



Revision and Update to the Town's Procurement Policy

Town Council Meeting
December 6, 2023

Purpose of Presentation

- Provide Background
- Review Recommendations
 - Increase Quote and Formal Solicitation Thresholds
 - Increase Contract Signature Authority Thresholds
 - Add Contract Authority for Department Directors
 - Add Contract Authority for Procurement Administrator
- Seek Town Council Input on Recommendations
- Review Calendar for Next Steps





Background

Background

Public Procurement Objectives

- Maximize purchasing value of public funds
- Ensure fair and equitable treatment of all persons involved in the process
- Preserve integrity of the procurement process
- Comply with statutes, regulations, and policies
- Help Departments implement the Town Council's policy objectives



Background (continued)

Accomplished Through

- Formal Processes to
 - Determine Prices
 - Select Vendors
 - Award Contracts

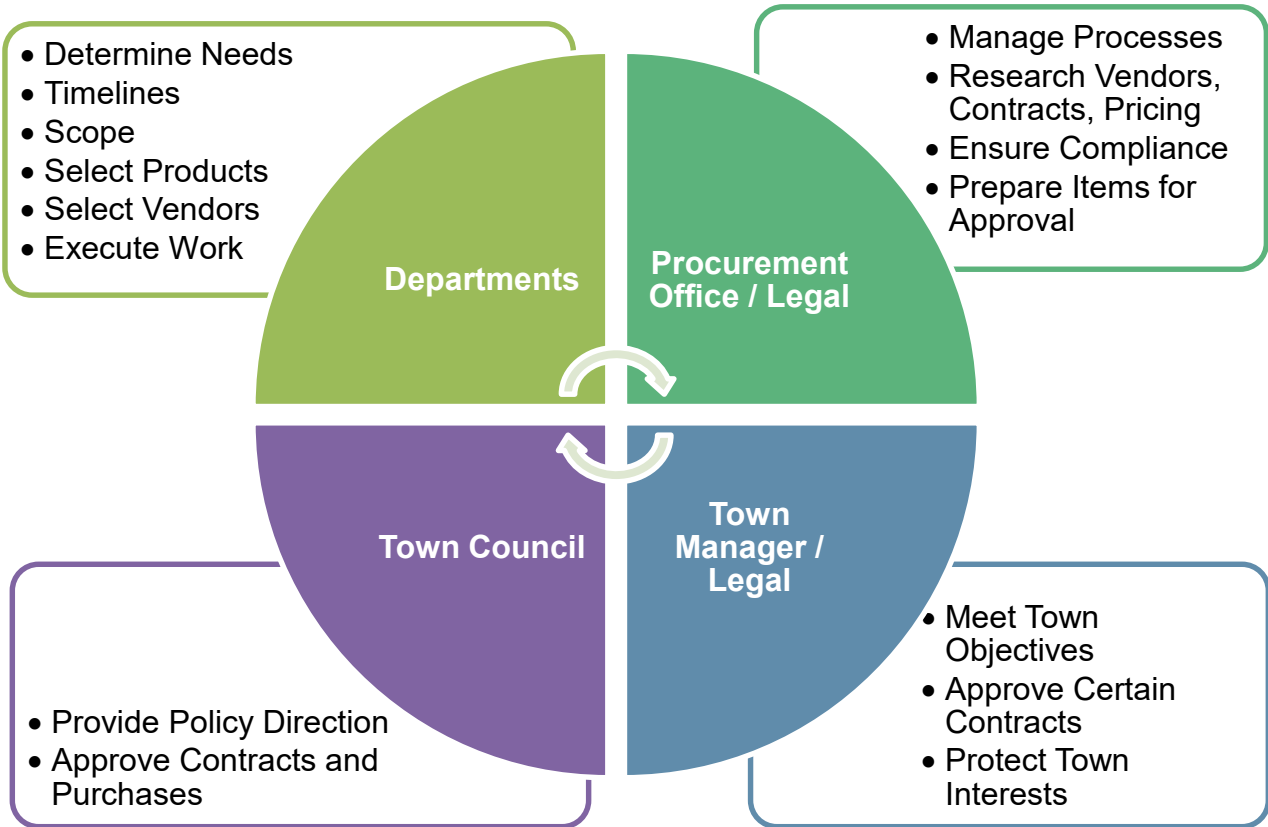
Involves Many People

- Finance
- Department Staff
- Legal
- Town Manager
- Town Council



Background (continued)

Roles and Responsibilities



Background (continued)

Current Challenges – Town Growth

- Volume, Quantities and Complexities are increasing
- Increased Demand for Existing Services
 - Street Maintenance
 - Fire & Medical
 - Water / Sewer / Trash Services
 - Recreation
 - “Internal” (e.g., Info. Tech., Facilities Maintenance)
- New / Expanded Services
 - Police Department (January 2022)
 - Ambulance Services (February 2023)
 - New Parks and Recreation Facilities (Spring / Fall 2024)



