



Agenda Item Details

Meeting	Sep 09, 2020 - City Commission Meeting
Category	13. POLICY FORMATION AND DIRECTION
Subject	13.09 Approval of Revisions to City Commission Policy 242 (Procurement) --Patrick Twyman, Financial Services (VOTE ON THIS ITEM WILL TAKE PLACE FOLLOWING THE PUBLIC HEARING ON ORDINANCE NO. 20-O-24, ITEM 15.03)
Access	Public
Type	Action
Fiscal Impact	No
Recommended Action	Option 1: Approval of proposed revisions to Commission Policy 242 (Procurement Policy).

Public Content

For more information, please contact: Veronica McCrackin, Manager of Procurement Services, 850-891-8665

Statement of Issue

City Commission Policy 242 provides direction for the City to have a uniform procurement system with purchasing policies that provide for on-time acquisition of competitive, quality products and services, to support the daily operations of the City. This policy includes definitions related to purchasing activities of the City and outlines the roles and responsibilities of each department involved with the procurement of goods and services. This item seeks City Commission approval of updates to Commission Policy 242 that include the following:

- conforming updates to the City Commission's recent ethics reform package (Ordinance 19-O-36AA);
- conforming updates to the "Cone of Silence" as it relates to competitive solicitations (Ordinance 20-O-24);
- updates to reflect recent operational changes implemented to enhance staff efficiency;
- prohibits a City employee from serving on a competitive solicitation evaluation committee if that individual was previously employed by a responding vendor within the prior two (2) years;
- enhances requirements for vendors to disclose potential conflicts of interest during a competitive solicitation;
- updates to the City's quote and competition thresholds, consistent with best practices identified among peer cities; and
- clarifies the purchasing authorities of Procurement Staff, Management, and Appointed Officials.

If approved, these updates will take effect at the beginning of Fiscal Year 2021 (October 1, 2020). The Procurement Services Division, the City Attorney's Office and the Treasurer-Clerk's Office all reviewed the attached revisions.

Recommended Action

Option 1: Approval of proposed revisions to Commission Policy 242 (Procurement Policy).

Fiscal Impact

None.

Supplemental Material/Issue Analysis

History/Facts & Issues

City Commission Policy 242 (Procurement Policy) provides policy direction for the City to have a uniform procurement system with purchasing policies that provide for on-time acquisition of competitive, quality products and services, to support the daily operations of the City. City Commission Policy 242 includes definitions related to the purchasing activities of the City and outlines the roles and responsibilities of each department involved with the procurement of goods and services.

This item proposes updates to City Commission Policy 242 to conform to the recent passage of two Ordinances, recent operational changes by staff, enhanced conflict of interest disclosure requirements for both City employees and vendors, and updates to quote-competition thresholds to mirror best practices. (See Attachment). The proposed updates include the following substantive changes:

- Conforming changes resulting from the City Commission's ethics reform package passed earlier in FY20 (Ordinance No. 19-O-36AA on December 4, 2019);
- Conforming updates to the enhanced "Cone of Silence" requirements during competitive solicitations (Ordinance 20-O-24 on September 9, 2020);
- Enhanced requirements for vendors to disclose and document potential conflicts of interest when responding to a competitive solicitation, in conjunction with the City's new ethics ordinances;
- Specifies that if a City Employee was previously employed by a vendor responding to a competitive solicitation within the last two years, he or she is prohibited from participating in the evaluation or selection process;
- Operational changes by staff to enhance business processes and maximize staff efficiency for the routing and execution of procurement-related contracts;
- Updates to the City's quote and competition thresholds based on best practices identified among peer cities and the State of Florida; and
- Clarifications to the purchasing authorities of Procurement staff, City Management, and Appointed Officials.

New and Updated Definitions

These above substantive changes are reflected in both the "Definitions" and "Roles and Responsibilities" section of the proposed update to City Commission Policy 242 (See Attachment). The proposed policy update includes new or revised definitions for the following:

- Competitive Negotiations
- Conflict of Interest
- Family
- Non-Competitive Negotiations or Procurements
- Material Personal Financial Interest
- Vendor

Please reference the Attachment for the full definitions of the terms above.

