

CITY COUNCIL AGENDA ITEM
CITY OF SHORELINE, WASHINGTON

AGENDA TITLE:	Adopting Ordinance No. 793 – Amending Shoreline Municipal Code Chapter 2.60 Purchasing Code
DEPARTMENT:	Administrative Services
PRESENTED BY:	Sara Lane, Administrative Services Director
ACTION:	<input checked="" type="checkbox"/> Ordinance <input type="checkbox"/> Resolution <input type="checkbox"/> Motion <input type="checkbox"/> Discussion <input type="checkbox"/> Public Hearing

PROBLEM/ISSUE STATEMENT:

While conducting a review of existing City financial policies as part of the Ronald Wastewater District transition, City Staff discovered necessary housekeeping changes needed to improve existing City polices and codes. Staff discussed these proposed changes with Council on August 14, 2017.

One of the changes identified pertains to Shoreline Municipal Code (SMC) Chapter 2.60, which sets forth regulations for the procurement of public works, goods, services and real property at a reasonable cost, using an open, fair, documented and competitive process whenever reasonable and possible. These proposed amendments reflect a recent change to state law, make some housekeeping updates, and provide some operational efficiency. Proposed Ordinance No. 793 (Attachment A) would provide for these amendments to the City’s Purchasing Code (Exhibit A).

RESOURCE/FINANCIAL IMPACT:

There are no financial impacts anticipated from the regulatory amendments recommended in proposed Ordinance No. 793.

RECOMMENDATION

Staff recommends that Council adopt Ordinance No. 793.

Approved By: City Manager **DT** City Attorney **JAT**

BACKGROUND

On August 14, 2017, staff discussed recommended financial policy revisions, code changes, and customer service policies with the City Council. The staff report for this discussion is available at the following link:

<http://cosweb.ci.shoreline.wa.us/uploads/attachments/cck/council/staffreports/2017/staffreport081417-8c.pdf>.

City and Ronald Wastewater District (RWD) staff worked together with the FCS Group, a consultant experienced in the merger of utilities, to conduct a review of RWD and City policies to identify any changes needed to ensure adopted policies follow best practices. Within the same review, City staff also conducted an independent internal review of existing City financial policies and codes to identify and address any housekeeping changes needed to improve existing City practices. One of the changes identified and recommend by staff related to the City's Purchasing Code.

DISCUSSION

Shoreline Municipal Code (SMC) Chapter 2.60 sets forth regulations for the procurement of public works, goods, services and real property at a reasonable cost, using an open, fair, documented and competitive process whenever reasonable and possible. The City Council last amended SMC Chapter 2.60 in 2011. While there were no changes recommended to the City's Purchasing Code to accommodate the operation of a wastewater utility, staff's review of the code identified some changes that will provide consistency with a recent change in state law and will also make some housekeeping updates and provide some operational efficiency. The following table summarizes the recommended amendments included in proposed Ordinance No. 793 (Attachment A):

Purchasing Code Update Table

Section	Current	Proposed	Reason
Housekeeping			
2.60.050 C (6) 2.60.060 D (1) and 3	Purchasing officer	Administrative Services Director	Edited to eliminate title and simplify. Former title no longer exists. The Administrative Services Department already has responsibility for implementing this section, so further delegation in the code is not necessary.

Public Works			
2.60.030 F	\$200,000 threshold specifically set in Code	Link code to RCW “than the threshold for small public works projects as provided under RCW 39.04.155 as amended”	Ensures that code is consistent with RCW public works thresholds. This change was made throughout the code in 2007 code, but this particular reference was missed.
2.60.060 G	Bond level specifically set in code at 50 percent	“ request to have the city accept the percentage allowed by RCW 39.08.010”	Changing to point to RCW levels as amended and give the city the option to accept the in lieu of bond or not
Services			
2.60.070 B	Requires that a contract be created for purchase of services over \$3,000	Recommend that a contract or purchase order be required for services over \$3,000	Allowing low risk services over \$3,000 to be executed on a purchase order or other streamlined agreement would simplify the procurement process and create efficiencies.

COUNCIL GOAL ADDRESSED

This item addresses City Council Goal 2: Improve Shoreline's infrastructure to continue the delivery of highly-valued public services. The development of financial policies and code changes are necessary to comply with best practices.

RESOURCE / FINANCIAL IMPACT

There are no financial impacts anticipated from the regulatory amendments recommended in proposed Ordinance No. 793.

RECOMMENDATION

Staff recommends that Council approve Ordinance No. 793.

