

AN ORDINANCE OF THE COUNCIL OF THE CITY OF NIXA AMENDING CHAPTER 2 OF THE NIXA CITY CODE BY REPEALING SECTION 2-150 AND ADDING A NEW ARTICLE THERETO TO ESTABLISH REGULATIONS RELATED TO THE CITY'S PROCUREMENT PROCEDURES AND CONTRACT PROCEDURES.

Background:

Generally, the term procurement process, when discussing government contracting, refers to utilizing a competitive bid process, a request for proposal process, or a request for qualification process. Under Missouri Law, there is no general requirement that cities employ a competitive procurement process when contracting. Despite the lack of State mandate most cities, including Nixa, adopt policies and procedures to mandate the use of competitive procurement.

Competitive procurement serves several public policy objectives. Such requirements help ensure that City funds are used as efficiently as possible, that the way in which the City seeks goods and services is conducted in a transparent fashion, that transactions involving the City are fair, avoid cronyism, and avoid graft, and that goods and services are obtained at a fair and reasonable price.

The City's current procurement policy achieves a number of these stated objectives, but the current policy is unclear and difficult to interpret. As a result, the current policy hinders the achievement of these policy goals.

To address the deficiencies of the current purchasing policy, City staff, after several months of research and discussion, have prepared the regulations contained within Council Bill 2023-27.

Analysis:

The provisions of Council Bill 2023-27 make several changes to the City's competitive procurement and contracting process.

First, the Bill adopts the City's procurement regulations by ordinance and places them within the City Code (Chapter 2, Article V). This will give the provisions the force and effect of law. Currently, the City's purchasing provisions are adopted by resolution. This is an important change for several reasons. First, it makes the provisions more accessible to the public as they will now be published within the City Code.



Second, adopting the provisions by ordinance gives these provisions more formality and authority. This is important as the proposed provisions delegate authority to the City Administrator. When delegating durable authority to make decisions or implement a policy, it is recommended to enshrine such authority in an ordinance rather than a resolution or motion of the City Council.

Perhaps the most substantive change made by this Bill is the clearer delegation of authority to the City Administrator to make contracting decisions. The City's current purchasing provisions are ambiguous as to which arm of the City has the power to make a contracting decision. This has led to an interpretation where every contract, regardless of the subject matter or amount, is brought to the City Council for formal approval. One of the main objectives of this Bill is to provide crystal clear direction on this question.

Under the provisions of the Bill, the City Administrator is delegated with the authority to make contracting decisions upon the occurrence of certain conditions. The Administrator's ability to enter into contracts can only be exercised if: (1) the City Council has appropriated funds in the current budget which covers the proposed contract; (2) a competitive procurement process has been conducted; (3) and the selected contractor is the most qualified contractor.

Any contracts which do not meet these conditions will require formal action from the City Council.

Those contracts which do meet the criteria for City Administrator approval can be approved without Council action. Authorizing the City Administrator to execute certain contracts without a specific vote from Council provides a more efficient contract approval process. This will help ensure that projects stay on track. Currently projects cannot begin until the item is presented and approved by Council.

The provisions of the Bill establish a tiered system of formality when it comes to the required competitive procurement process. The level of formality for each competitive procurement process depends on the amount of the contract in question. The Bill establishes three levels of formality.

Contracts which will total \$20,000 or more can only be made after a sealed and publicly advertised competitive procurement process has been utilized. Contracts which total \$5,000 or more and less than \$20,000 may be made after the City Administrator acquires at least 3 sealed bids from qualified firms. A formal public advertisement is not required. If three firms cannot be found, a formal



public advertisement would then be required. Contracts totaling less than \$5,000 may be made without acquiring any bids or proposals.

Additionally, the contracts that can be entered into under the provisions of the Bill are limited to five-year terms. The City Administrator must report to Council on all purchases made under the authority of the provisions of the Bill which exceed \$5,000.

Importantly, this Bill makes no changes to the City's budget process nor the Capital Improvements Program, leaving intact Council authorizations which are needed for the City Administrator to enter into a contract.

Outside of the competitive procurement piece, this Bill adds additional authorization to the City Code that is worth mentioning. First, this Bill codifies two requirements contained in the City's current procurement regulations but broadens their applicability. These requirements being that the Finance Director must certify an unencumbered balance in the budget to cover a charge and that the City Attorney must approve all contracts as to form. Adopting these requirements by ordinance adds an additional layer of scrutiny to City expenditures. If the Bill is approved, these requirements will be an ordinance requirement meaning it will be a violation of the law for a charge or expenditure to be authorized without these approvals.

