

# Memorandum



TO: Mayor Manier and Committee of the Whole  
FROM: Ray Forsythe, City Administrator RFF  
DATE: July 5, 2019  
SUBJECT: Procurement Policy

On January 3, 2017, the City Council Adopted Ordinance 3216 amending Chapter 30 of the Code of Ordinances for the purpose of authorizing the City Administrator to extend the purchasing authority of certain City positions. Below is a summary of the current limits:

- For the purchase of more than five hundred dollars (\$500), the City Administrator shall make all efforts to receive two or more quotations;
- For the purchase of more than five thousand dollars (\$5,000) shall present the quotations to the City Council for approval or rejection;
- The City Administrator shall authorize Department Heads, the Public Works Manager and Deputy Police Chief to approve expenditures up to one thousand (\$1,000); Other supervisors within the Public Works Department shall be authorized to approve expenditures up to five hundred dollars (\$500);

Since my start date of April 15, 2019, I have routinely been asked by Department Directors and Managers to approve payment requests which are over the minimum of one thousand dollars (\$1,000) and there have been several budgeted items which are over \$5,000 but are again routine in nature and approved by the City council through the budget. In addition, the requirement for quotes and bidding has been confusing to staff and I believe the process has been inconsistently applied. This can be simplified by adopting a new structure which is still cognizant of the approved budget and reasonable operation of the City and transparent to the general public and elected officials. The existing approval process takes away time from more important work and I believe staff is conscious on spending public funds and the limits should be adjusted to reflect current costs of goods and services, especially those that are routine in nature. I would propose the following:

## METHODS OF PURCHASE AND APPROVAL FOR BUDGETED ITEMS

<u>Estimated Value</u>	<u>Method</u>	<u>Quotes</u>	<u>Solicitation</u>	<u>Approval</u>
\$1,000 - \$1,499.99	Phone Quotations	3	Supervisor	Supervisor
\$1,500 - \$2,499.99	Phone Quotations	3	Supervisor	Dept. Director
\$2,500 - \$4,999.99	Written Quotations	3	Supervisor	Dept. Director
\$5,000 - \$14,999.99	Written Quotations	3	Dept. Director	City Administrator
\$15,000 +	Competitive Sealed	NA	Dept. Director	City Council

Phone Quotations, Written Quotations and Competitive Sealed Bid processes will be standardized throughout the City Organization and adequate records kept for inspection and audit purposes. The City Council will be notified as current practice provides, however



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budgeted items below \$15,000 will be presented in Committee Meetings, itemized in weekly briefings and monthly financial reports rather than on Council Agendas for approval. The current process will be utilized for items over \$14,999.99.

In summary, this change would provide the following limits to Supervisors, Department Directors and the City Administrator:

Supervisors:	\$ 1,499.99
Department Directors:	\$ 4,999.99
City Administrator:	\$14,999.99

A standard process will be established with forms for Phone Quotations, Written Quotations, and Competitive Sealed Bidding which will be available for inspection and auditing purposes. The day-to-day operation of the City would benefit by the changes proposed in this memorandum and better reflect the practice utilized by other Cities. The City Council will approve budgeted expenditures over \$15,000 once the competitive bidding process is completed by Staff. I recommend that the City Council authorize Staff to prepare the necessary amendment(s) to the City Code and preparation of the necessary forms which will be placed on a future City Council Meeting for consideration.