MEMORANDUM

Purchasing #16-089
November 30, 2016

To: Mayor and City Commission

Through: Dennis W. Beach, City Manager

From: Otis J. Thomas, General Services Director

Subject: Approval to Increase the City's Invitation to Bid (ITB), Sole Source, Emergency Procurement, Piggy-back, and Work Authorization Thresholds

Background

Thresholds are dollar amounts over which the good or service must be bought only through competitive bidding, usually from three or more qualified bidders (contractors, suppliers, vendors). In continuing efforts to streamline and align with the City's Strategic Plan, staff is seeking Commission approval to increase the thresholds for the following types of procurement activity: Invitation to Bid (ITB), sole source, emergency, piggy-back, and work authorizations. These thresholds have not been revised since 1996. The General Services department has a goal (1.1.7) in the "Great Places" section of this plan to develop local business opportunities. Increasing these thresholds will assist staff in achieving the City's Strategic Plan and will benefit our local businesses. Approval of this request will also assist the City in achieving its Lean Six Sigma initiative of eliminating waste and being more efficient with available resources in its operations.

Invitation to Bid (ITB)

Staff is seeking approval to increase the ITB threshold to $75,000.00. ITB current threshold amounts include the following ranges: $0 - $4,999.00 (requires one quote); $5,000.00 - $14,999.00 (requires 3 quotes); and $15,000.00 and greater (requires a formal bid and approximately 30-60 days to acquire). See Attachment "A" for current and proposed amounts. Approvals greater than $75,000.00 will require Commission approval. An auxiliary benefit of increasing the ITB threshold is it will create an estimated 43% more opportunities to do business with the City for local vendors and contractors (see Attachment "B"). Another benefit would be a reduction in the bid award process times by approximately 30-60 days for procurements $75,000.00 and below. The General Services Department has established an initiative called "Look Local First," that will allow the City to accomplish these actions. This initiative is described further in a later section of this memorandum.

Sole Source/Emergency Procurement/Piggy-back/Work Authorization

Staff is also seeking approval to increase sole source, emergency, piggy-back, and work authorization thresholds to $75,000.00. Current threshold amounts for these procurements are: $0 - $24,999.00 (General Services Director can authorize with the concurrence of the City Manager) and $25,000.00 and greater (must be approved by City Commission) See Attachment "A" for current and proposed amounts. Approval greater than $75,000.00 will require Commission approval. Increasing these threshold amounts for these types of procurements would have the benefit of streamlining and aligning all thresholds including construction change order and contingency usage and contract/service agreements. For example, the City Commission has already approved an increase from $25,000.00 to $75,000.00 for construction change order and contingency usage and contract/service agreements thresholds via Resolution No. 2016-60.

Look Local First Initiative

The idea behind the "Look Local First" (LLF) initiative is to give authorization to using departments and divisions to procure goods and services from local vendors and contractors that are under $75,000.00. The LLF initiative will be effective because the department/division will have the flexibility to obtain quotes up to $75,000.00 compared to the current bid threshold of $15,000.00. The LLF initiative will be responsible for an estimated 43% increase in opportunities for local vendors and contractors to do business with the City (see Attachment "B"). In conjunction with the increases to the threshold amounts, the General Services Department would work closely with and train departments and divisions to effectively implement the LLF initiative. The using department/division would be required to obtain one (1) price quotation for purchases under $20,000.00 and, three (3) price quotations for purchases between $20,001.00 and $75,000.00. If no local companies can be identified to provide quotes then the using department/division must complete a Good Faith Effort (see Attachment "C") form clearly showing that efforts have been made to obtain quotes from local vendors. The General Services Department will verify that using departments have made good faith efforts to locate local companies before issuance of Purchase Orders. The General Services Department will ensure that the using departments/divisions are exercising competition and rotating opportunities for vendors by monitoring these procurement activities regularly. The General Services Department will provide the using departments/divisions with a list of local vendors that are registered in the City's database and have indicated their readiness, willingness and ability to provide the required goods or services. The using department must apply the same scope, details, and specifications when requesting quotes from vendors for each of these types of procurement.