Roles and Responsibilities of City Departments, Employees and Vendors

The proposed policy update also makes numerous clarifications to the roles and responsibilities of City Employees, Procurement Services staff, Treasurer-Clerk Staff, and Vendors as they relate to purchasing activities of the City. These modifications are summarized as follows:

City Employees:

- Disclose to Procurement Services any potential conflict of interest where a City Employee was previously employed, within the past two years, by any vendor responding to a competitive solicitation. If the City Employee was previously employed by a responding vendor within the last two years, he or she is prohibited from participating in the evaluation and selection process.
- Identify and refer possible vendors to Procurement staff so Procurement staff has a preliminary or potential vendor pool to notice or inform about upcoming solicitations.
- Refer or direct vendors to Procurement Services or the Purchasing Agent when a competitive solicitation is released and has yet to be awarded during the "Cone of Silence."
- Ensure that Procurement Services is made aware of all communications with vendors concerning vendor performance, renewals and potential contract amendments.
- Retain documentation related to procurements to ensure it can be filed with the citywide records management system.

- Consult with Risk Management before entering into any contract to ensure insurance provisions and coverage is adequate prior to a vendor commencing work.
- Ensure work by a vendor does not commence until a contract has been fully executed.

Procurement Services:

- Provide leadership in the development of all solicitation types, including invitations to negotiate.
- May authorize the disqualification of a vendor or respondent from a solicitation process, the rejection of bids received from a vendor or respondent, or the termination of any resulting contract from a solicitation if a vendor or their representative engages in “prohibited communications” as defined in the Code of General Ordinances, Section 2-357 (Ordinance 20-O-24).
- May authorize the suspension of debarment of a vendor or their representative for one year if they engage in “prohibited communications” as defined in the Code of General Ordinances, Section 2-357 (Ordinance 20-O-24).
- Responsible for routing for execution any contracts, contract amendments, contract extensions, and purchase orders that originate through the procurement cycle after the appropriate approval is obtained.
- Responsible for ensuring that the City conducts procurement within the Ethics Guidelines outlined in the Purchasing Manual.
- Train and advise department personnel on proper or appropriate procurement practices.

Treasurer-Clerk:

- Administers the citywide records management system which shall include all Procurement-related records, consistent with City Commission Policy No. 140.
- Retain executed contracts by filing in the citywide records management system.
- Clarifies that acceptable bid and contract performance security instruments provided to the Treasurer-Clerk include, without limitation, bid bonds or performance bonds.

Vendors:

- Must disclose a current or reasonably foreseeable conflict of interest involving the City of Tallahassee, as the City seeks to avoid, neutralize or mitigate significant potential or actual organizational conflicts of interest.

Clarifications to Purchasing Authorities

Appendix A of City Commission Policy 242 contains minor updates in order to clarify the purchasing authorities of procurement staff, city management, and appointed officials. The proposed updates clarify that the purchasing authority of a City Manager, Assistant City Manager, or Appointed Official is up to \$250,000 for non-capital projects. The updates also clarify that the Procurement Service Manager approval authority is up to \$125,000 while the Procurement Services Supervisor is up to \$50,000. These clarifications will provide procurement with the ability to approve purchases--pending the necessary review and appropriate documentation--with greater flexibility, thereby increasing staff's ability to provide goods and services to Departments or residents with greater efficiency.

The proposed updates to Appendix A also note that a formal contract must be prepared and executed for services over \$50,000. If a contract extension is included in the original contract instrument, the department does not need to seek Commission approval for each extension. However, any extensions that are not part of the terms and conditions of the original contract must be approved by the City Commission prior to execution.