Background (continued)



Changes – Infrastructure and Activity	FY 13-14	FY 22-23	% increase
Infrastructure Assets			
Streets (Miles)	461	733	59%
Traffic Signals	42	87	107%
Fire Stations	1	5	400%
Water Wells	15	27	80%
Sewer Lines (Miles)	128	287	124%
Operating Activity Measures			
Street Resurfacing (Miles)	10	95	850%
Fire & Medical Calls for Service	2,485	6,083	145%
Recreation Class Participants	2,637	7,887	199%

Source: Statistical Section of the Town's FY 22-23 Financial Statements

Background (continued)

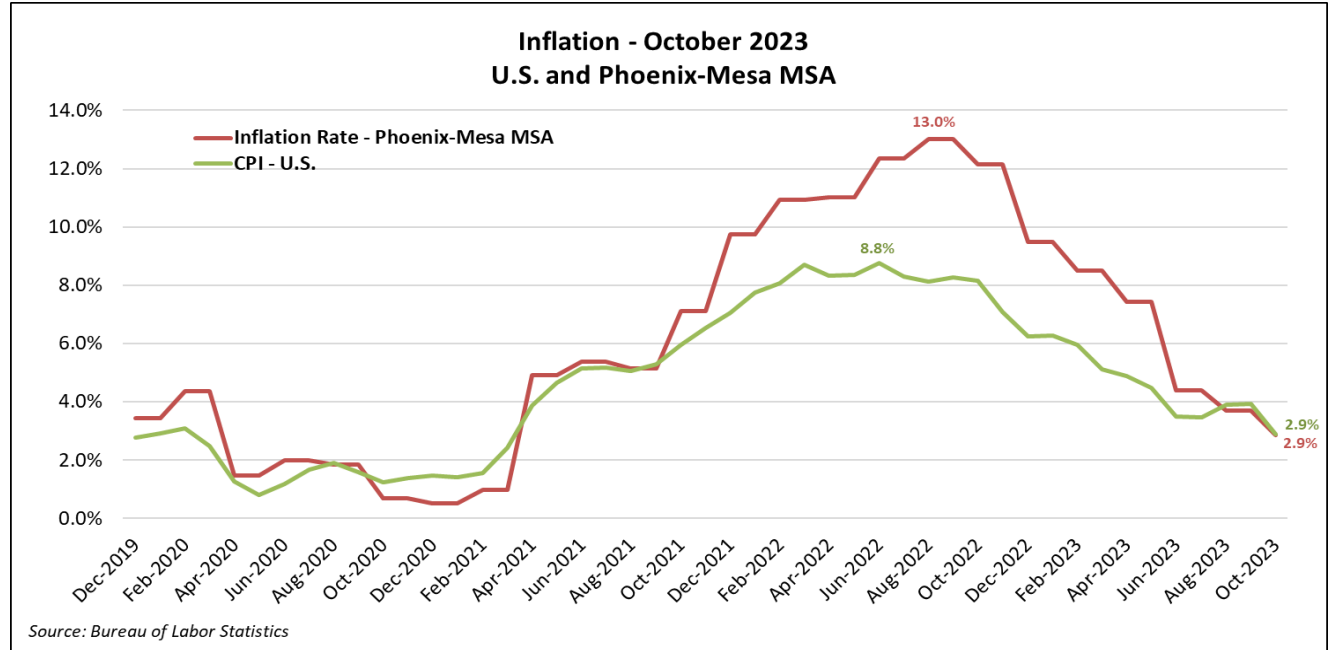
Current Challenges – Market Conditions

- Product Availability
 - Shortages
 - Delays
 - Limited Product Availability
- Competition with Private Activity and Larger Entities
 - Delayed Or No Vendor Responses
 - Lack of Qualified Vendors
 - Town's Quantities or Volumes Are Too Small
 - Example – Electrical Services \$50,000
 - One bid received
 - “Not enough work to justify going through the process”
 - Example – Washed Concrete Sand
 - One bid received, higher than budget
 - Current vendor didn't bid, “too much paperwork”



Background (continued)

Current Challenges – Inflation



Background (continued)

Current Challenges – Inflation

CPI Inflation Calculator

\$

in

has the same buying power as

in

Calculate

+20%

Year	Oct	Nov	Dec
2019	145.833		144.910
2020	146.830		145.660
2021	157.254		159.850
2022	176.337		175.019
2023	181.391		

Phoenix = \$125,175
+ 25%

Source: Bureau of Labor Statistics

Background (continued)

