followed consistent with CMD #8.
 - a) Less than \$5,000 - no bids or quotes required
 - b) \$5,000 to \$9,999 - verbal or written quotes required
 - c) \$10,000 to \$50,000 - written quotes required

Code of Ordinances

- Code of Ordinances

- Section 2-147 – Emergency purchases

- Department head determines if an emergency purchase is necessary whereby the health, safety or welfare of the public is endangered if immediate action is not taken
 - Procedures are prescribed in City Manager Directives (CMD #10)
 - CMD 10 requires City Manager's Office approval for purchases > \$50,000
 - CMD 10 requires City Council confirmation for purchases > \$50,000
 - *“Emergency purchases exceeding the formal purchase limit of \$50,000 shall require the approval confirmation of the City Council.”*

Code of Ordinances

- Code of Ordinances
 - Section 2-148 – Sole source procurements
 - May procure under this section if there is a written determination that competition is not available and there is only one known source for the supply or service
 - CMD 30 requires written determination to materials manager justifying the purchase
 - Why the need for the sole source
 - Efforts made to determine the availability of any other source
 - Why the need is not satisfied by another type of material or service
 - Purchases > \$50,000 require City Council approval

Code of Ordinances

- Code of Ordinances
 - Section 2-149 – Cooperative purchasing
 - The materials manager shall have the authority to participate in other units of government for the procurement of supplies or services in cooperative purchasing agreements when the best interests of the city would be served thereby
 - Definition: *“Procurement conducted by, or on behalf of, more than one (1) public procurement unit.”*
 - A.R.S. 41-2632 *“Any public procurement unit may either participate in, sponsor, conduct or administer a cooperative purchasing agreement for the procurement of any materials, services, professional services, construction or construction services with one or more public procurement units or external procurement activities in accordance with an agreement entered into between the participants.”*

Cooperative Purchasing

- Cooperative Purchasing simply stated
 - A good or service is procured by another public procurement unit
 - Glendale can use a current contract but it must be within the scope of the City Code
 - Purchases > \$50,000 require City Council approval
 - Benefits of cooperative purchasing
 - Saves time
 - Saves money
 - A government best practice
 - Complies with the City Code

Professional Services

- CMD 24 states the following:
 - *"City Manager or designee may exempt from competition a professional service or approve an alternative procurement method when deemed in the best interest of the City. In the event that the competitive requirements of this directive are exempted, departments shall have a written determination signed by the City Manager or designee."*
 - The CMD defines professional services as *"architects, lawyers, certified public accountants, consultants, appraisers, or engineers."*
 - Award recommendations shall be submitted to City Council for formal approval

What's next?

- Clarify City Code and City Manager Directives
 - Clear up inconsistencies
 - Clearly define exceptions & administrative processes
 - Clearly define awards vs. purchases vs. contracts
- Centralize management of the procurement process
- Ensure staff understands procurement policies