ATTACHMENTS

Attachment A – Proposed Ordinance No. 793

Attachment A, Exhibit A – Amendments to SMC Chapter 2.60

ORDINANCE NO. 793

**AN ORDINANCE OF THE CITY OF SHORELINE, WASHINGTON
AMENDING CHAPTER 2.60 PURCHASING OF THE SHORELINE
MUNICIPAL CODE**

WHEREAS, with Chapter 2.60 of Shoreline Municipal Code (SMC) the City has adopted regulations to direct the contracting for public works, goods, services, and real property; and

WHEREAS, SMC 2.60 requires housekeeping amendments to delete the defunct title of Purchasing Officer and replace it with the current title of Administrative Services Director and to delete specific dollar or percentage amounts that are based on Revised Code of Washington (RCW) provisions that are subject to amendment; and

WHEREAS, in the 2017 Legislative Session, with the passage of SB 5734, RCW 39.08.010 was amended to increase the dollar threshold amount for when the City may, in lieu of a bond, retain a percentage of the contract amount from \$35,000 to \$150,000 and SB 5734 also reduced the percentage amount the City may retain from fifty percent (50%) to ten percent (10%); and

WHEREAS, SMC 2.60.070(B) establishes a \$3,000 threshold from when contracts are required for the purchase of services and is recommended to be update to reflect current purchasing practices; and

WHEREAS, on August 14, 2017, the City Council held a study session on the proposed amendments to SMC Chapter 2.60; and

WHEREAS, the City Council has determined that the proposed amendments are in the best interests of the City of Shoreline;

THEREFORE, THE CITY COUNCIL OF THE CITY OF SHORELINE,
WASHINGTON DO ORDAIN AS FOLLOWS:

Section 1. Amendment to SMC Chapter 2.60. Shoreline Municipal Code Chapter 2.60 is amended as set forth in Exhibit A to this Ordinance.

Section 2. Corrections by City Clerk or Code Reviser. Upon approval of the City Attorney, the City Clerk and/or the Code Reviser are authorized to make necessary corrections to this ordinance, including the corrections of scrivener or clerical errors; references to other local, state, or federal laws, codes, rules, or regulations; or ordinance numbering and section/subsection numbering and references.

Section 3. Severability. Should any section, subsection, paragraph, sentence, clause, or phrase of this ordinance or its application to any person or situation be declared unconstitutional or invalid for any reason, such decision shall not affect the validity of the remaining portions of this ordinance or its application to any person or situation.

Section 4. Publication and Effective Date. A summary of this Ordinance consisting of the title shall be published in the official newspaper. This Ordinance shall take effect five days after publication.

PASSED BY THE CITY COUNCIL ON SEPTEMBER 18, 2017.

Mayor Christopher Roberts

ATTEST:

APPROVED AS TO FORM:

Jessica Simulcik-Smith
City Clerk

Margaret King
City Attorney

Date of Publication: , 2017
Effective Date: , 2017

Shoreline Municipal Code
Chapter 2.60 PURCHASING

Chapter 2.60

PURCHASING

Amendment to Section 2.60.030 Definitions – Subsection (F)

F. “Small works roster” is a roster of qualified contractors maintained for use in a modified formal bid process. When the contract amount for a public works project is ~~\$200,000 or less~~ than the dollar threshold for small public works projects as provided under RCW 39.04.155, as amended, a the city may follow the small works roster process for construction of a public work or improvement as an alternative to formal competitive bid requirements.

Amendment to Section 2.60.050 Purchase of materials, supplies or equipment - Subsection (C)

C. Informal Competitive Quotes.

1. A city representative shall make an effort to contact at least three vendors. The number of vendors contacted may be reduced if the item being sought is only available from a smaller number of vendors. When fewer than three quotes are requested or if there are fewer than three replies, an explanation shall be placed in the procurement file.
2. Whenever possible, quotes will be solicited on a lump sum or fixed unit price basis.
3. At the time quotes are solicited, the city representative shall not inform a vendor of any other vendor’s quote.
4. A written record shall be made by the city representative of each vendor’s quote on the materials, supplies, or equipment, and of any conditions imposed on the quote by such vendor.
5. All of the quotes shall be collected and presented at the same time to the city manager or designee as appropriate for consideration, determination of the lowest responsible vendor and award of purchase.
6. Whenever there is a reason to believe that the lowest acceptable quote is not the best price obtainable, all quotes may be rejected and the city may obtain new quotes or enter into direct negotiations to achieve the best possible price. In this case, the ~~purchasing officer~~ Administrative Services Director or his/her designee shall document, in writing, the basis upon which the determination was made for the award.

Amendment to Section 2.60.060 Public works projects- Subsections (D) and (G)

D. Small Works Roster. There is established for the city of Shoreline a small works roster contract award process for accomplishment of public works projects with an estimated value threshold as provided under RCW 39.04.155, as amended. The city may create a single small works roster, or may create small works rosters for different categories of anticipated work.