Updated Quote-Competition Thresholds

Appendix B of Commission Policy outlines the dollar thresholds of purchase that require a department to either (a) obtain three written quotes prior to purchase to solicit the best price, or (b) to notify procurement of the need for a competitive solicitation, based on the type of good or service. Based on staff research the current quote threshold of \$1,000 is far below current practices of other leading peer cities in Florida. Procurement staff has also indicated that the low quote-requirement threshold has led to a consistent increase in the number of purchase that either utilize sole/single-source request forms, emergency purchase authorizations, or overuse of P-cards (purchasing cards). In order to inform the City's decision to increase the quote-competition threshold, staff reviewed the quote-competition thresholds of five leading peer cities in Florida.

Municipality	Dollar Threshold	Number of Quotes Required
City of Tampa	\$2,000 to \$24,999	At least 1 Quote Required
City of Orlando	\$5,000 to \$100,000	Quote or Competitive Solicitation

City of Miami	\$5,001 to \$10,000; \$10,001 to \$25,000.	Three (3) Quotes Required; Five (5) Quotes Required.
City of Jacksonville	\$2,501 to \$15,000; \$15,001 to \$30,000; \$30,001 to \$65,000.	Two (2) Quotes Required; Three (3) Quotes Required; Four (4) Quotes Required.
City of St. Petersburg	\$5,000 to \$9,999; \$10,000 to \$99,999.	Three (3) Quotes Required; Five (5) Quotes Required

Based on the above comparison of best practices of leading peer cities in Florida, staff recommends increasing the quote threshold to \$3,000. With this change, any requisitions for purchase by departments between \$3,000 and \$50,000 must be accompanied by at least three (3) written quotes from vendors to ensure the City is getting the most competitive pricing. Staff anticipates will ease the administrative burden on both departmental and procurement staff for requisitioning and approving purchases below \$3,000, as well as obtaining proper competition for purchases up to \$50,000.

With these proposed changes to quote-purchasing thresholds, all purchase above \$50,000 would be procured via a competitive solicitation by Procurement Services staff. This could include, but not be limited to, the following solicitation methods: Invitation for Bids (IFB), Request for Proposals (RFP), Request for Quotes (RFQ), Request for Qualifications (RFQual), or Invitation to Negotiate (ITN).

The proposed updates to Appendix B also proposes simplifying the different categories of purchases by removing distinctions between off-the-shelf and non-off-the-shelf goods. All purchases would be subject to the \$3,000 to \$50,000 quote competition category, and anything above \$50,000 would be competitively solicited. However, if department staff need to obtain services of a professional nature, then the proposed threshold for competition would be Category Two (\$35,000) as defined by section 287.017, Florida Statutes. Therefore, any professional services under \$35,000 could be procured through a non-competitive negotiation with a vendor. Professional services above \$35,000 would need to be procured via a competitive solicitation managed by Procurement Services staff.

If these revisions are approved by the City Commission, they will take effect at the beginning of Fiscal Year 2021 (October 1, 2020).

Department(s) Review

Procurement Services, Legal, Treasurer-Clerk

Options

1. Approval of proposed updates to Commission Policy 242 (Procurement Policy).

Pros:

- Enhances ethical practices in City procurement activities
- Ensures vendors and staff adhere to the new "Cone of Silence" requirements as outlined in Section 2-357 of the Code of General Ordinances
- Enhanced safeguards for the City regarding any potential conflicts of interest that may stem from a vendor or City employee who may have worked for a responding vendor within the last 2 years
- Simplified quote-competition and competitive solicitation thresholds, based on identified best practices, which will enhance staff efficiency and expedite the delivery of goods and services to departments and residents.

Cons:

- None identified

2. No not approve of the proposed updates to City Commission Policy 242 (Procurement Policy).

Pros:

- None identified.

Cons:

- Does not enhance ethical practices in City procurement activities
- Does not ensure vendors and staff adhere to the new "Cone of Silence" requirements as outlined in Section 2-357 of the Code of General Ordinances
- Does not enhance safeguards for the City regarding any potential conflicts of interest that may stem from a vendor or City employee who may have worked for a responding vendor within the last 2 years
- Does not simplify the existing quote-competition and competitive solicitation thresholds.

Attachments/References

City Commission Policy 242 - Updates.pdf (252 KB)