



Efficiency in Government Streamlining Contract Approvals

July 23, 2018

- ❖ **Efficiency in Government**
- ❖ **Background, Current Process and Best Practices**
- ❖ **Comparisons**
- ❖ **Recommendations**

Audit Conclusion: The City's internal controls and processes support the **increased operational efficiencies** which can be gained by raising the dollar threshold of contracts submitted to Council for approval.

- Current threshold limits established in **1995**
- Consent agenda – routine items which have been previously funded and approved in the annual budget, or follows an established policy
- Operational efficiencies available
 - Preparation time of 3-6 hours per agenda item
 - Multi-departmental level reviews
 - 30 or more staff touch each item
 - 4-6 weeks Council queue time before execution, impacting Aviation, Water and CATS, in addition to General Fund Ops

- Audit observations cover 10 years
- Results from FY 2017 Audit Report
 - 49 percent of Consent items were below \$500,000 and represented **seven** percent of dollars
 - 225 of 226 consent items < \$500,000 approved unanimously
 - Of 96 items \$250,000-\$500,000, minutes reflect that Council asked questions regarding 3 actions; **all approved**
- Current Council (12/7/17 – 6/30/18)
 - 312 Consent Items; 38 items per agenda; **all approved**



Half the Consent Items Represent Just 7% of the Consent Dollars

Consent Agenda FY 2017	Items	% of Items	% of Value	Dollars (millions)
< \$500,000	226	49%	7%	\$50
\$500,000 - \$999,999	94	20%	9%	\$65
\$1 million - \$5 million	112	24%	35%	\$242
> \$5 million	32	7%	49%	\$343
Total Consent	464	100%	100%	\$700

Business Agenda FY 2017	Items	Dollars (millions)
Total Business	12	\$379

*Consent Items <\$500,000 represent less than 5% of combined Consent and Business Agenda dollars

Our Actions Reflect Our Values

- The City conducts **due diligence**.
- Staff executes responsibilities with the highest standards of **ethical conduct** and **civic stewardship**.
- Procurements must be **legal, fair, competitive, inclusive** and provide the best value.
- The City is committed to performing with **accountability, integrity** and **impartiality**.
- Building **trust** and **confidence** is essential.

Successful Outcomes Are Driven through Rigorous Due Diligence

Prior to Council approval, the following mandatory due diligence has been performed to meet:

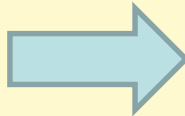
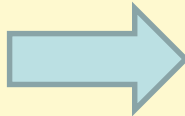
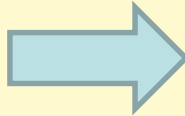
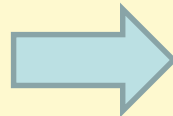
- Statutory and legislative requirements;
- City, state, or federal policies;
- MWSBE diversity and inclusion initiatives and opportunities;
- Risk assessment and mitigation strategies; and
- Established standardized processes, procedures and best practices.

Internal Services Review and Executive Review

- Legal, Finance, Procurement, Technology, Budget, Internal Audit, Risk Management conduct a joint compliance review.
- City Manager's Office, Budget and Legal perform a final review of agenda items before presentation to Council.

Opportunities for Improvement

- Forecasting procurement needs by fiscal year
- Multiple purchasing groups
- Inclusion, outreach, and utilization efforts
- Consolidation of common needs



Refining the Process

- Implement long term forecasting or procurement opportunities
- Increase oversight through centralized procurement
- Maximize MWSBE inclusion and outreach opportunities
- Eliminate redundancies to achieve economies of scale



The most populated N.C. City has nearly the lowest thresholds

	Construction	Goods and Equipment ¹	Service Contracts	Population	Total Budget (millions)
NC Statute	\$500,000	No Cap	No Cap	NA	NA
Charlotte (current)	\$100,000	\$100,000	\$100,000	842,051	\$2,390.4
Charlotte (proposed)	\$500,000	\$500,000	\$500,000		
Mecklenburg County	\$500,000	\$100,000	No Cap	1,077,000	\$1,705.7
Raleigh	\$500,000	No Cap	\$150,000	458,880	\$919.1
Greensboro	\$300,000	No Cap	\$100,000	287,027	\$534.6
Durham	\$300,000	\$300,000 ³	\$50,000	263,016	\$429.4
Cary	\$500,000	No Cap	No Cap	162,320	\$310.7
Fayetteville	\$500,000	\$90,000	No Cap	204,759	\$204.7
Asheville	\$100,000	No Cap ²	\$90,000	89,121	\$175.4
Chapel Hill	\$500,000	No Cap	No Cap ²	59,246	\$107.3

¹Per N.C.G.S. 143-129e(6) and (g), City Council may not delegate the authority to award sole source or piggyback contracts for goods or equipment

²No cap, as long as funds are included in the budget

³\$300,000 if (1)awarding to lowest bidder, or (2)through co-op, or (3)from NC state contract; otherwise \$90,000



Charlotte has Lower Thresholds than several National Municipalities

Municipality	Governing Board Threshold
Fairfax County, VA (pop. 1.15 million)	No approval required; notice/report only
City of Miami, FL (pop. 479,009)	> \$1,000,000
City of Denver, CO (pop. 719,116)	> \$500,000 (commodities and construction only)
Portland, OR (pop. 658,347)	> \$500,000
Los Angeles, CA (pop. 3.79 million)	> \$100,000 for services only; no approval required for other categories
Kansas City, MO (pop. 494,536)	> \$5,000,000

Raise Council Approval Threshold
from \$100,000 to \$500,000

Discussion