Responses to Current Challenges

- Delegation Resolution Process for CIP Projects
 - Town Council approves total project budget
 - Town Manager and CIP Director sign all contracts
- Temporary Signature Authority During COVID-19
- Authority to Switch Vendors for Approved Purchases
- Standardized Contracts to Expedite Legal Review
- e-Procurement Portal for Formal Solicitations
 - OpenGov (formerly ProcureNow)
 - All electronic submissions
 - Standardized submission requirements
 - No longer have “non-responsive” submissions
 - Evaluation Committee Process Streamlined



Background (continued)

Responses to Current Challenges

- Strategic Solicitations
 - Door & Gate Maintenance/Repair
 - Single Contract instead of reacting to individual issues
 - HPEC Temporary Labor
 - Targeted specific type of labor instead of using generic temp labor agency
 - Town Contracts vs Co-Operative Contracts
 - On-Call Professional Services
 - Engineering
 - Electrical Services
 - Stormwater Management Services
 - Environmental and Cultural Review
- Identified the Need to Update the Town's Purchasing Policy



Background (continued)

Existing Purchasing Policy

- Created in March 2005
- Updated November 2010 – Contract Signature Authority
- Updated August 2018 – Delegation Resolution for CIP
- Updated March 2019 – Job Order Contracting Limits

Policy as a whole has not been updated since its initial development



Background (continued)

Objectives for Updating the Policy

- Speed up the process
- Reduce staff time spent on procurement
- Encourage more competition to get better pricing
- Respond to inflation and market conditions
- Identify opportunities to be more strategic
- Develop efficiencies to manage growth



Background (continued)

Purchasing Policy Update Approach

1. Hired Consultant – October 2022

- Reviewed existing policy and processes
- Reviewed state statutes and Town ordinances
- Interviewed key staff for feedback on current environment
- Observations:
 - Need to update policy language
 - Need for routine and systematic training for Town staff
 - Procurement process not moving “at the speed of the market”
 - Procurement process is less strategic and more reactive
 - Current processes and thresholds may be discouraging some suppliers from participating



Background (concluded)

Purchasing Policy Update Approach

2. Working group of staff from many departments

- Utilities
- Development Services
- Fire
- Public Works
- Police
- IT
- CIP
- Community Services

3. Staff Recommendations

- Increase Quote and Formal Solicitation Thresholds
- Increase Contract Signature Authority Thresholds
 - Add Contract Authority for Department Directors
 - Add Contract Authority for Procurement Administrator





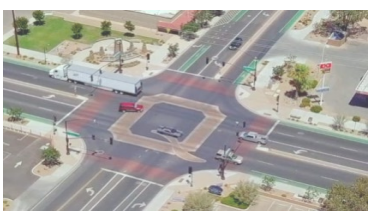
Quotes and Formal Solicitations

Quotes and Formal Solicitation Thresholds



APPROACH	CURRENT
Direct Select / "Best Value"	\$0 - \$4,999
Minimum Three Verbal Quotes	\$5,000 - \$9,999
Minimum Three Written Quotes	\$10,000 - \$24,999
NEW - Procurement Competitive Quote	N/A
Formal Solicitation	\$25,000 and Above

Quotes and Formal Solicitation Thresholds

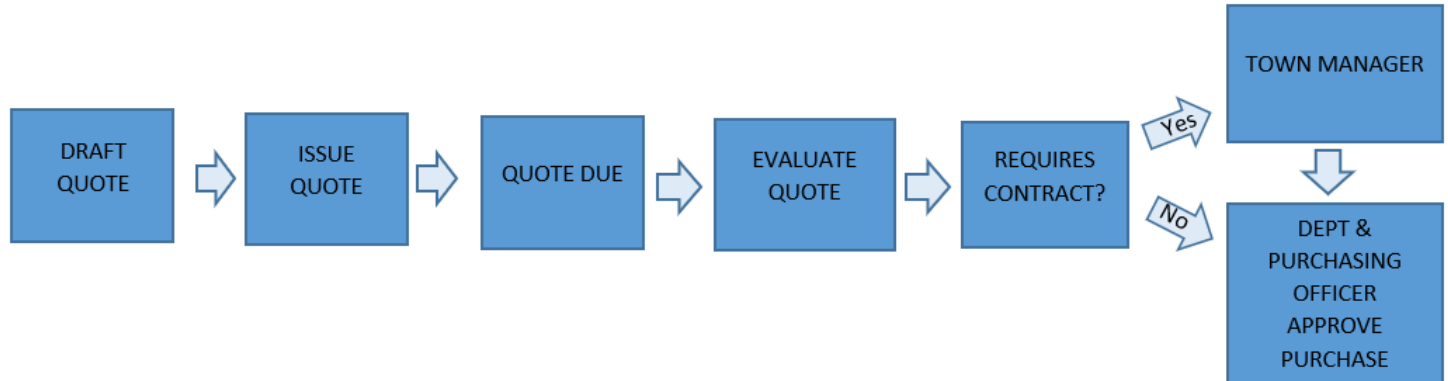


APPROACH	CURRENT	RECOMMENDED
Direct Select / "Best Value"	\$0 - \$4,999	\$0 - \$10,000
Minimum Three Verbal Quotes	\$5,000 - \$9,999	N/A
Minimum Three Written Quotes	\$10,000 - \$24,999	\$10,001 - \$50,000
NEW - Procurement Competitive Quote	N/A	\$50,001 - \$100,000
Formal Solicitation	\$25,000 and Above	\$100,001 and above

Quotes

“When do we use a Quote?”

