

MINUTES OF THE COMMITTEE OF THE WHOLE OF SEPTEMBER 20, 2016

Mayor Strazdas called the meeting to order at 6:00 p.m. The following Councilmembers were present: Richard Ford, Jim Pearson, Patricia M. Randall, Claudette Reid and Terry Urban, Mayor Pro Tem Nasim Ansari and Mayor Peter Strazdas. Also present were: City Manager Larry Shaffer, Deputy City Manager Rob Boulis, City Attorney Randy Brown, Purchasing Manager Judy Johnson and City Clerk James Hudson. Transportation & Utilities Director Chris Barnes and American Village Builders Developer Greg Dobson arrived during the meeting.

Mayor Strazdas introduced the topic, City of Portage Purchasing Practices, asked that Purchasing Manager Judy Johnson address the issues of “too few bidders” and the process when we do not select the lowest qualified bidder. He also asked Council to submit generic topics that each of them would like to be addressed. Councilmember Reid asked that “sole source bid” be defined. Councilmember Pearson asked about a possible preference for local bidders, especially a close “second” local bidder. Councilmember Ford asked for the limit amount that the Administration can spend without Council approval. Councilmember Randall asked for a discussion of local preference with regards to bid tabulation acceptance, and when do we not take the low bid.

Purchasing Manager Judy Johnson began by reading the Mission Statement and providing an overview of the enabling laws, rules and regulations for purchasing, the sealed bid process/Request for Proposals (RFP), contract administration and risk management. She then discussed each topic in detail and answered questions. She outlined the bidding requirements noting purchases less than \$4,000 do not require quotes and may be approved by Ms. Johnson; purchases between \$4,000 and \$20,000 require quotes and must be approved by Mr. Shaffer or a designee; and purchases of \$20,000 or more require sealed bids or sealed proposals and must be authorized by City Council. Finally, she indicated that technology purchases must be approved by the Director of Technology Services Devin Mackinder.

Mr. Shaffer explained that Chris Barnes uses a matrix as part of determining the value of their services and Ms. Johnson explained that contractors should be aware of their ratings based on past services to the City. She also indicated that contractors are not pre-qualified in the City of Portage, and that she maintains a list of 60 different engineering firms. She disclosed that the ordinance exceptions to bidding are cooperative/joint purchasing, professional services, sole source and when competitive bids are not practical. She explained the purposes of Request for Bids, RFP’s and Bidder Notifications and when they are utilized. She also presented a chart comparing bids solicited and received for 2015/2016 and previous bids received 2007 through 2014.

Ms. Johnson continued with a detailed explanation of the contractual requirements for the City noting that the Michigan Municipal Risk Management Authority provides guidelines for us. She mentioned her responsibility in the area of contract administration and explained her role as Purchasing Manager. She listed some purchasing statistics and a discussion of local preference followed. Lastly, she reviewed her responsibilities with regards to the Michigan Municipal Risk Management Authority and the services they provide us. Discussion followed regarding purchasing limits and local preference the process used by the City of Kalamazoo.

Councilmember Randall expressed a concern for the “bad will” realized when a non-local contractor out-bids a local contractor by a small amount and is awarded the contract.

Ms. Johnson referred Council to the National Institute for Public Procurement White Paper and discussion followed. Ms. Johnson answered Councilmember Ford by indicating that emergency purchases can be made without City Council approval when the public health is at risk, then present the clean-up costs for Council approval afterwards. Discussion followed regarding raising the limit beyond \$20,000 and Mayor Pro Tem Ansari asked that we let citizens know that 76% of the expenditures are with local vendors defined as Kalamazoo County. Councilmember Ford distinguished a politically charged agreement such as culling deer that would obviously require Council approval from a simple pump purchase.

At the request of Mayor Strazdas, City Manager Shaffer opened the discussion of the water and sewer contract with Suez Environmental, indicated that there has been a lot of internal discussion, that the Suez Contract expires in the Spring of 2017, and indicated should the City decide to request proposals, this needs to take place immediately. He offered that the City has a Request for Proposals (RFP) that was prepared two to three months ago, and has gone through an internal process to determine whether or not it is in the best interest of the City to go through the RFP process. He admonished Council that what they will hear from the Administration is to not issue an RFP because the bids that will come back are exactly the type of firms that Portage would not want. He gave the example of a firm that had Flint on their resume. Moreover, he indicated that he has come full circle on this matter citing the discussion surrounding PMN which prompted him to say, “We have got to go out for proposals” when the Suez Contract comes up. He indicated that the principle reason for this is that water is very different from buying pencils. Owing to the public health nature of water, the continuity of this service, with the water treatment plant and the well systems, he pointed out that it is too important to take the risk and go with a low bid where there is a savings when compared to the health risk. He mentioned that the City has solicited prices from Suez, and their response is roughly equivalent to what they were charging before, and the Administration stands ready to bring the matter to Council, probably in a month’s time. He stressed that this is “dead on” the topic of Purchasing and that staff has “pounded” Suez to get the best price. He restated his intent to recommend renewing the contract with Suez Environmental because it avoids risk; provides continuity in one of our most important services; they know our systems; they know our water treatment plant; and, acknowledged it is the largest City contract at \$2 million per year.

Mayor Strazdas asked for input from City Council. He also asked if they wish to continue this discussion on Purchasing as it relates to the Suez contract in a Committee of the Whole, in a meeting with the City Manager as individuals for a discussion, or before them on the dais at a public meeting. As a contract the City has had for twenty years, Councilmember Randall indicated she did not want to take the chance of having a water crisis. In answer to Councilmember Urban, who asked if he is prepared to prepare that thought process, including why we would not want the other companies who might bid on the contract, Mr. Shaffer pointed out that this is something he and staff have discussed extensively and that he is happy to provide that. Councilmember Urban indicated that he does not have a problem with the conclusion, but wanted the reasoning behind it.

Councilmember Pearson conveyed concurrence with the staff recommendation. In answer to Councilmember Pearson, Mr. Shaffer indicate that it would be a five-year renewal.

Councilmember Reid noted that this gets into the issue of evaluating our contractors, and is that process something we would want to do with any of our ongoing contractors, and cited a past problem the City had encountered with Suez which may have prompted people to think, maybe we should look at them.

Mayor Strazdas summed up by saying that Council does not want another COW, but does want more detail in the form of a report from the City Manager regarding the process and logic being used and any past issues. He asked for the report for Council, then after reading that, if Council has more questions, decide whether there is a need for another COW, or bring it up at the next public meeting, discuss it there and vote on it at that time. He concluded that Council wants a lot more detail in the form of a report. Mayor Pro Tem Ansari concurred.

At the request of Mayor Strazdas, City Engineer Chris Barnes cited his 35 years of experience and said that he has never worked with such a professional Purchasing Manager as Judy Johnson. Mr. Shaffer thanked and acknowledged her, and recognized her knowledge and her work ethic.

ADJOURN: Mayor Strazdas adjourned the meeting at 7:10 p.m.

James Hudson, City Clerk