

CITY OF BURTON
FINANCE SUB-COMMITTEE MEETING MINUTES
JUNE 29, 2011, 4:00 P.M., COUNCIL CHAMBERS
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The Finance Meeting was called to order by Councilman Tom Martinbianco at 4:25 p.m.

MEMBERS PRESENT: Smith, Martinbianco, and Wells.

MEMBERS ABSENT: None.

OTHERS PRESENT: B. Moulton, Executive Assistant and J. Anderson, Clerk/Typist.

PURPOSE OF THE MEETING: Discussion and Review of Ordinance 32.18, Competitive Bid Process.

PRESENTATION:

Mrs. Moulton stated her main goal is to save money and streamline the competitive bidding process. She had several meetings with Joyce McLain from the Genesee County Road Commission and they would like us to join with them on some purchases to save money. In order for that to happen, we would have to change the ordinance to support cooperative purchasing. An example, the NJPA is a municipal contracting company in Michigan run by public employees and governed by an eight-member board of directors. There is no cost to the City of Burton to participate in this program; vendor contracts and administrative fees fund it. It would supply the city with access to competitively bid projects that the work has already been done. There would be so many advantages of competitive bidding instead of in-house bidding because you save time by not following a timeline and save money by not having to publish or advertise the bids. Mrs. Moulton stated further, there are many other companies like this one to choose from. Some have membership fees that if chosen, we would save more by signing a longer contract but we would have to eliminate the section from the ordinance regarding signing contracts for more than one year. These companies have a wider reach than we have to collect bids and thus they may have the more competitive bid, and what they do is make sure they are compliant with all the bidding rules and regulations. They then draft and advertise the rft's and requests for proposals, and when they receive the bidders responses they evaluate and make a recommendation to their board. They are also responsible for reviewing and maintaining the contract throughout its term. There are endless savings if we are to piggyback with the County and be able to see contracts without going out to bid.

AUDIENCE PARTICIPATION: None.

COMMITTEE DISCUSSION:

Mr. Martinbianco stated this is a new innovation and we have been doing business the same way for the past 40 years so it will take some looking into before we consider changing it. The Finance Committee members are also members of the Public Access Committee and he does understand that we need to do things in a more cost efficient way.

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Mr. Martinbianco said NJPA's Item #7 states that upon approval the vendor would be issued a 4-year contract. Would that four-year contract be exclusively with the City of Burton?

Mr. Austin replied no, the contract would be between the vendor and the NJPA.

Mr. Martinbianco asked how these companies would be able to accommodate the 5% bidders preference for local companies located within the city?

Mrs. Moulton responded we do not have to use these companies every time we go out for bids; we could go out for bid locally if we choose so.

Mr. Martinbianco asked if what we are trying to change is the threshold for which we would normally go out for bid?

Mrs. Moulton replied yes because of the economy this is the better way to go out for bid and with such a low threshold we are unable to participate in the savings. We not only save on publishing and advertising but we are able to operate faster without a timeline.

Mr. Smith inquired regarding costs to publish a bid.

Mrs. Moulton stated it is \$180 for one day in the Journal.

Mr. Smith asked how much a year do we currently spend on the bid process?

Mrs. Moulton replied that it is a fluctuating figure depending on our needs and being that she recently started this position she is unsure on a yearly figure.

Mr. Smith said that is a figure we will have to look at. He asked further if there is a fee structure based on the quote of the bid for the vendors?

Mrs. Moulton suggested a one-time vendor fee of \$25 along with a vendor certification form, so that we would be able to make sure this is a licensed company and they are not in debt to the city.

Mr. Austin stated this is a part of the proposed ordinance under C-1.

Mrs. Moulton said as an example, if we wanted to purchase computers from Suntel and they are already registered with the NJPA, we would not have to send them a vendor certification with the twenty five dollar fee because they have already been certified.

Mr. Smith stated that this is just a continuation of the bidding process that we want to make sure the vendors have been checked out. He inquired if this would eliminate the publishing in newspapers unless we felt it necessary.

Mrs. Moulton replies that is correct, this would allow us to advertise in the way we choose.

Mr. Austin stated that he personally did not know much about these companies before talking with Brenda. But it is clear to him that this is a far more superior way to obtain goods and services. Not just with cost savings but also to use secured pricing that these companies have the power to do.

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Mr. Martinbianco stated he wants to be sure they will be able to meet our specifications that are not going to be included in anyone else's at large specs. The one time vendor fee would be good but we would need to charge it across the board for all persons to establish themselves as a vendor with the City of Burton.

Mrs. Moulton stated that is more than fair.

Mr. Smith questioned if these companies may be able to help us get a lower rate on energy.

