



Bid Threshold Increases and Related Changes to Purchasing Code (TMC 1.06)

City of Tacoma | Finance Department

**Government Performance and Finance Committee
November 19, 2019**



OVERVIEW



Updates to the Purchasing Code (TMC 1.06)

1. Threshold for City Council/ TPU Board Approval
2. Support Equity in Contracting Efforts
3. Software License Clarification
4. Administrative Authority Granted to City Manager
& Director of Utilities
5. Citywide Contract Clarification

ISSUES



1. Threshold for City Council / TPU Board Approval

- \$200,000 is the current threshold for contracts coming to City Council/TPU Board for approval
- This was last updated in 2009
- Under the current \$200,000 threshold City Council/TPU Board reviews:
 - Approximately 150-200 contracts per year (or less than 1% of all contracts awarded)
 - 75%-80% of all dollars awarded
- Staff recommends that the threshold increase to \$500,000
 - Would reduce the contract count approximately in half (75-100 contracts annually)
 - Would represent approximately 66%-70% of all dollars awarded

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ISSUES



2. Support Efforts Related to Equity in Contracting

- Currently, City Departments are delegated authority for up to \$5,000 for routine non-repetitive purchases.
 - Departments do not have to issue RFP's, Bids, etc.
 - There is no requirement to use M/WBE or SBE firms.
 - 99% of all one-time (non-contract) purchases are less than \$50,000 (10-11% of award dollars)
- Staff propose administratively raising delegated authority to \$25,000 to allow Departments easier ability to purchase routine goods and services
- In support of Equity in Contracting, the delegated authority for using M/WBE or SBE firms would be \$50,000.
 - This would encourage Departments to seek and select and approved M/WBE or SBE since they would have 2X the delegated authority and avoid bids, RFP's, etc..

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ISSUES



3. Software Licenses

- The City increasingly relies on subscription-based and onsite software.
- Once software is purchased and installed the City is often required to pay recurring license/maintenance costs for continued use of the software.
- Currently, TMC 1.06 waives bid/RFP requirements for recurring software license/maintenance fees after City Council/ TPU Board approves the initial purchase of software for contracts (currently over \$200,000).
- The issue is that the current Code is unclear whether City Council/TPU Board must also approve recurring license/maintenance costs.
- Staff is recommending clarifying TMC 1.06 that recurring software license/maintenance fees do not need further City Council/ TPU Board approval

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ISSUES



4. Administrative Authority

- City Departments do their best job to estimate the total value of a contract, however, estimates can be slightly off. This is especially true of construction projects.
- If the contract needs additional spending authority, Departments are required to return to City Council again to make the adjustment.
- Currently at TPU, language is included in Purchase Resolutions granting the Utility Director the ability to amend contract values by an additional \$200,000.
- Staff is recommending amending TMC 1.06 to allow both the City Manager and the Utility Director the authority to amend contract values by up to \$200,000 after initial approval by Council/TPU Board.

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ISSUES



5. Citywide Contracts/Interlocal Contracts

- Currently, the Procurement & Payables Division encourages the use of Citywide Contracts
 - Citywide contracts save Departments time and they can also save the City money in reduced administrative costs and increased buying power by combining our contracting needs into one competitive solicitation.
- TMC and RCW also authorize the City to use contracts established by other agencies or cooperative purchasing associations, so long as they meet the City's bid/RFP requirements (e.g. using a WA State or a NASPO Contract).

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ISSUES



5. Citywide Contracts/Interlocal Contracts (continued)

- The issue is some inconsistency on the definition of a Citywide contract.
 - When the City completes the competitive selection process ourselves, this is "Citywide Contract".
- Staff recommends clarifying that Citywide contracts awarded as a result of the City's competitive solicitation and exceeding formal threshold (currently \$200,000) be presented to City Council and TPU Board per TMC requirements.
- When the City uses Cooperative Purchasing/Interlocal Agreements as authorized by TMC only those purchases exceeding formal threshold (currently \$200,000) must be approved by City Council/TPU Board.

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NEXT STEPS



- GPFC presentation – November 19, 2019
- City Council First Reading – December 10, 2019
- City Council Second Reading – December 17, 2019

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RECOMMENDATIONS



- Staff recommends the GPFC Committee forward the proposed changes to the Purchasing Code (TMC 1.06) to City Council for consideration and approval

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●●● HEALTH, EQUITY & SUSTAINABILITY ANALYSIS



- Discuss the historically disadvantaged or underrepresented groups that the ordinance/policy/ordinance impacts positively or negatively
- Discuss any disproportionate impact the ordinance/policy addresses positively or negatively
- Discuss the timeline to demonstrate staff's diligence to outreach and educate
- What about this ordinance/policy ensures it supports health, equity and sustainability in Tacoma? If the ordinance/policy doesn't explicitly appear to support, justify how maintaining the status quo is of benefit to historically disadvantaged or underserved communities.

OUTREACH



- Discuss the process for policy or code development here
- Discuss the timeline to demonstrate staff's diligence to outreach and educate
- List the # of groups/internal and external stakeholders
 - Include outreach made to historically underserved or underrepresented communities
- List the # of meetings & list the # of comments/feedback
- Bullet on topics of discussion
 - Brief on opposition/controversial areas
 - Share where consensus was reached
- You may need two to three slides for the outreach areas.

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PROPOSED REVISIONS (if applicable)



- **City Code Chapter XX**
 - Amends Article XX
 - Place language here
 - Justification of the amendment and the intended outcomes of the amendment – include additional info in your notes
 - How does this proposed amendment support health, equity and/or sustainability in Tacoma?
- Amends Article XX

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RECOMMENDATIONS

(City Council version)



- Staff recommends approval/adoption of XXX
 - Amendment of XXX
 - Delay in effective dates for additional outreach (if applicable)
- NO “Questions?” SLIDES
- Note: Presentations should communicate the overall message using no more than 10 – 15 slides. Consider your information and select for eye catching, memorable statements to go in the slides and auxiliary information in your notes pages.

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BACKGROUND



- This should cover the major points in the Background section of your memo.
- Should also state the origin of that action (City Council request; Mayor's initiative, etc.)
- Should communicate the importance or relevance of the code/policy amendment or adoption.