1. Roster List. The ~~purchasing officer shall establish the~~ small works roster or rosters which shall consist of all responsible contractors who have requested to be on the list, and where required by law, are properly licensed or registered to perform such work in the state of Washington. In addition to mandatory criteria for determining a responsible vendor under RCW 39.04.350, ~~the purchasing officer may add~~ other criteria listed in SMC 2.60.050(E) may be added, including the basis for evaluation, in determining responsible vendors.
2. Publication. At least once a year, the city shall publish in a newspaper of general circulation within the city the notice of the existence of the roster or rosters and solicit the names of contractors for such roster or rosters. Responsible contractors shall be added to an appropriate roster or rosters at any time that they submit a written request and necessary records. The city may require master contracts to be signed that become effective when a

Shoreline Municipal Code
Chapter 2.60 PURCHASING

specific award is made using a small works roster. An interlocal contract or agreement between the city of Shoreline and other local governments establishing a small works roster or rosters to be used by the parties to the agreement or contract must clearly identify the lead entity that is responsible for implementing the small works roster provisions.

3. Prequalification and Appeal. Any contractor whose request to be on the list has been denied may appeal within 10 days after the denial ~~by the purchasing officer~~ to the city manager, and the city manager will make a decision within 30 days of the notice of appeal. Any contractor whose appeal to be on the list has been denied by the city manager may appeal, within 10 days after the denial by the city manager, to the city council, and the city council shall hold a hearing on the issue and make a decision within 45 days of the notice of appeal. A denial that is not appealed or that is appealed and results in a final decision against the contractor prevents the contractor from applying to be on the list for a period of one year from the initial application.

4. Process. Whenever work that has received city council approval in the current budget, or otherwise been approved by the city council, is sought to be accomplished using a small works roster, a city representative shall obtain telephone, written or electronic quotations from contractors on the appropriate small works roster to assure that a competitive price is established and to award contracts to the lowest responsible bidder as follows:

a. A contract awarded from a small works roster need not be advertised. Invitations for quotations shall include an estimate of the scope and nature of the work to be performed as well as materials and equipment to be furnished. However, detailed plans and specifications need not be included in the invitation. This subsection does not eliminate other requirements for architectural or engineering approvals as to quality and compliance with building codes.

b. Quotations may be invited from all appropriate contractors on the appropriate small works roster, sending a notice to these contractors by facsimile or other electronic means.

c. For purposes of this policy, “equitably distribute” means that the city may not favor certain contractors on the appropriate small works roster over other contractors on the appropriate small works roster who perform similar services. At the time bids are solicited, the city representative shall not inform a contractor of the terms or amount of any other contractor’s bid for the same project.

d. A written record shall be made by the city representative of each contractor’s bid on the project and of any conditions imposed on the bid. Immediately after an award is made, the bid quotations obtained shall be recorded, open to public inspection, and available by telephone inquiry.

e. At least once every year a list of the contracts awarded under this process are to be furnished to the city council and made available to the general public. The list shall contain the name of the contractor or vendor awarded the contract, the amount of the contract, a brief description of the type of work performed or items purchased under the contract, and the date it was awarded. The list shall also state the location where the bid quotations for these contracts are available for public inspection.

5. Determining Lowest Responsible Bidder. Where bidders have not been prequalified, the city shall award the contract for the public works project to the lowest responsible bidder; provided, that whenever there is a reason to believe that the lowest acceptable bid is not the best price obtainable, all bids may be rejected and the city may call for new bids.

6. Cancellation of Invitations for Quotations. An invitation for quotations may be canceled at the discretion of the administrative services director. The reasons shall be made part of the contract file. Each invitation for quotations issued by the city shall state that the invitation may be canceled. Notice of cancellation shall be sent to all parties that have been provided with a copy of the invitation. The notice shall identify the invitation for quotations and state briefly the reasons for cancellation.

G. Bid Deposit and Performance Bond for Public Works Improvement Projects. Whenever competitive quotes or bids are required, a bidder shall make a deposit in the form of a certified check or bid bond in an amount equal to not

Shoreline Municipal Code
Chapter 2.60 PURCHASING

less than five percent of the total bid, which percentage shall be specified in the call for bids. As part of any bid submitted, the bidder shall be required to warrant that the bid is a genuine bid, and that he/she has not entered into collusion with any other bidder or any other person.

All public works contractors shall furnish a performance bond in an amount equal to the total amount of the contract on a form approved by the city attorney. In lieu of a performance bond on contracts less than the dollar threshold provided under RCW 39.08.010, as amended, a contractor may request to have the city accept the percentage allowed by RCW 39.08.010 ~~choose to have 50 percent~~ of the contract retained for a period of 30 days after the date of final acceptance or until receipt of all necessary releases from the Department of Revenue and the Department of Labor and Industries and settlement of any liens filed under Chapter 60.28 RCW, whichever is later. Following the provisions of RCW 39.08.030 the city may, at its option, reduce the amount of a performance bond to not less than 25 percent of the total contract amount for on-call and scheduled maintenance contracts.

Amendment to Section 2.60.070 Services – Subsection B

B. Contract or Purchase Order Required. The purchase of services require that the city enter into a contract or purchase order for that service, with the exception of temporary employment agency services, and ~~standard~~ services with a total cost of \$3,000 or less in a calendar year, ~~such as auto repair, title reports, printing and messenger/process service~~. Departments are allowed to make these purchases administratively in accordance with procedures adopted and approved by the city manager.