Also, this Bill contains authority for the City Administrator to apply for non-matching grants of up to \$5,000 without specific Council authorization.

Recommendation:

Staff recommends approval of this Bill.

MEMO SUBMITTED BY:

Nick Woodman | City Attorney



the lowest-priced bid and being the most responsive and qualified amongst the bidders.

(2) "Competitive procurement process" means competitive bid, request for proposals, and request for qualifications.

(3) "Emergency purchases" are purchases necessitated by nonrecurring emergencies posing a substantial danger to the health, safety, and welfare of the public or of a risk of substantial financial loss to the city or of a risk of the interruption of public services unless the required supplies, materials, equipment, or services are not obtained as expeditiously as possible.

(4) "Public improvements" are those fixed works constructed for public use or benefit or improvements upon the property of the city which serve to further the operations of the city.

(5) "Request for proposals" is a competitive procurement process in which the specifications or description of the purchase are not definite or specific and the nature of the purchase is such that subjective evaluation criteria other than cost is necessary to determine the best approach for the city's needs.

(6) "Request for qualifications" is a qualification-based competitive procurement process in which firms submit their qualifications to be considered for providing a service requested by the city.

(7) "Sole-source suppliers" are suppliers of supplies, materials, equipment, or services that are unique, or which are not available from more than one competitive source in the normal course of business.

Sec. 2-161. – Purpose.

This Division has been adopted to ensure that the procurement of supplies, materials, equipment, and services on behalf of the city is timely, cost-effective, and allows for the most open, competitive purchasing process practicable, while also treating all vendors equitably; to ensure that the public has confidence in the city's procurement processes; to ensure that the highest quality goods and services are secured at the lowest possible price; and to clearly define the authority for exercising purchasing functions on behalf of the city. The provisions of this Division shall be interpreted consistent with the purposes articulated herein.

Sec. 2-162. – Scope of division; rules and procedures; delegation authorized.

 (a) This Division delegates authority to the city administrator to contract for the purchase of supplies, materials, equipment, and services on behalf of the city. This Division does not impose procedural limitations on the city council or otherwise limit the power

92 <u>of the city council to contract for the purchase of supplies, materials, equipment, and</u> 93 <u>services.</u>

(b) The city administrator is authorized to establish additional rules and procedures to implement the provisions of this Division. Such additional rules and procedures shall be in writing and filed with the city clerk and be made available for public inspection.

(c) The city administrator is authorized to delegate the authority granted in this Division to other city officials or employees provided that such delegation is made in writing and filed with the city clerk who shall maintain a copy of such delegation in their office.

<u>Sec. 2-163. – Authority of city administrator to contract on behalf of the city – General provisions.</u>

(a) Subject to the requirements of this Division, the city administrator is authorized to contract for the purchase of supplies, materials, equipment, and services when funds for such purpose have been appropriated by the city council and a competitive procurement process is utilized.

(b) The city administrator is authorized to execute change orders and contract amendments in connection with any contract entered into under the authority of this Division, provided that the total amount of all such change orders or contract amendments shall not exceed fifteen percent of the original contract price.

 (c) The city administrator is authorized, when utilizing a competitive procurement process, to award a contract to a contractor that is, in the judgment of the city administrator, provides the lowest cost and the best, most responsive, and is the most responsible contractor. The city administrator may split the award between two or more contractors if, in the judgment of the city administrator, it is in the best interest of the city to split the award.

(d) The city administrator is authorized to accept or reject all bids, proposals, or other responses submitted as part of a competitive procurement process and to waive any technical deficiencies in any submitted bid, proposal, or other response. Nothing in this Division shall be construed as requiring the city administrator to accept the lowest priced bid, proposal, or response or to accept any bid, proposal, or response.

(e) The city administrator, when utilizing a competitive procurement process, shall keep all bids, proposals, or responses submitted to the city closed and confidential to preserve the competitive nature of the competitive procurement process undertaken. Such bids, proposals, or responses shall be open and available for public inspection once the need to close the documents is no longer present. This subsection shall be construed subject to sections 610.010 through 610.035 of the Revised Statutes of Missouri.

137 (f) The city administrator shall not enter into any contracts pursuant to the authority
138 granted by this Division which have a term exceeding five years. This subsection shall
139 not apply to contracts for the purchase or maintenance of software.

(g) The city administrator may utilize an electronic solicitation system if the system is secure and allows for bids or proposals to be opened only at the time designated for opening.

