



Legislation Text

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Department of Finance

Reference: Procurement Code Update

To: Mayor Gregory Mills and Members of City Council

Through: Michael Martinez, City Manager

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PURPOSE

To update and reorganize the City's Procurement Code to allow for more efficient and responsive procurement and contracting process while maintaining a focus on ensuring City funds are used responsibly.

STRATEGIC FOCUS AREA

Financially Responsible

BACKGROUND

Procurement and contracting is the process by which the City selects vendors to provide goods and materials or to perform a variety of services. In order to ensure the City is receiving a fair and competitive price, and to ensure fair access to contract opportunities, the City's Municipal Code defines specific procedures for advertising opportunities and evaluating potential bidders. The Code also defines approval levels for the award of bids and contracts.

The City of Brighton's Procurement Code is included in Municipal Code Chapter 3, Article 8. Much of this Code originated more than 40 years ago, with updates made periodically. Some sections were updated in the late 1990's and early 2000's with the most recent updates in 2013. The dollar thresholds for requiring certain types of procurement and approvals have been in place since at least 2006, and the evaluation criteria defined in the Code has not been updated since 1975.

Staff reviewed the current Procurement Code and identified several areas that present challenges or cause inefficiencies in the process. In making recommendations for updates, staff considered the following goals and objectives:

- *Update and Clarify Definitions and Simplify the Language and Focus*
The current code includes dated or ambiguous language that leaves room for misunderstandings or inconsistent interpretations. Definitions have been reviewed and updated to use clear and concise language.
- *Reorganize to Follow the Logical Procurement Process*
The code was written and developed over many years with updates made at different times without reorganizing. The result is that the code does not follow the natural flow of the procurement process, making it challenging for users to apply the requirements. The lack of organization also makes it easier to overlook requirements that are not grouped with similar information. The recommended changes includes an overhaul of the organization of the code so that it follows the process more closely.

- *Create Efficiencies in the Process*

The code update process was done with an eye on creating efficiencies to allow vendor selection and contracting to happen faster, helping the City to secure qualified vendors at competitive prices. Some efficiencies added include the use of clear, consistent language, defining services that are exempt from procurement (e.g. utilities, legal services, performers and artists, etc.), focusing on Master Price Agreements for commonly used goods and services, removing the requirement to publish notices and bids in newspapers, and increasing the thresholds for various procedures to allow for faster purchase of small dollar goods and services.

- *Define the Protest Procedures*

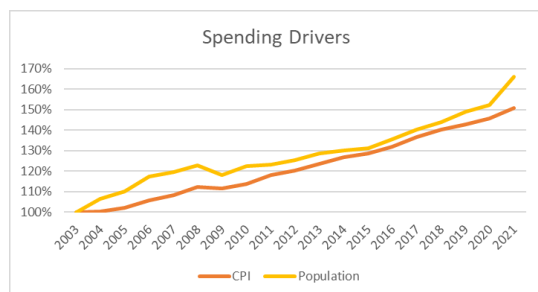
A protest or appeal could occur if a bidder feels the process conducted by the City was not followed appropriately. In these cases, it is important for the City to have clearly defined procedures for managing and responding to the protest. This is not addressed in the current Procurement Code and language has been included in the proposed code updates.

- *Update the Procurement Thresholds*

This is an area of the Procurement Code that is very dated and causes a significant amount of work for staff with little value gained. The procurement thresholds define when a purchase can be made without documented quotes (Micro-Purchase), when Informal quotes are required, and when a Formal solicitation process is necessary. These thresholds also define what purchases can be made by Department Directors or the City Manager and which purchases require City Council approval.

Staff is proposing increasing the thresholds for all procurement types, and those increases are in a table on the following page. The thresholds as they are currently defined have been in place since at least 2006. Since that time, the City has grown substantially and inflation has resulted in a decrease in purchasing power. This means that the thresholds set in 15-20 years ago allowed for more purchases to be considered “low dollar” and not require formal or informal procedures. This has resulted in far more items requiring quotes or bids than was intended when the thresholds were established.

For context, during the period from 2006 to 2021, the time period that we know our current thresholds have been in place, the Denver Area Consumer Price Index (Inflation) has increased 43%, the City’s population has increased 41%, and the City’s revenues and spending have more than doubled. During this time, procurement thresholds have remained consistent.



The City currently requires three written quotes for all purchases over \$2,500, referred to as Micro-Purchases. Staff are recommending that amount be increased to \$10,000. This is a particular point of inefficiency in our current process as items between \$2,500 and \$10,000 are commonly purchased and often difficult to get quoted due to lack of response from vendors that are unwilling to respond for low dollar sales opportunities. Additionally, the staff time spent on securing quotes does not typically result in significant cost savings on purchases in this price range.

In addition to the proposed increase for Micro-Purchases, the thresholds for Informal and Formal procedures are also proposed to increase. See the table below.

Staff feels that these changes will allow for faster, more efficient procurement of goods and services

and will allow staff to direct their focus on procurement of large dollar items where competition is critical for the City to obtain the best pricing.

The proposed changes to the procurement thresholds are summarized below:

Purchase Type	Current	Proposed	Approver
Micro-Purchase	<\$2,500	<\$10,000	Department Director
Informal	\$2,500 - \$25k	\$10k-\$50k	Department Director
Formal	\$25k - \$50k	\$50k - \$100k	City Manager
Formal	\$50k and higher	\$100k and higher	City Council

It is important to note that for all purchase levels, others sections of the City's Code will continue to be applicable, including those regarding conflicts of interest. Staff are always expected to work with the City's best interests in mind.

CRITERIA BY WHICH COUNCIL MUST CONSIDER THE ITEM

This proposal will allow for a significant increase in efficiencies in the procurement process without sacrificing value for the City. A more efficient procurement process helps us be a more competitive customer for our vendors and allows projects to move forward more quickly.

FINANCIAL IMPACT

The changes proposed will allow for processing efficiencies and do not have any associated direct expenses.

STAFF RECOMMENDATION

Staff recommends approving the proposed updates to the Procurement Code as presented.

OPTIONS FOR COUNCIL CONSIDERATION

- Approve the Procurement Code Ordinance as presented.
- Reject and ask that staff reevaluate the proposal.
- Reject and leave the Procurement Code in place as written.

ATTACHMENTS:

- Presentation
- Procurement Code Ordinance