- Cost is Under \$25,000
- One-time Purchases, or
- Single Contract for Multiple Small-Dollar Purchases
- Process can be quick but also can take up to 3 weeks



Examples of Quotes

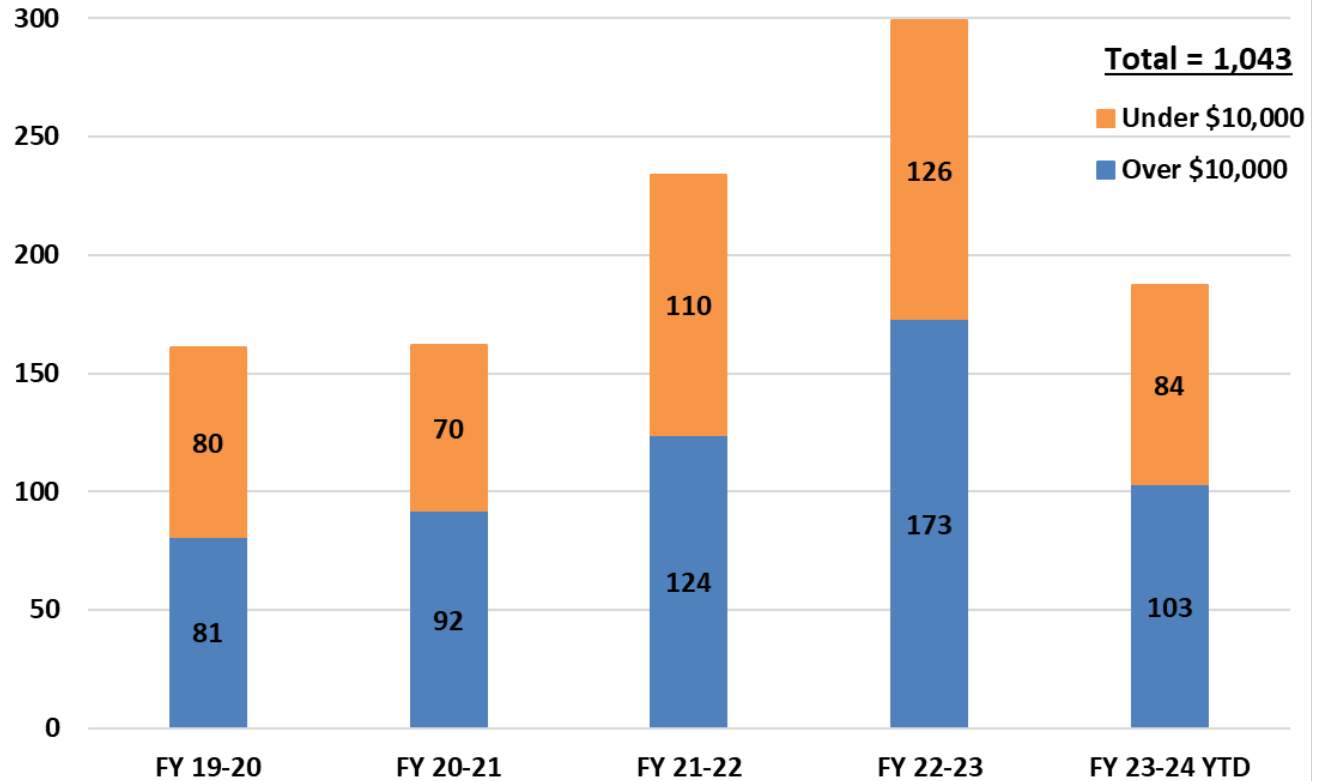


Direct Select / "Best Value"	Amount
Electrical Components for Well Sites	\$1,948
Stall Mats for HPEC	\$2,413
Lanyards for Volunteers	\$4,855

Verbal Quotes	Amount
Water Barriers for Traffic Control	\$5,212
Light Bars for CIP Trucks	\$5,887
Police Badges	\$8,000