Procurement Card (P-card)

The City of Pompano Beach Procurement Card (P-card) Program is designed to improve efficiency in processing purchases from any merchant that accepts the MasterCard. This program will allow the cardholder to purchase approved commodities and services directly from merchants. The P-card program will provide a more efficient method for departments/divisions when procuring goods and services $75,000.00 and below. The City receives rebates when the p-card is utilized for procurements of goods and services. For example, once the total usage of the p-card reaches $500,000.00 the City will receive 1% back in rebates.

Conclusion

The following benefits are expected if approval is provided to increase current procurement thresholds to $75,000.00:

- Estimated 43% increase in opportunities for local vendors and contractors to do business with the City of Pompano Beach for projects $75,000.00 and below;
- Estimated 43% increased usage of the procurement card (P-card), which will increase the opportunity for rebates back to the City;
- Improved efficiency for requesting departments/divisions on small/low dollar projects ($75,000.00 and below) by reducing procurement processing times by approximately 30-60 days;
- Implementation of this threshold increase and the LLF will allow using departments to provide above and beyond customer service to their internal and external customers;
- No bonding requirements for commodities or services $75,000.00 and below. This will be a major cost avoidance for local vendors and contractors;
- Alignment with the City's Lean Six Sigma (LSS) initiative of eliminating waste and increasing efficiency and;
- Accomplishment of Strategic Plan Goal 1.1.7. - Develop Local Business Opportunities

Recommendation

Because these thresholds have not been revised since 1996 and the City's continuous encouragement of local businesses participation in the central procurement activities of the City, it is recommended that the current ITB, sole source, emergency, piggy-back, and work authorization thresholds up to $75,000.00 be approved.

Please indicate your concurrence/non-concurrence and sign in the space provided below.

CONCUR: ✓ NON-CONCUR: ___

James W. Seed 12-5-16 _____

City Manager Date City Manager Date

Comments: _____

enclosures:

cc: file
Phyllis A. Korab, Assistant City Manager
Greg Harrison, Assistant City Manager
Brian Donovan, Deputy City Manager

ATTACHMENT "A"

CURRENT / PROPOSED THRESHOLDS

Current Invitation to Bid (ITB) Threshold	
$0 - $4,999	One (1) quote required
	Quotes obtained by using department
	General Services Director can authorize expenditures up to this amount
$5,000 - $14,999	Minimum (3) quotes
	Quotes obtained by purchasing department
	General Services Director can authorize expenditures up to this amount
$15,000 - $24,999	Formal bid (30 - 60 days)
	Purchasing solicits
	General Services Director with the concurrence of the City Manager can authorize expenditures up to this amount
$25,000 and greater	Competitively bid and approved by City Commission

Proposed Invitation to Bid (ITB) Threshold	
$0 - $20,000	One (1) quote required
	Quotes obtained by using department
	General Services Director can authorize expenditures up to this amount
$20,001 - $50,000	Three (3) quotes required
	Quotes obtained by using department
	General Services Director can authorize expenditures up to this amount
$50,001 - $75,000	Three (3) quotes required (1 - 3 days)
	Quotes obtained by using department
	General Services Director with the concurrence of the City Manager can authorize expenditures up to this amount
$75,001 and greater	To be competitively bid and approved by City Commission

Current Sole Source, Emergency, Piggy-back, and Work Authorization Thresholds	
$0 - $14,999	General Services Director can authorize
$15,000 - $24,999	General Services Director can authorize with the concurrence of the City Manager
$25,000 and greater	Must Be approved by City Commission

Proposed Sole Source, Emergency, Piggy-back, and Work Authorization Thresholds	
$0 - $10,000	General Services Director can authorize
$10,001 - $50,000	General Services Director can authorize
$50,001 - $75,000	General Services Director can authorize with the concurrence of the City Manager
$75,001 and greater	Must Be approved by City Commission

ATTACHMENT "B"

AWARDS $75,000.00 AND BELOW

Awards $75,000 and below	FY2013	FY2014	FY2015	FY2016
Total # of Bids/Quotes awarded	51	56	33	33
Total amount awarded	$953,960	$959,134	$670,788	$775,178
Total # of awards to local Pompano Beach companies	12	13	12	10
Total amount awarded to local Pompano Beach companies	$221,411	$125,833	$196,469	$223,350

ATTACHMENT "C"

LOOK LOCAL FIRST
GOOD FAITH EFFORT REPORT

1. Which commodity or service is being procured?

   _____

2. Was the local vendor list that Purchasing provided used during your search?

   ____ Yes ____ No

3. Were there any other methods used to search for local vendors, if so provide method?

   _____

I, _____ have researched and exhausted all efforts to locate local vendors for the aforementioned commodity or service.