(h) The purchase of supplies, materials, equipment and services shall not be split into multiple contracts or transactions to avoid the requirements of this Division.

(i) The city administrator shall report to the City Council on all purchases made utilizing the authority of this Division which exceed \$5,000.00. Said report shall be provided to the City Council at regular meetings of the Council. The city administrator shall be required to provide the procurement method, the contract amount, the total number of qualified responses received, the Contractor, and other information that the city administrator desires to report. The reporting term of this subsection shall cover contracts entered into in the 30 days prior to the regular City Council meeting in which the report is offered.

Sec. 2-164. – Competitive procurement process required; exceptions.

(a) Except as otherwise provided by ordinance, all contracts for the purchase of supplies, materials, equipment, and services shall be entered into only after a competitive procurement process has been utilized.

(b) The city administrator may enter into contracts for emergency purchases without following a competitive procurement process. The city administrator shall certify in writing that the purchase is an emergency within the meaning of this Division by a memorandum that sets forth the nature of the emergency.

(c) The city administrator may enter into contracts with sole-source suppliers without following a competitive procurement process. The city administrator shall certify in writing that each purchase from a sole source supplier under this subsection meets the requirements of this Division.

(d) The city administrator may enter into contracts for professional services without following a competitive procurement process when factors such as prior experience, skills, education, local knowledge, or unique knowledge are considerations in selecting the contractor. This subsection shall not apply to contracts for architectural, engineering, and land surveying services.

179 (e) The city administrator may enter into contracts for insurance without following a competitive procurement process when said insurance has a standard premium set by the State of Missouri, or which is exempted from competitive procurement by section 537.620 RSMo.

(f) The city administrator may enter into contracts for the purchase of items or services for data processing, software, or electronic databases without following a competitive procurement process when the city administrator has determined that the item, service, or software is convenient for the continuing operations of the city or a city department.

(g) The city administrator shall, when time and business conditions permit, and to the greatest extent possible, utilize the procurement process established in section 2-166 when a purchase falls within the above categories.

Sec. 2-165. - Contracts of twenty thousand dollars or more

(a) The city administrator shall not contract for the purchase of any supplies, materials, equipment, or services costing \$20,000.00 or more unless a competitive procurement process has been utilized and the provisions of this section have been followed.

(b) The city administrator shall advertise for sealed competitive bids or proposals in a manner reasonably calculated to provide notice of the purchase at least five days before the time set for the opening of bids or proposals.

(c) All bids or proposals must be sealed and addressed to the city and must be received at the designated location, by the designated time for receipt, and on the day specified in the solicitation issued by the city.

(d) The bids or proposals shall be opened by the city administrator at a location specified in the solicitation issued by the city during normal city business hours on the day specified in the solicitation, if practicable. If not practicable, then the bids or proposals shall be opened on the earliest day thereafter.

<u>Sec. 2-166. – Contracts of five thousand dollars or more but less than twenty thousand dollars.</u>

(a) The city administrator shall not contract for the purchase of any supplies, materials, equipment, or services costing \$5,000.00 or more but less than \$20,000.00 unless a competitive procurement process has been utilized and the provisions of this section or the procurement process of section 2-165 have been followed.

(b) The city administrator shall solicit by telephone, written notice, or other reasonable means, at least three competitive written bids or proposals, if three independent vendors are available.

225 (c) All bids or proposals must be sealed and addressed to the city.

Sec. 2-167. – Records related to procurement processes and contracts.

229 The city administrator shall maintain records related to and documenting the procurement 230 processes authorized herein and contracts entered into by the city pursuant to the authority granted by this Division. The records to be maintained pursuant to this section 231 232 shall include the reason for the specific procurement process utilized, the basis for the award and contract pricing, as well as documentation evidencing the basis for other 233 significant decisions that were part of the procurement process. These records shall be 234 maintained pursuant to the State of Missouri's records retention schedules or for the 235 duration of time required by the federal government if required due to the utilization of 236 237 federal funds.

238239

Sec. 2-168. – Request for proposals – authorized when.

240241

(a) The city administrator may utilize a request for proposals procurement process for the purchase of supplies, materials, equipment, or services, subject to the requirements of this section.

243244245

242

(b) The city administrator may utilize a request for proposal procurement process when a combination of the following factors indicate that said process is the most advantageous procurement process for the purchase:

247248249

246

(1) Definite specifications for the purchase cannot be reasonably determined in advance.

250251252

(2) Several methods of performance related to the purchase may satisfy the city's requirements.