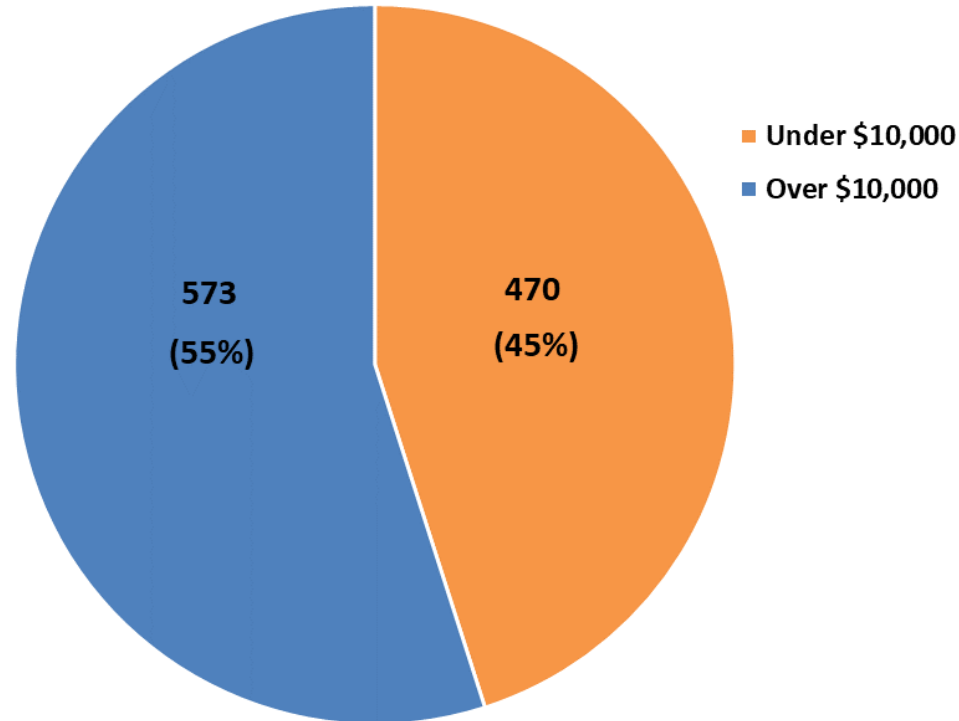
Written Quotes	Amount
People Counter Device for Recreation Center	\$10,000
Enclosed Trailer for Streets	\$11,040
Well Rehabilitation / Repair Parts	\$19,323

Purchase Orders Based on Quotes by Fiscal Year



Purchase Orders Based on Quotes by Amount

- 1,043 Total, FY 19-20 to FY 23-24 YTD



Quotes (continued)

Staff Recommendation

- Increase quote thresholds
- Eliminate Verbal Quote option
- Add Procurement Competitive Quote option (next slide)

APPROACH	CURRENT	RECOMMENDED
Direct Select / "Best Value"	\$0 - \$4,999	\$0 - \$10,000
Minimum Three Verbal Quotes	\$5,000 - \$9,999	N/A
Minimum Three Written Quotes	\$10,000 - \$24,999	\$10,001 - \$50,000
NEW - Procurement Competitive Quote	N/A	\$50,001 - \$100,000

Benefits

- Reduce time to purchase 45% of low-dollar items
- Respond to and anticipate impacts of inflation
- Increase responsiveness to market conditions
- Incentivize small and local businesses to compete

Quotes (concluded)

Procurement Competitive Quote

- Items Priced \$50,001 to \$100,000
- Managed by Finance Procurement Office
- 2-4 Week Completion Time
- Use Existing e-Procurement Portal
 - Town solicits quotes
 - Vendors upload pricing
 - Procurement and Department staff review proposals
 - Select vendor
 - No advertising requirement
 - No formal evaluation committee
 - No change to legal and contract approval requirements



Formal Solicitations

“When do we go out to bid?”

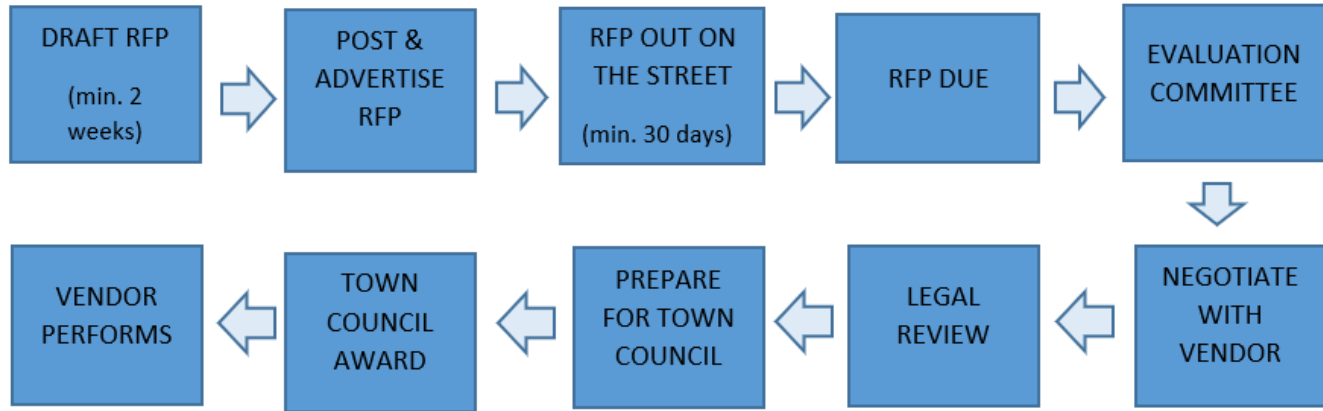
- Cost is \$25,000 or greater
 - If no existing co-operative contract available
- Types
 - Invitation for Bids (IFB)
 - Request for Qualifications (RFQ)
 - Request for Proposals (RFP)
- Process takes approximately 3-4 months
- State statutes apply (required time for advertisements, required certifications)



