



CITY OF FORT LAUDERDALE
City Commission Agenda Memo
REGULAR MEETING

#16-0981

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

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

DATE: August 16, 2016

TITLE: Ordinance Amending Code of Ordinances of the City of Fort Lauderdale
by Amending Purchasing Approval thresholds.

Recommendation

It is recommended that the City Commission adopt an ordinance amending the Code of Ordinances of the City of Fort Lauderdale, Chapter 2 – Administration, Article V – Finance, Division 2 – Purchasing, to amend purchasing approval thresholds.

Background

As part of the FY 2016 Commission Annual Action Plan (CAAP), procurement reform was identified as a top priority. The City contracted with the National Institute of Government Purchasing (NIGP) via Periscope, Inc. to conduct an in-depth review of the City's procurement and contracting functions.

Some of the findings enumerated in the final NIGP report indicate slow and cumbersome procurement processes. NIGP also noted that "Procurement Services spends an inordinate amount of time on low end purchases." To address these findings, staff recommends realigning procurement approval thresholds to allow procurement staff to focus on more strategic, value added purchases while still maintaining the integrity of the public procurement process.

A standard best practice for determining approval thresholds is the 80/20 rule, or the Pareto Rule. This rule, for procurement approval purposes, would indicate that a proper balance is achieved when the governing body approves 80% of the value of purchases while administration approves 20% of the value of purchases. After reviewing the City's Commission-approved purchases during FY 2015 and 2016, it was revealed that the City Commission approves approximately 98.8% of the value of purchases over the current threshold of \$50,000. This suggests that the City Manager's purchasing thresholds are currently low.

City staff recommends amending the Code to increase the Commission approval thresholds to \$100,000 for goods and services purchases. Currently, Commission approval is required for competitive purchases exceeding \$50,000 and non-competitive purchases valued over \$25,000. This amendment would maximize the efficiencies of the limited staff resources in the Procurement Services Division, as noted by both NIGP

and the recent audit conducted in relation to the City's temporary employment services contract. To protect public funds, staff time dedicated to implementing sound controls and oversight, as well as ensuring cost savings to the City are top priorities supporting the procurement modernization CAAP.

Increasing the City Manager's approval threshold for public improvement purchases to \$250,000 is also recommended as part of the proposed amendment. In addition to the enhancements noted above, the increase would assist the City in expeditiously implementing its Community Improvement Plan, expending time-sensitive grant funds, and deliver meaningful projects to the community.

The proposed Code amendments also formalize the current practice of applying the approval thresholds to the estimated spend for the initial contract term (for term contracts).

Staff projects that these recommended changes will result in the City Commission maintaining approval authority of 94% of the value of purchases currently approved by Commission.

Resource Impact

There is no fiscal year impact associated with this action.

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 1: Ensure sound fiscal management.
- Objective 2: Achieve excellent procurement services through technological advancements, improved procedures and outreach programs.

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

Attachment

Exhibit 1 – Ordinance – First Reading

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