253254255

(3) The qualifications of firms and the quality of their service are more motivating factors than price.

256257258

(4) The nature of the purchase is such that subjective evaluation criteria other than cost are necessary to determine the best method of performance.

259260261

262

263

(c) When utilizing a request for proposal procurement process, subjective criteria may be used in the evaluation of competing proposals, however the criteria in which proposals are to be evaluated and the relative value of such evaluation criteria shall be established in the invitation for proposals issued by the city.

264265266

(d) All qualifications must be sealed and addressed to the city.

267268

Sec. 2-169. – Request for qualifications – authorized when.

269270

271

(a) The city administrator may authorize a request for qualification process for consulting services and whenever the city administrator has determined that such a process is advantageous to the city.

(b) The most qualified firm shall be selected based on their qualifications alone. The fee
 for services may be negotiated but it shall not be the sole determining factor in the
 selection of the most qualified firm.

(c) If terms cannot be negotiated between the city and the most qualified firm, the city administrator may then proceed to negotiate with the next qualified firm and so on, until a final contract is negotiated.

(d) This method shall be utilized when contracting for professional architectural, engineering, and land surveying services and shall comply with sections 8.285 and 8.291 of the Revised Statutes of Missouri, and other applicable provisions of state law.

Sec. 2-170. – Cooperative purchasing.

The city administrator is authorized to participate in cooperative purchasing programs with the United States or any agency of the United States, with the State of Missouri or any agency, municipality, or political subdivision of the State of Missouri, with other states or any agency, municipality or political subdivision of any of the state, or with any association of municipalities or political subdivisions, provided that the cooperative purchasing program of the other entity or agency followed is substantially similar to a competitive procurement process.

Sec. 2-171. – Sale of surplus material.

(a) A department head having charge of any surplus, obsolete, or unused supplies, materials, or equipment may request that the city administrator dispose of the property. The city administrator is authorized to sell the property in any form of open market competition to the highest bidder. The city administrator may set a minimum sale price and reject any bid that, in the city administrator's judgment, is not a fair sale price.

(b) The city administrator is authorized to sell or dispose of any surplus, obsolete or unused supplies, materials, or equipment to any governmental entity without open market competition.

Sec. 2-172. – Debarment.

(a) The city administrator is authorized to debar a person, firm, business, or organization from consideration for award of contracts issued pursuant to this Division for any of the following reasons:

(1) Conviction of a criminal offense as an incident to obtaining or attempting to obtain a public or private contract or subcontract, or in the performance of such contract or subcontract.

(2) Conviction under state or federal statutes of embezzlement, theft, forgery, bribery,
 falsification or destruction of records, receiving stolen property, or any other
 offense indicating a lack of integrity or honesty or negatively affects responsibility
 as a city contractor or vendor.

(3) Conviction under state or federal antitrust statutes arising out of the submission of bids or proposals.

(4) Deliberate failure without good cause to perform in accordance with contract specifications or within the time limit provided in the contract.

(5) A recent record of failure to perform or of unsatisfactory performance in accordance with the terms of one or more contracts; provided that failure to perform or unsatisfactory performance caused by acts beyond the control of the contractor or vendor shall not be considered as a basis for debarment.

(6) The person is in arrears on any debt owed to the city or has a history of being in arrears on debts owed to the city.

(7) Any other cause so serious and compelling as to affect responsibility as a city contractor or vendor, including debarment by another governmental entity for any reason.

(b) A person debarred pursuant to this section shall be ineligible to bid or submit proposals for a city contract while debarred. The debarred person may request reinstatement with the city administrator and the city administrator may lift the debarment status upon a showing that the debarred person is not a risk regarding their ability to faithfully and adequately perform under a city contract. Such determinations may be appealed in the same manner as set forth herein.

(c) The city administrator shall initiate a debarment by serving written notice of the debarment to the person the city administrator intends to debar. The notice shall set forth the specific grounds for the debarment. The notice shall be served by regular or certified mail or by hand delivering a copy of the notice to the person subject to the debarment or the person's agent or employee. The debarment shall take effect ten days from the service of the notice unless an appeal is taken. If an appeal is taken, the debarment shall take effect unless a final order overturning the debarment is entered by the hearing officer.

(d) Within 10 days after service of a written notice of debarment, the person affected by the notice may file a written request with the city clerk for a hearing.

(e) The city clerk shall inform the hearing officer of the notice for a hearing and shall set the matter for a hearing as soon as practicable. At least 10 days' notice of the hearing date shall be given to the affected person and the city administrator.