Formal Solicitations (continued)

Steps

1. *Draft Scope*
2. *Post and Advertise*
3. *Pre-Bid/Pre-Submittal Meeting*
4. *Vendor Questions*
5. *Addenda*
6. *Bid or Proposal Due*
7. *Determination of Responsiveness*
8. *Evaluation Committee Review*
9. *Interviews*
10. *Negotiations*
11. *Contract Development*
12. *Determination of Award*
13. *Town Council Action*
14. *Issue Purchase Order*

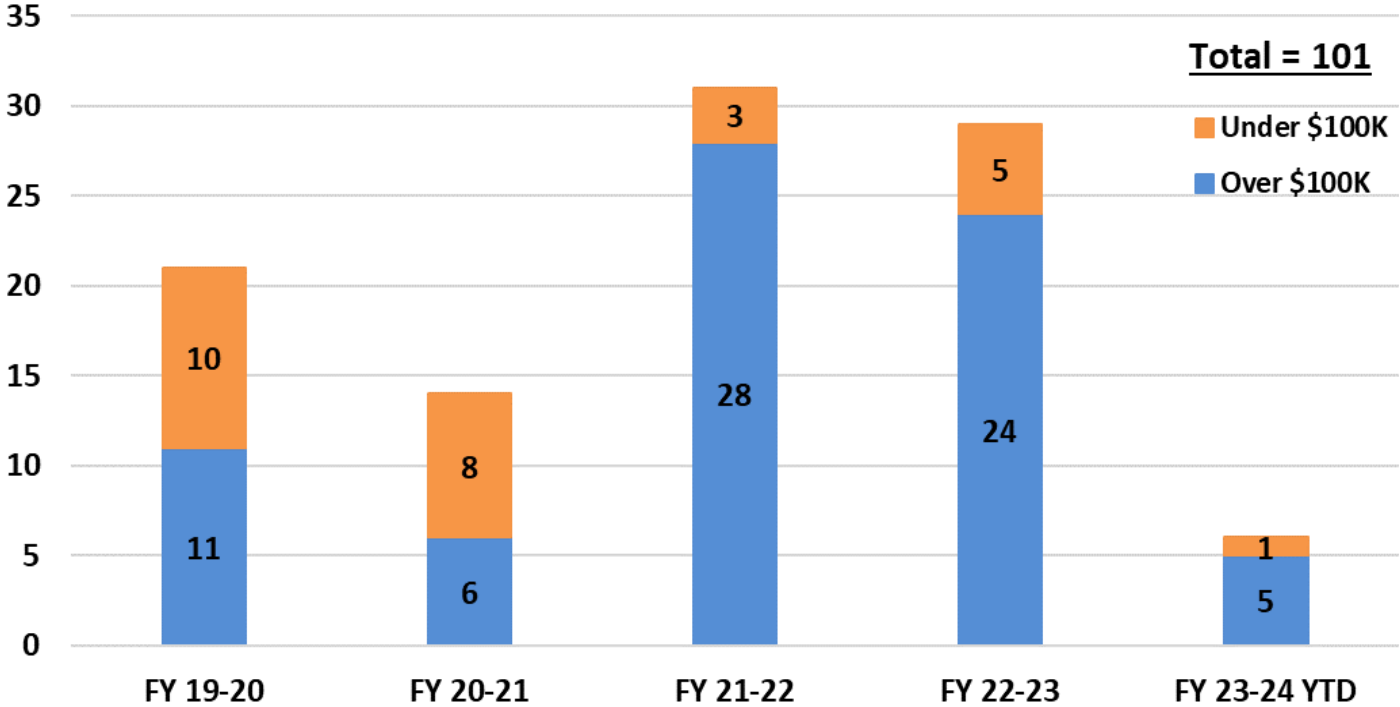


Examples of Formal Solicitations



RFP Purpose	Amount	Time from Ad to Award
Pest Control Services	\$40,000	3 months
Electrical Services	\$50,000	3 months
Door & Gate Maintenance/Repair	\$70,000	3.5 months
Over \$100K:		
Building Safety Plan Review	\$100,000	3.5 months
Space Planning and FOF Master Plan	\$272,250	3 months
Fiber Assessment	\$337,791	2.5 months