Mrs. Moulton said she is not so sure about energy.

Mr. Martinbianco suggested putting up windmills on vacant city properties.

Mr. Austin inquired if vendors that are already registered with a national company, would they still be required to register with the City of Burton?

Mrs. Moulton responded that any vendor that we deal with should be registered with the city.

Mr. Austin asked if the city was running low on computer cartridges, would you go to one of these companies or would you go to staples? How would you handle supplies?

Mrs. Moulton replied that is actually an item the IT Director would purchase and I noticed he purchases a lot of them locally from Office Depot.

Mr. Austin asked Mrs. Moulton what commodities would the city be interested in purchasing from these national companies?

Mrs. Moulton replied equipment, janitorial needs and furnishings just for example; really we could look at these companies for anything and everything depending on what they offer.

Mr. Martinbianco questioned if the Fire Dept. as an example is looking to buy new masks, would they have to go through the purchasing department to do so?

Mrs. Moulton replied as long as it is over the cap, the purchase would have to go to bid through the purchasing department.

Mr. Martinbianco asked Mr. Austin who has the authority to go to bid and execute it?

Mr. Austin stated that all purchases should go through the purchasing agents office.

Mrs. Moulton stated DPW has had Rowe to assist with the bid process in certain cases such as the Buder St. Paving Project but all recent bids have gone through the purchasing agent.

Mr. Martinbianco would like to separate the bidding into categories for which way we would go to bid for different items.

Mrs. Moulton said we do not have to stop the bid process in some cases. We could use these companies as a tool to see what the going rate should be and broaden our horizons.

Mr. Martinbianco stated he is trying to figure out what exactly is the bid process because he has seen the department heads soliciting bids instead of the purchasing agent who should be in charge of all purchases. Mr. Martinbianco also stated he can see how buying our commodities in bulk could be a good thing.

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Mr. Wells asked when the NJPA approached the city?

Mrs. Moulton replied they did not approach us, this was discovered in the meeting with Suntel because they are a member. After looking into it and other companies like it, she realized that there is a lot more options and she would like to use it to save money.

Mr. Wells asked if there are costs these companies charge? It seems similar to Sams Club where you pay a membership fee to get a better price?

Mrs. Moulton responded that NJPA is free, however there are companies such as MIDeal that costs yearly depending on the city or entities population.

Mr. Wells said we should take a closer look to make sure these companies are in compliance with the Governor's request that we all work together to save money before we go and choose a commodity manager.

Mr. Austin said right now, we couldn't use any of them when our threshold is reached. We must go out for bid per ordinance. Changing the ordinance would only allow us the option to do so if we choose.

Mrs. Moulton said if we do not change the ordinance, we are unable to piggyback with the County and/or schools on commodities such as road salt and limestone. We will lose money.

Mr. Martinbianco stated he would like another meeting on this subject after reading all the information that was provided to the board.

Mrs. Moulton said Joyce McLain from the Road Commission came to her with a list of items and asked if we purchased any of the following and if so, we could purchase together to get a better price but without changing the ordinance that is not an option. If the ordinance is changed we still have a choice to go out to bid. If we choose so, it would just change the cap in which we have to.

Mr. Martinbianco asked if piggybacking with the County, would we then be liable to purchase so much or would we be able to purchase on an as needed basis?

Mrs. Moulton said it is on an as needed basis. Each item has a set price not depending on the quantity.

Mr. Smith said there are really two questions, one is do we want to change the ordinance, and two which company do we choose.

Mrs. Moulton replied we do not have to commit to any of these companies, changing the ordinance will allow us to when we see fit.

Mr. Smith asked if we have several of these companies with offer who is responsible for choosing which one we use?

Mr. Austin stated that changing the ordinance would allow the Purchasing Agent and/or Mayor the choice based on each item needed to choose which company or way of bid we use.

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Mr. Smith questioned what the stipulations of these company's contracts are and what is the process of recourse if we are not satisfied?

Mrs. Moulton stated they want us to be 100% satisfied.

Mr. Austin said that in this agreement, it states it can be dissolved at any time with written notice.

Mrs. Moulton recommends using these companies. Even MiDeal has a membership fee that would be cheaper to use then one bid publishing, and these companies can be used yearly for multiple bids.

COMMITTEE RECOMMENDATIONS:

Mr. Martinbianco stated that this is a very practical idea, but he would still like an opportunity to take a closer look at the competitive bidding process and then have another meeting and make possible recommendations to the Council.

Mr. Smith said maybe between meetings Mrs. Moulton can better research these companies and see just how much possible savings there can be. He would definitely take a better look at this before making a decision.

Meeting adjourned at 6:02 p.m.

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