

FINANCE COMMITTEE

14-077-0

AS AMENDED

ORDINANCE NO. _____

AN ORDINANCE AMENDING SECTIONS 41-24 AND 41-32 OF DULUTH CITY CODE, 1959, AS AMENDED, TO INCREASE THE MINIMUM CONTRACT AMOUNT IN SOLE SOURCE CONTRACTS REQUIRING CITY COUNCIL APPROVAL FROM MORE THAN \$25,000 TO MORE THAN ~~\$50,000~~ 40,000 AND ALLOWING THE PURCHASING AGENT, WITH THE APPROVAL OF THE CHIEF ADMINISTRATIVE OFFICER, TO AUTHORIZE THE AWARD OF NONCOMPETITIVE BID CONTRACTS OF ~~\$50,000~~ 40,000 OR LESS.

CITY PROPOSAL:

The city of Duluth does ordain:

Section 1. That Section 41-24 of the Duluth City Code, 1959, as amended, is hereby amended to read as follows:

Sec. 41-24. Contract procedure--contracts of \$100,000 or less.

Purchases of supplies and contractual services and all sales of personal property involving \$100,000 or less shall be made pursuant to the provisions of this section either by formal written contract or upon a properly executed purchase or sale order, whichever method is deemed appropriate.

(a) Bidding procedures;

(1) Contracts between \$25,000 and \$100,000. If the amount of the contract is estimated to exceed \$25,000 but not to exceed \$100,000 the purchasing agent shall make such purchases or sales by direct negotiation, obtaining two or more quotations when possible. All quotations obtained shall be kept on file for a period of at least one year after receipt thereof;

(2) Contracts of \$25,000 or less. If the amount of the contract is estimated to be \$25,000 or less, the purchasing agent may, in his discretion, make the purchase or sale either upon quotation or in the open market. If the contract is made upon quotation, it shall be based, so far as practicable, on at least two

quotations, which shall be kept on file for a period of at least one year after receipt thereof;

(3) Purchases of \$5,000 or less. In the case of purchases estimated to be \$5,000 or less, department heads or their designees are authorized to make such purchases without the approval of the purchasing agent. Such purchases may be made either upon quotation or in the open market. If such purchases are made upon quotation, they shall be based, so far as practicable, on at least two quotations, which shall be kept on file for a period of at least one year after receipt thereof;

(b) Rejection of bids. The purchasing agent or other person authorized to make purchases shall have the authority to reject all bids, parts of all bids or all bids for any one or more supplies or contractual services included in the proposed contract when the public interest will be served thereby. The purchasing agent or other person authorized to make purchases may reject the bid of a contractor who is in default on the payment of taxes, licenses or other money due the city;

(c) Award of contract. The purchasing agent or, subject to the limitations of paragraph (a)(3) of this Section, other persons authorized to make purchases shall have authority to award contracts within the purview of this Section, provided that contracts for more than ~~\$25,000~~ ~~50,000~~ 40,000 with sole source providers or for which only one complete responsive bid was received shall be awarded only after authorization by the city council;

(d) Performance bonds. The provisions regarding performance bonds contained in Section 41-23 of this Code are hereby incorporated into this Section.

Section 2. That Section 41-32 of the Duluth City Code, 1959, as amended,

is hereby amended to read as follows:

Sec. 41-32. Contracts not Subject to competitive bidding process.

The purchasing agent, with the approval of the chief administrative officer, is authorized to award contracts not subject to the competitive bidding process that involve an expenditure of ~~\$25,000~~ ~~50,000~~ 40,000 or less.

Section 3. That this ordinance shall take effect 30 days after its passage and publication.

FIN/ATTY WP/GBJ:s1 11/17/2014

STATEMENT OF PURPOSE: The purpose of this ordinance is to increase the minimum contract amount requiring city council approval in sole source and single bid contracts from the current amount of \$25,000 to ~~\$50,000~~ 40,000 and to allow the purchasing agent, with the approval of the chief administrative officer, to authorized the award of noncompetitive bid contracts of ~~\$50,000~~ 40,000 or less.