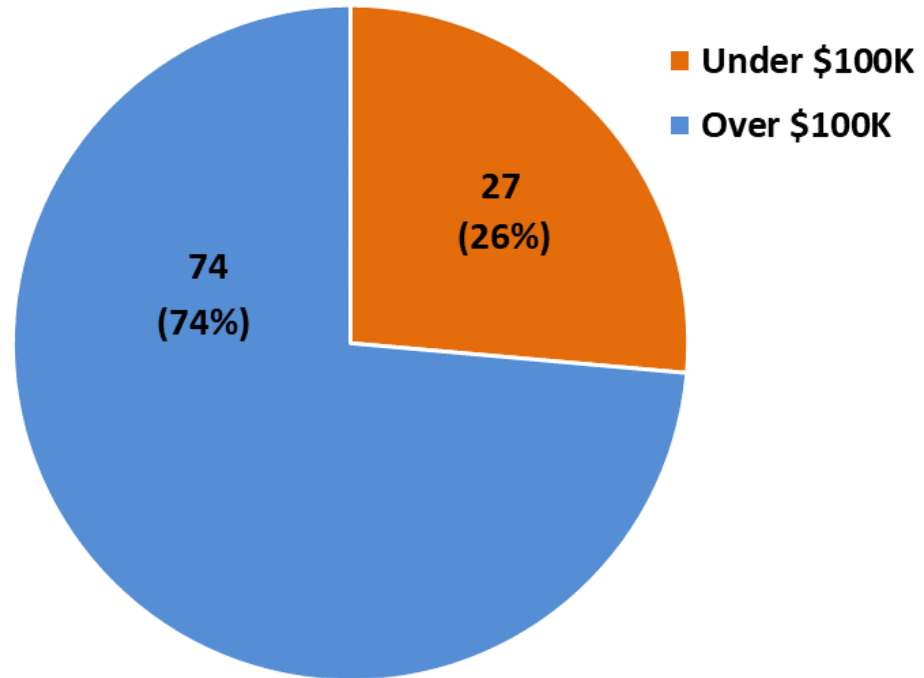
Formal Solicitations by Fiscal Year





Formal Solicitations by Amount

- 101 Solicitations, FY 19-20 to FY 23-24 YTD





Formal Solicitations (concluded)

Staff Recommendation

- Increase threshold from \$25,000 to \$100,001

APPROACH	CURRENT	RECOMMENDED
Formal Bid Process	\$25,000 and Above	\$100,001 and above



Benefits

- Reduce procurement time from 3-4 months to 2-4 weeks by moving items less than \$100K to the Quote Process
- Increase responsiveness to market conditions
- Incentivize small and local vendors to respond
- Respond to and anticipate impacts of inflation



Quotes and Formal Solicitations Summary of Recommendations

APPROACH	CURRENT	RECOMMENDED
Direct Select / "Best Value"	\$0 - \$4,999	\$0 - \$10,000
Minimum Three Verbal Quotes	\$5,000 - \$9,999	N/A
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NEW - Procurement Competitive Quote	N/A	\$50,001 - \$100,000
Formal Solicitation	\$25,000 and Above	\$100,001 and above

Benefits

- Reduce Staff and Vendor Time Spent on Procurement
 - 45% of Quotes Eliminated
 - 25% of Formal Solicitations Eliminated
- Incentivize small and local vendors to respond
- Respond to and anticipate impacts of inflation



Contract Signature Authority

Contract Signature Authority

“Who can sign a contract?”

- Town Manager \$5,000 to \$24,999
- Town Council \$25,000 and above *

- * Exception: Delegation Resolution (DR) for CIP Projects
 - Town Council approves total project budget amount
 - CIP Department Director signs up to \$100,000
 - Town Manager signs over \$100,000

(No changes recommended to DR process at this time)



Contract Signature Authority (continued)

