



**CITY OF FORT LAUDERDALE
City Commission Agenda Memo
REGULAR MEETING**

#14-0676

TO: Honorable Mayor & Members of the
Fort Lauderdale City Commission

FROM: Lee R. Feldman, ICMA-CM, City Manager

DATE: August 19, 2014

TITLE: SECOND READING - Ordinance amending Section 2-172, Applicability,
Procurement of Supplies and Services - Sales Tax Savings Procedure

Recommendation

It is recommended that the City Commission approve an ordinance on second reading amending Section 2-172, Procurement of Supplies and Services, of the Purchasing Code to provide for a sales tax savings procedure.

Background

Construction contracts include a tremendous amount of goods and materials that need to be purchased for installation and included in the final project. Generally, these goods and services are part of the general contractors' or sub-contractors' (GC/Sub) project responsibility and are purchased by the GC/Sub. When purchased by the GC/Sub, sales tax must be paid as required by Florida law, and this sales tax then has to be paid by the City to the GC/Sub. However, at times and when in the best interest of the City, these goods may be purchased and paid for directly by the City. This direct purchasing and payment results in the City not paying sales taxes on goods that would otherwise have been purchased in the normal manner by the GC/Sub.

The above revision to the code will allow the City, when allowed by the contract, to purchase identified materials and assure a savings of the sales tax.

Once materials are purchased, the GC/Sub shall prepare a deductive change order referencing the full value of direct purchased materials, plus all sales tax savings associated with such material purchases.

In order to achieve substantial savings in direct purchased materials, and continue to comply with the Purchasing Code, it is recommended that purchases being in accordance with applicable construction contracts and sales tax saving procedures be exempt from the requirement of competitive bids or proposals.

Resource Impact:

There is no current fiscal impact.

Strategic Connections:

This item is a *Press Play Fort Lauderdale Strategic Plan 2018* initiative, included within the Internal Support Cylinder of Excellence, specifically advancing:

- Goal 12: Be a leading government organization, managing resources wisely and sustainably.
- Objective 2: Routinely examine and improve procurement and payment processes.

This item also furthers the *Fast Forward Fort Lauderdale 2035 Vision Plan: We are United.*

Attachments:

Exhibit 1 - Ordinance No. C-14-28

Exhibit 2 - Owner Direct Material/Equipment Purchase Program Procedures (Exhibit C to the Fort Lauderdale Aquatic Center Developer's Agreement)

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