

## MEMO

**TO:** Mayor Pogue, Board of Aldermen

**FROM:** Denise Keller, Finance Officer

**DATE:** March 6, 2017

**RE:** Purchasing Policy Recommendations

The Finance & Administration Committee met on February 27, 2017. Among the topics discussed was a proposal from staff to raise the purchasing approval thresholds for budgeted items for Department Heads and the City Administrator as part of an overall update of the purchasing policy. Also discussed was a proposal to raise the threshold for which formal advertising is required. The recommendations of the Committee are as follows:

	<b>Current Authority</b>	<b>Proposed Authority</b>
Department Heads	<\$1,000	<\$3,000
City Administrator	\$1,000 - \$7,499	\$3,000 - \$15,000
Board of Aldermen	≥\$7,500	≥\$15,001
Formal advertising required	≥\$10,000	≥\$20,000

Purchases that fall under the authority of the City Administrator that exceed budget would require Board approval.

Suggested revisions to the purchasing policy were initially presented to the Board at their meeting on January 9, 2017. Additional recommendations from staff include revisions to Sections 2-4.2, 2-4.5, and 2.4.7 addressing sole source vendors, cooperative purchasing and emergency purchases. The original memo outlining the suggested verbiage changes is attached for your reference.

# MEMO

**TO:** Mayor Pogue, Board of Aldermen

**FROM:** Denise Keller, Finance Officer

**DATE:** January 4, 2017

**RE:** Purchasing Policy Updates

The Government Finance Officers Association (GFOA) recommends regular review and update of financial policies. In following this best practice as well as in response to Board request, a review of the purchasing policy has been undertaken. Policies from nine other municipalities were compared with Ballwin's with an overall goal of keeping the Board oversight function in place while maintaining staff flexibility and improving operating efficiency. Administration would like to recommend the following revisions to the purchasing policy, which comprises Sections 2-4.1 through 2-4.9 of the City's Code of Ordinances. These revisions address:

- Approval authority for expenditures
- Sole source vendors
- Cooperative purchasing
- Emergency purchases

## **Sec. 2-4.1 Approval for expenditures**

*Ballwin's approval thresholds* for expenditures are low in comparison with other municipalities of our size. The proposed levels are at the midpoint of those of the comparison cities, neither amongst the highest nor the lowest.

	<b>Current Authority</b>	<b>Proposed Authority</b>
Department Heads	<\$1,000	<\$4,999
City Administrator	\$1,000 - \$7,499	\$5,000 - \$19,999
Board of Aldermen	≥\$7,500	≥\$20,000
Formal advertising required	≥\$10,000	≥\$20,000

## **Sec. 2-4.2 Bidding not required**

~~Replace paragraph (b) which reads "The board of aldermen may waive the requirement of competitive bids or proposals for supplies when the board has determined in writing and entered into the board minutes that there is only a single feasible source for the supplies. Immediately upon discovering that other feasible sources exist, the board shall rescind the waiver and proceed to procure the supplies through the competitive processes as described in this chapter. A single feasible source exists when:~~

- ~~(1) Supplies are proprietary and only available from the manufacturer or a single distributor; or~~
- ~~(2) Based on past procurement experience, it is determined that only one distributor services the region in which the supplies are needed; or~~
- ~~(3) Supplies are available at a discount from a single distributor for a limited period of time.~~

~~On any single feasible source purchase where the estimated expenditure is \$5,000.00 or more, the city shall post notice of the proposed purchase. Where the estimated expenditure is \$10,000.00 or more, the city shall also advertise the city's intent to make such purchase in a newspaper of general circulation in such places as are most likely to reach prospective bidders or offerors and may provide such information through an electronic medium available to the general public at least ten days before the contract is to be let. "~~

*The proposed new paragraph is "In the event that there is only one vendor capable of providing a particular good or service, the competitive procedures outlined in this policy may be waived by the city administrator. A department head should document why only one company or individual is capable of providing the goods or services required whenever it is determined that goods or services must be purchased from a sole source vendor. The documentation should be attached to the purchase order."*

~~Delete paragraph ( c ) which reads "In the case of an emergency involving the health or safety of individuals or their property which requires immediate purchase of supplies or contractual services, the mayor shall be empowered to authorize the city administrator to secure or obtain on the open market, at the then lowest obtainable price, any supplies or contractual services up to, and not to exceed, \$10,000.00; provided, such expenditure shall be reported to the board of aldermen within 30 days." Emergency purchases are addressed under Sec. 2-4.7.~~

#### **Sec. 2-4.5 Ability to participate in cooperative purchasing plans.**

~~Replace current language which reads "Nothing herein shall be construed to limit or prohibit the city from joining with other units of government in cooperative purchasing plans when the best interests of the city would be served thereby."~~

*The proposed new paragraph is: "Departments are encouraged to use cooperative purchasing programs, including those sponsored by the State of Missouri and St. Louis County, Missouri. Cooperative purchasing can prove advantageous to the City both by relieving department heads of the paperwork necessary to document the purchase and by taking advantage of quantity purchases. Purchases made through these programs have met the requirements of competitive shopping and require only sufficient information to show the*

purchase is from such a program and the applicable referenced purchase price. Department heads are encouraged to check with the state or county regarding cooperative procurement contracts in effect prior to making any large purchase.”

**Sec. 2-4.7 Emergency repairs/purchases.**

*Replace current language which reads “~~Whenever the city administrator determines that it is in the city's best interest, emergency repairs and/or purchases totaling \$7,500.00 or more, necessary to maintain essential operations, may be authorized provided such expenditure shall be reported to the board of aldermen within 30 days.~~”*

*The proposed new paragraph is “Whenever the city administrator determines that it is in the city's best interest, emergency repairs and/or purchases necessary to maintain essential operations may be authorized for purchase at the lowest obtainable price. A full explanation of the circumstances of the emergency purchase shall be recorded in the minutes of the next regular meeting of the board of aldermen.”*