Employee signature:

_____Date_____

Print/type signature as signed above:

_____

Department Head signature:

_____Date_____

Print/type signature as signed above:

_____

Department/Division: _____

Purchasing & Soliciation
Threshold Benchmarking
Updated January 2017

	Small Dollar Purchase	Informal Bid	Formal Bid
Aventura	$2,499	$2,500 - $49,999	$50,000
Boca Raton	less than $3,000 1 verbal quote, $3,000 - $9,998 3 verbal quotes	$9,999 - $24,999 3 written quotes	$25,000
Boynton Beach			$25,000 commodities/services, $75,000 construction
Broward County	Up to $5,000	$5000 - $49,999.99 quotes	$50,000
Broward County Schools	$0 - $4999.99	$5000 - $49,999.99 quotes	$50,000
Broward Sheriffs Office	$15,000 - $30,000	$30,000 - $49,999	$50,000
Coconut Creek	$2,499	$5,000 - $24,999.99	$25,000
Cooper City	less $1,000 no quote required, $1,000 - $3,000 3 verbal quotes	$3,000 - $19,999 3 written quotes	$20,000
Coral Springs	Up to $5,000 1 informal quote, $5,000 - $20,000 3 informal quotes	$20,001 - $40,000	$40,001
Dania Beach	less than 2,500 no quote required, $2,501 - $5,000 3 verbal quotes	$5,001 - $25,000 3 written quotes	$25,001
Davie	$2,500	$2,500 - $25,000	$25,001
Deerfield	$2,499 no quote required, $2,500 - $4,999 3 verbal quotes	$5,000 - $24,999 3 written quotes	$25,000
Delray Beach	$2,499	$2,500 - $24,999 3 written quotes	$25,000
Fort Lauderdale	$4,999	$5,000 - $24,999	$25,000
Hallandale Beach	$24,999	$25,000 - $49,999	$50,000
Hollywood	$2,500 1 verbal quote $2,501 - $5,000 3 verbal/written quotes	$5,000 - $15,000 3 written quotes w/ uniform specs, $15,001 -	$25,001
Margate	Up to $5,000	$5,000 - $9,999	$10,000
Miami	$25,000	$25,000 - $49,999	$50,000
Miami Beach	$5,000	$5,000 - $49,999	$50,000
Miami Lakes	$5,000 1 written quote	$5,000.01 - $15,000 minimum of 3 quotes	$15,000.01 / $25,000 for professional services
Miramar	$9,999	$10,000 - $49,999	$50,000
North Bay Village	$1,000	$5,000 - $14,999	$15,000
North Miami	$4,999	$5,000 - $24,999	$25,000
Oakland Park	Up to $1,000 no quote $1,000.01 - $2,500 2 verbal quotes, $2,500.01 - $7,500 3 verbal quotes	$7,500.01 - $25,000 3 written quotes	$25,000
Palm Beach Sheriffs Office	$4,999	$5,000 - $49,999	$50,000
Pembroke Pines	Up to $1,000 no quote, $1,000 - $5,000 3 quotes by telephone	$5,000 - $24,999	$25,000
Plantation	$4,000 - 49,999	$25,000 - $99,999	$100,000
Pompano	***$4,999 1 quote***	***$5,000 - $14,999***	***$15,000***
Rivera Beach	$2,499	$2,500 - $49,999 3 written quotes	$50,000
SFRTA (Tri-Rail)	up to $3,000	$3,001 - $100,000	$100,001
South Florida Water Management District	$10,000	$10,000 - $50,000 verbal quotations, $50,000 - $100,000 written quotes	$100,001
Sunny Isles Beach	$2,500	$2,500.01 - $24,999	$25,000
Sunrise	$2,500	$2,500.01 - $24,999	$25,000
Tamarac	$4,999	$5,000 - $64,999	$65,000
Wellington	$2,500	$2,500.01 - $24,999	$25,000
Wilton Manors	$1,000 - $2,999 3 oral or written quotes	$3,000 - $19,999 3 written quotes	$20,000