(f) At the hearing, each party shall have the right to call and examine witnesses, introduce exhibits, cross-examine opposing witnesses, and impeach any witness. Oral evidence shall be taken on oath or affirmation. All evidence shall be suitably recorded and preserved. The technical rules of evidence shall not apply, but the hearing officer may exclude evidence that is irrelevant or repetitious. Each party shall be entitled to present oral arguments or written briefs at or after the hearing.

(g) Within 10 working days after the hearing is concluded, the hearing officer shall make written findings of fact and conclusions of law and issue a final order. Findings of fact shall be based upon competent evidence. The final order shall be delivered or mailed to the city administrator and the affected person.

- (h) An appeal from the hearing officer's order shall be to the circuit court pursuant to chapter 536, RSMo.
- (i) Nothing in this section shall limit the authority of the city administrator to accept a bid or proposal which in the judgment of the city administrator is the lowest and best, or to reject any and all bids or proposals or to reject a bid or proposal on grounds which could have been used to debar the person, firm, or business.
- (j) The city administrator is authorized to appoint a hearing officer for the purposes of this section.
- Sec. 2-173. Public improvement contracting process.
- (a) The city administrator is authorized to contract for the construction or improvement of public improvements in accordance with the procedures established in this section.
- (b) The authority granted to the city administrator herein shall only apply to those public improvements included in the city's most recently adopted Capital Improvement Program and for which appropriated funds for such public improvement have been provided by city council.
- (c) The city administrator is authorized to contract for the construction or improvement of public improvements utilizing a competitive procurement process authorized in this Division.
- (d) The city administrator is authorized to accept the public improvement on behalf of the city when the improvement has been completed and is in substantial conformance with the plans and specifications for the improvement.
- <u>Division 2 General contract provisions.</u>
- Sec. 2-180. General contracting authority of the city administrator.

In addition to any other authority that may be granted to the city administrator by the city council or by specific ordinance, including Division 1 of this Article, the city administrator is authorized to enter into contracts on behalf of the city in an amount not exceeding \$5,000, provided that such contract is within the scope of an appropriation in the currently adopted city budget, if applicable. Any contract entered into under authority of this section shall not have a term in excess of five years.

417 Sec. 2-181. – Authority to apply for certain grants by the city administrator.

The city administrator is authorized to apply for and accept grant funding on behalf of the city provided that no matching funding or other expenditure is required of the City in an amount greater than \$5,000 as part of the grant award.

423 Sec. 2-182. – City attorney shall approve all contracts as to form.

 The city attorney, before the execution of any contract by the appropriate city official, shall approve the contract as to form. No contract shall be valid and binding on the city unless the city attorney's approval as to form has been obtained. The city attorney is authorized to promulgate rules, regulations, and procedures to implement the provisions of this section.

Sec. 2-183. – Finance director certification.

No contract or order purporting to impose any financial obligation on the city shall be executed, nor shall the same be binding and valid upon the city, unless the director of finance shall first certify in writing that such 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 therefor. The director of finance is authorized to promulgate rules, regulations, and procedures to implement the provisions of this section. Such rules, regulations, and procedures may include the establishment of certain classes or categories of purchases which may be made by designated city personnel and officials without obtaining the certification required by this section prior to the purchase. However, city personnel and officials shall be personally liable and subject to disciplinary action as set forth in the city's Personnel Code for any purchases made which are not within the scope of the appropriation to which it is to be charged or where there is no unencumbered balance to the credit of such appropriation sufficient to pay therefor.

 SECTION 3: The City Attorney, when codifying this Ordinance, is authorized to provide for different section numbers, subsection numbers, and different internal citation references than those provided herein when such section numbers, subsection numbers, or internal citation references are in error or are contrary to the intent of this Ordinance.

SECTION 4: Savings Clause. Nothing in this Ordinance shall be construed to affect any suit or proceeding now pending in any court or any rights acquired, or liability

486 487

488

CITY ATTORNEY

CINDINATIOE NO.	ORDINA	ANCE	NO.		
-----------------	---------------	------	-----	--	--

ng, under any act or				
a contonos alcuas or				
n, sentence, clause, or				
lecision shall not affect				
il hereby declares that				
n, sentence, clause, or				
phrase thereof, irrespective of the fact that any one or more sections, subsections, sentences, clause, or phrases be declared invalid.				
from and after its final				
passage by the City Council and after its approval by the Mayor, subject to the provisions of section 3.11(g) of the City Charter.				
K				
.Γ\				
K				
rd cr t				