



Takoma Park City Council Meeting – November 7, 2018 Agenda Item 6

Work Session

Discussion of Proposed Amendments to Takoma Park Code, Purchasing, Chapters 7.04, 7.08, and 7.12

Recommended Council Action

Continue discussion of proposed Code amendments and provide feedback

Context with Key Issues

All purchases of goods and services must be made in accordance with the chapters of the City's Code regarding purchasing. Other than some minor additions, these chapters have not been substantively updated since before 2000. Given increased costs for goods and services over time and the need for some general corrections and clarifications, staff recommends that Council consider updating portions of the Code. Substantive amendments for Council to consider include:

- Adding "state" and "county" where there are currently only references to Federal contracts and regulations
- Clarifying documentation requirements – instead of requiring that "all contracts involving more than \$3,000" be in writing, ensuring that there is written documentation for all purchases
- Awarding Authority
 - Increasing the dollar amount of purchases that must be approved by Council from \$5,000 for professional services and \$10,000 for other single purchase of goods or services to \$50,000
 - Requiring that the City Manager sign contracts for all purchases greater than \$30,000
 - Requiring that the City Manager or designee approve purchases less than \$30,000
- Required Reports to Council
 - Annual report to the Council regarding all purchases between \$30,000 and \$50,000 and all emergency purchases between \$10,000 and \$30,000
 - Immediate reports to Council regarding all emergency purchases above \$30,000
- Procedural Requirements
 - Increasing the purchase amount requiring competitive sealed bids and proposals (commonly referred to as a "Request for Proposals") from \$10,000 to \$30,000
 - Increasing the purchase amounts requiring staff to obtain at least three proposals (commonly referred to as "quotes") from \$0-\$10,000 to \$10,000-\$29,999
 - Requiring staff to make reasonable efforts to obtain lowest cost for purchases below \$10,000
- In addition to existing provisions for emergency procurements, professional services, and cooperative purchasing, create an exception that allows the City to take advantage of limited term "sale" offers

- For environmentally friendly purchasing, move detailed requirements to regulations to facilitate incorporation of changing technology, scientific understanding, and environmental certifications
- For “evergreen” and renewable contracts, require that staff investigate changes in competitors’ pricing, advances in technology, the vendor’s performance, changes in need, and financial and operational cost of changing vendors to determine whether to solicit new bids, proposals or quotes at least every five years.

Council Priority

Fiscally Sustainable Government

Environmental Considerations

The existing Code requires that certain environmental and energy considerations be taken into account when purchasing goods and services. The proposed amendments to the Code will include moving detailed requirements to administrative regulations to allow us to respond more quickly to changing technology, scientific understanding, and environmental certifications.

Fiscal Considerations

The proposed amendments to the Code may result in some cost savings, as they include new provisions that would allow the City to take advantage of unexpected, time-limited “sales.”

Racial Equity Considerations

We are unable to determine whether any group would be disproportionately impacted in a positive or negative way by this action.

Attachments and Links

Purchasing Code: Proposed Amendments (from October 24, 2018 meeting)

Purchasing Code: Proposed Amendments

City Council Work Session
October 24, 2018



Overview

- **All City purchases must be made in accordance with the City's Code pertaining to procurement**
 - There are additional administrative checks and balances in place as well
- **The Code has not been substantively updated since before 2000**
- **Why now?**
 - Increased costs for goods and services over time (dollar thresholds have not kept pace)
 - Ability to make more timely purchases and afford flexibility
 - Need for some general corrections and clarifications



Corrections/Clarifications

Existing

- Current Code includes references to federal funds, contracts, and regulations (but not state or county)
- Requirement that “all contracts involving more than \$3,000” be in writing

Proposed

- Include “state” and “county” where appropriate in addition to references to federal funds, contracts, and regulations
- Requirement that there is written documentation for all purchases regardless of cost
- Defining a formal contract as a written contract for procurements exceeding \$30,000 and requiring City Manager signature



Awarding Authority

Existing

- Council must formally approve purchase of professional services greater than \$5,000 and goods greater than \$10,000
- City Manager must approve all other purchases
- Contract authority rests with Mayor and/or City Manager

Proposed

- Council must approve purchases greater than \$50,000
- City Manager must sign contracts for all purchases greater than \$30,000
- City Manager's designee can approve purchases less than \$30,000
- New reporting requirements (covered further in a moment!)



Dollar Threshold Comparison

Jurisdiction	Trigger for Council Approval	Annual Budget (GF expenditures)
Friendship Heights	\$5,000	\$2,287,500
Takoma Park	\$10,000	\$31,522,900
Kensington	\$10,000	\$2,335,600
Hyattsville	\$10,000	\$19,933,000
Garrett Park	\$10,000	\$1,295,000
Berlin	\$10,000	\$7,154,400
La Plata	\$20,000	\$7,232,100
Indian Head	\$20,000	\$1,273,500
Mount Rainier	\$23,530	\$6,723,045
Cumberland	\$25,000	\$10,754,200
New Carrollton	\$30,000	\$10,203,400
College Park	\$30,000	\$17,830,400
Laurel	\$35,000	\$34,228,100
Caroline County	\$40,000	\$48,452,700
Rockville	\$100,000	\$82,420,000
Gaithersburg	\$100,000	\$70,745,500
Chevy Chase	No limit	\$2,130,700

Required Reporting

Existing

- City Manager must provide a report listing disposed equipment/goods to the Council on a quarterly basis
- City Manager must report when there is a sole source or emergency procurement, or when fewer than three quotes are obtained for professional services

Proposed

- Annual report to the Council regarding all purchases between \$30,000-\$50,000 and all emergency purchases between \$10,000-\$30,000
- Immediate report to Council regarding all emergency purchases above \$30,000



Procedural Requirements

Existing

- Competitive sealed bid or proposal requirement for purchases over \$10,000
 - Formal competitive bid or proposal not required for professional services; rather, can use competitive negotiation or other competitive selection (based on administrative regulations)
- Requirement that staff obtain at least three quotes/proposals for any purchase

Proposed

- Competitive sealed bid requirement for purchases over \$30,000
- Requirement that staff obtain at least three quotes/proposals for purchases over \$10,000
- Reasonable effort to obtain lowest cost for purchases below \$10,000



Exceptions

Existing

- Current Code provides exceptions for emergency, sole source, and cooperative purchasing

Proposed

- Retain exceptions for emergency, sole source, and cooperative purchasing
- Create a new exception that allows the City to take advantage of limited term “sale” offers



Other Proposed Amendments

Existing

- Specific environmentally preferable purchasing requirements in Code (Sec. 7.08.145)
- Current Code does not provide regulations for multi-term (“evergreen” or renewable) contracts

Proposed

- Keep reference to environmentally preferable purchasing requirements in Code but move specifics to administrative regulations
- Explicitly permit multi-term contracts; permit City Manager to determine when multi-term contracts can be renewed vs. require new procurement process



Next Steps

- Based on Council's discussion, staff will work with City Attorney to draft new Code language for Council's consideration
- Draft Code Amendments to Council for Voting Session on November 14, 2018