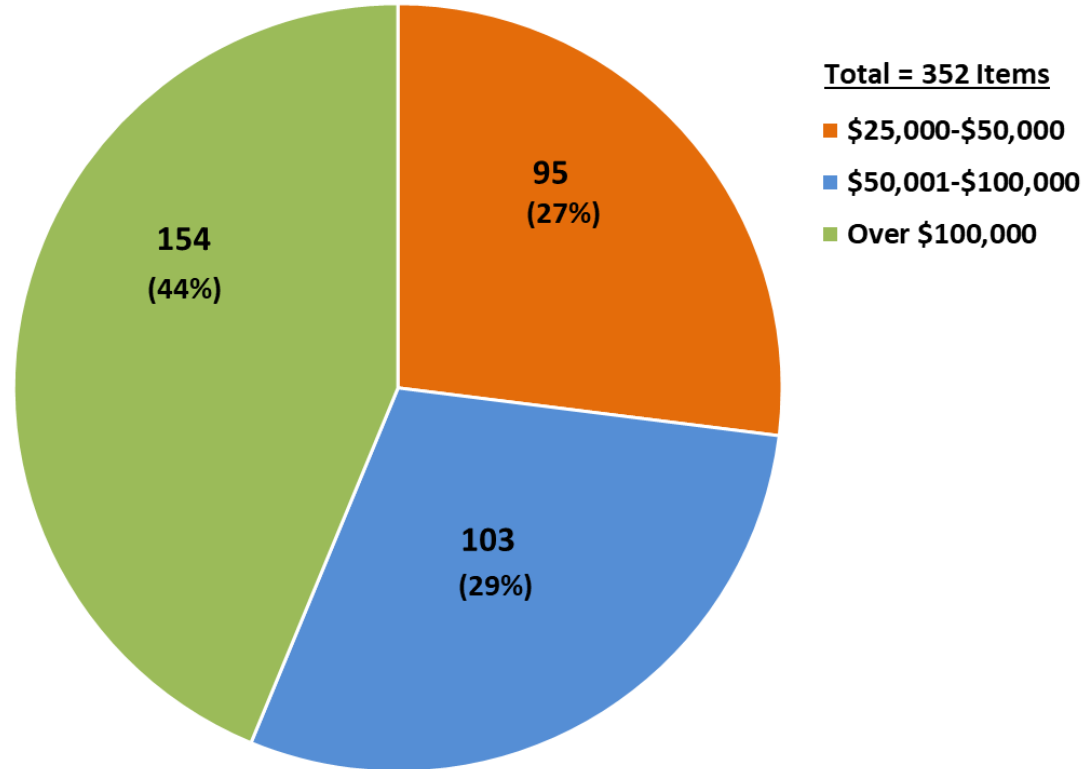
Town Council Approval Process

1. Expenditures Over \$25,000 (Consent Agenda)
 - Has a current contract, and
 - Has sufficient budget
2. Staff Report (Consent or Final Action)
 - New Contract, and/or
 - Budget Adjustment



Contract Signature Authority (continued)

FY 22-23 All Town Council Approvals Over \$25,000



Contract Signature Authority (continued)

Challenges

- Current spending pushes against threshold, triggering requirement to pause work until Town Council action
- Minimum of 2 weeks between Town Council meetings
 - Materials due 10 days before Town Council meeting

Examples

- On-Call Emergency Traffic Signal Repairs
 - Mid-year spending reached \$25,000
 - Used Emergency Procurement option until contract approved
- Windshield Repair and Replacement
 - Mid-year spending reached \$25,000
 - Paused repairs until contract approved by Town Council
- Sidewalk Repairs & Maintenance at Ironwood & Ocotillo
 - \$40,000 project delayed until contract approved by Town Council



Contract Signature Authority (continued)

Staff Recommendation

- Increase Contract Signature Authority Thresholds
- Allow Procurement Administrator to Sign Contracts
- Allow Department Directors to Sign Contracts

APPROACH	CURRENT	RECOMMENDED
NEW - Procurement Administrator	N/A	\$0 - \$10,000
NEW - Department Directors	N/A	\$0 - \$50,000
Town Manager	\$0 - \$24,999	\$50,001 - \$100,000
Council Approval	\$25,000 and Above	\$100,001 and above

Benefits

- Complement Quote and Solicitation Thresholds
- Reduce time to approve low-dollar items
- Increase responsiveness to market conditions
- Incentivize small and local businesses to participate

Contract Signature Authority (concluded)

Exceptions

- Items of Public Policy and Interest
- Items where contract does not provide direct services to the Town
 - League of Arizona Cities and Towns
 - Greater Phoenix Economic Council (GPEC)
 - Chamber of Commerce
 - Tourism / Visit Mesa
 - Phoenix-Mesa Gateway Airport
 - Performing Arts Center
 - Nonprofit Contributions
 - Legislative Affairs
- These items will continue to be presented to the Town Council for approval regardless of dollar amount





Summary of Recommendations

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Quotes and Formal Solicitations

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Contract Signature Authority

APPROACH	CURRENT	RECOMMENDED
NEW - Procurement Administrator	N/A	\$0 - \$10,000
NEW - Department Directors	N/A	\$0 - \$50,000
Town Manager	\$0 - \$24,999	\$50,001 - \$100,000
Council Approval	\$25,000 and Above	\$100,001 and above





Town Council Discussion and Feedback

Next Steps

Town Council Discussion and Feedback	December 6, 2023
Policy Document Update Complete	February 2024
Training Materials Developed	March – April 2024
Policy Reviewed by Budget Committee	April 2024
Staff Training	April – May 2024
Policy Approved by Town Council	May 2024
Policy Effective Date	July 1, 2024

