

Date: November 28, 2022
Amount: N/A
Account Number: N/A

EXPLANATION TO COUNCIL BILL
ORIGINATING DEPARTMENT: Finance

PURPOSE: To amend Article XII titled “Procurement Policy” of Chapter 2 “Administrative Code” of the Code of Ordinances to update the City’s Procurement Policy.

REMARKS: The ordinance proposes various revisions to the City’s Procurement Policy, which can be found in Chapter 2, Article XII of the City of St. Joseph Code of Ordinances.

Master Agreements

Section 2-1350 (entitled “Definitions”) has been revised to add a definition for “Master Agreements” and a new Section 2-1358 has been added to provide the general rules applicable to the use of Master Agreements. Master Agreements are used for ordinary, recurring construction projects (e.g. sewer repairs, roofing, design, engineering). The particular type of services or work needed are bid out, after which the City Council approves a contract authorizing separate work orders to be issued for each particular project in compliance with established procurement code thresholds, (unless specifically stated otherwise in the authorizing ordinance). When a particular project arises, the contractor(s) with which the City has an existing Master Services Agreement for a type of work required are contacted for quotes and a work order is then issued. Addressing these smaller projects through a Master Agreement, as opposed to individually, allows the work to be completed more quickly and efficiently. The proposed ordinance codifies the process associated with the use of Master Agreements.

Thresholds

Section 2-1355 (entitled “Procurements less than \$1,000”) has been revised to reflect the increased amount of less than \$5,000 for direct procurements and to specify that this includes the procurement of “goods or services” rather than leaving one to guess what type of procurement is involved.

Section 2-1356 (entitled “Procurements between \$1,000 and \$20,000”) has been revised to reflect an increased range of between \$5,000 and less than \$25,000) and to specify that this includes the procurement of “goods or services.” The revision also includes the requirement to obtain three written bids from vendors (with the name of the vendor, date, and quote), which is the practice currently employed for the informal bid process.

Section 2-1357 (entitled “Procurements greater than \$20,000 – competitive sealed bids”) has been revised to reflect the increased amount of \$25,000 for triggering the formal bid process and to specify that this includes the procurement of “goods or services.”

Section 2-1358 (entitled “Professional services \$5,000 and less”)* has been deleted, since both goods and services are covered by Section 2-1355.

Section 2.1359 (entitled Professional services greater than \$5,000)* has been deleted, since

both goods and services are covered by the informal and formal bid processes set forth in Sections 2-1356 and 2-1357.

*NOTE: The “Master Agreement” language referenced previously above will be new Section 2-1358 -- all remaining sections will be renumbered accordingly.

Bonds

Section 2-1368** (entitled “Performance and payment bonds”) has been revised as follows:

- Subsection (a), related to performance and maintenance bonds, has been revised to reflect statutory language. These bonds *may* be required by the City -- they are not mandatory. The current contract threshold of \$5,000 has been increased to \$50,000.
- Subsection (b), related to payment and materials bonds, has been revised to reflect statutory language. These bonds shall be required by the City – they are mandatory. No current contract threshold is contained in this subsection. The statutory threshold of \$50,000 has been included.

**Will be Section 2-1367 after renumbering

City Manager Authority

Section 2-1375*** (entitled “City manager’s contract authority”) has been revised to reflect that the city council is required to approve a special ordinance to authorize any contract that is not specifically referred to in the annual appropriation ordinance or a resolution authorizing the expenditure of an amount greater than \$25,000. In other words, the City Council cannot adopt a resolution to approve a master agreement in an amount greater than \$25,000 unless it chooses to adopt a corresponding special ordinance.

***Will be Section 2-1374 after renumbering

THIS ORDINANCE HAS BEEN CERTIFIED THAT THE FOREGOING CONTRACT OR ORDER IS WITHIN THE PURPOSE OF THE APPROPRIATION TO WHICH IT IS TO BE CHARGED, AND THAT THERE IS AN UNENCUMBERED BALANCE TO THE CREDIT OF SUCH APPROPRIATION SUFFICIENT TO PAY THEREFORE.