

City Council

Agenda Cover Memorandum

Meeting Date: October 25, 2010

Item Title: Spending Authority of City Manager

Action Requested:

- Approval
- For discussion
- Feedback requested
- For your information

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Background:

After allowing for the regular monthly items already approved by Council, I approximate 25 invoices or single payments to vendors between \$10,000 and \$20,000 from May 1, 2010 to October 15, 2010.

If Council needed to approve each of these items before payment it would affect all City departments. Our purchasing agent position has been eliminated and each department would be responsible for going before Council for these payments. Although it is not possible to properly determine the increased time incurred, the time it takes to process payments would be increased and take valuable staff time from departments with already reduced staffing.

It would cause a delay in payments to vendors who appreciate prompt payment and might cause us to lose discounts we are given for payments received within a certain timeframe. The change from \$10,000 to \$20,000 was to expedite the purchase and approval process and have fewer agenda items that needed prior approval by Council.

Reducing the approval amount will make the purchasing system less efficient and more cumbersome. When we changed our policy from \$10,000 to \$20,000 it was in keeping with the State of Illinois and neighboring communities. This doesn't interfere with approval by Council as every Alderman has the opportunity to review all the checks that have not formally gone before Council.

Recommendation:

Move the spending authority of the City Manager be changed from \$20,000 to \$10,000

Budget Implications:

Does Action Require an Expenditure of Funds: Yes No

If Yes, Total Cost:

If Yes, is this a Budgeted Item: Yes No

Within the first thirty (30) days of a fiscal year when newly elected officials are installed during that thirty (30) day period, by a majority vote of the members of the corporate authorities then holding office, the annual budget for the City may be revised by deleting, adding to, changing or creating sub-classes within object classes and object classes themselves.

During the fiscal year, the City Manager shall revise the budget for the City by deleting, adding to, changing or creating sub-classes within object classes and object classes themselves. Revisions requested by department heads, boards or commissions shall be submitted in writing to the City Manager. The line item amount to be changed in the budget and the reason there for shall be clearly stated. Then the City Manager shall make any desirable changes and shall approve the budget revisions. No revision of the budget shall be made increasing the budget in the event funds are not available to effectuate the purpose of the revisions.

2-9-7 FUNDS FOR CONTINGENCY PURPOSES

The annual budget may contain money set aside for contingency purposes not to exceed one percent (1%) of the total budget, less the amount set aside for contingency purposes, which monies may be expended for contingencies upon a majority vote of the corporate authorities then holding office.

2-9-8 PUBLIC INSPECTION, NOTICE AND HEARING ON BUDGET

The corporate authorities shall make the tentative annual budget conveniently available to public inspection for at least ten (10) days prior to passage of the annual budget, by publication in such form as the corporate authorities may prescribe. Not less than one week after the publication of the tentative annual budget, and prior to final action on the budget the corporate authorities shall hold at least one public hearing on the tentative annual budget after which hearing or hearings the tentative budget may be further revised and passed without further inspection, notice or hearing. Notice of this hearing shall be given at least one week prior to the time of the hearing by publication in a newspaper having a general circulation in the Municipality.

2-9-9 PURCHASING

- A. Purpose. The purpose of this Section is to establish policies for the procurement of goods and services by the City.
- B. Contracts over \$20,000. All purchases of goods and services made by the City in excess of \$20,000 shall be with the approval of the City Council. Except as otherwise provided in this Section, all contracts for goods or services in excess of \$20,000 shall be awarded by competitive sealed bidding after advertising for bids. However, the City Council shall have the right in each instance to reject any and all bids.
- C. Competitive Sealed Bidding. The competitive sealed bidding process shall follow such procedures as are approved by the City Manager, and shall include the following:

5. Contract Award - The contract shall be awarded to the offeror whose proposal is determined in writing to be the most advantageous to the City, taking into consideration the evaluation criteria set forth in the request for proposals, and price. Notice of the contract award shall be in writing.
- E. Contracts Over \$20,000 Not Required to be Awarded by the Competitive Bidding or Proposal Process: With the approval of 2/3 of the City Council, contracts which by their nature are not adapted to award by competitive selection process, including but not limited to the following, may be entered into without competitive bids or proposals:
1. Goods and services which are economically procurable from only one source.
 2. Services requiring a high degree of professional, technical or artistic skills, including but not limited to, appraisal, architectural, auditing, engineering, financial, insurance, surveying or legal services, or where a satisfactory relationship between the City and one or more firms or individuals currently exists.
 3. Data processing and telecommunication equipment and software or services relating thereto.
 4. Maintenance and servicing or repair of goods from the manufacturer of goods or an authorized agent.
 5. Utility services, including electric, gas, water or telecommunication services.
 6. A purchase of goods or services from another governmental entity.
 7. A purchase of goods or services through a recognized governmental cooperative joint purchasing program (i.e. State of Illinois, Northwest Municipal Conference, M.A.B.A.S., etc.).
- F. Emergency Procurements. The City Manager or his designee shall be empowered to determine and declare the existence of an emergency resulting from damage or threatened damage to public facilities or endangering the public health, safety and welfare requiring an immediate expenditure of funds by the City. The City Manager or his designee may make emergency procurements with respect to the emergency, provided that such emergency procurements shall be made with such competition as is practicable under the circumstance. Such procurements shall be reported to the City Council at its next meeting.
- G. Procurements of \$20,000 or less. The City Manager is authorized to approve expenditures of \$20,000 or less for the procurement of goods and services for all departments of the City, provided that such expenditures are made within budget limitations and provided, further, that procurement requirements have not been artificially divided so as to avoid the requirements of paragraph B hereof.
- H. Form of Contracts. Contracts for the purchase of goods and services shall be in such form, and shall be subject to such general and special conditions as may be required by law or deemed appropriate by the City Manager, including, but not limited to, civil rights standards, labor standards, and bond and insurance requirements. The issuance of a properly authorized purchase order shall constitute a contract.
- I. Creation of Procurement Policy. Except as otherwise provided herein, the City Manager shall have the authority and responsibility to promulgate and approve procurement policies of the City for the purchase of all goods and services used by all departments of the City.
- J. Conflicts of Interest. Each elected official and director and officer of the City shall comply with the provisions of 50 ILCS 105/3, 65 ILCS 5/3.1-55-10, and Article 2, Chapter 5 of the Park Ridge Municipal Code, which prohibit financial interests in contracts upon which the person may be called to vote.