MEMORANDUM

TO: City Council

FROM: David J. Deutsch
City Manager

SUBJECT: ***Status Report*** DATE: March 15, 2012

Status Report

1. Centralized Procurement versus Decentralized Procurement
   One of the objectives for the City Manager's Office in the FY 2012 Budget is to evaluate centralized procurement versus decentralized procurement and report the results to City Council. Attached please find this analysis.

2. Contract Renewal
   The expanded complexity and use of the City voice/data network has created a need for regular and continued support. The FY12 Budget includes funds for this support, including weekly visits to analyze log files and server activity, regular security audits and penetration testing. Columbia Telecommunications Corporation (certified MBE/WBE) has been providing network support via a purchase order in FY11 ($75K). The hourly rate offered is via a COG rider on Montgomery County Contract # 4346000017AA Amendment No. 7. They have proposed a total price not to exceed $50K. As provided in Section 62 of the City Charter, this will serve as the required seven-day notice of intent to purchase network engineering support from Columbia Telecommunications Corporation.

3. SHA Meeting
   On March 14, 2012 a staff team met with a delegation from SHA's District 3 office in Greenbelt. The purpose of the meeting was for both staffs to get to know each other better, address issues of mutual concern, and general information sharing. SHA was represented by the following people:

   Brian Young, District Engineer
   Shirlene Cleveland, Assistant District Engineer

Kate Mazzara, Assistant District Engineer
Vernon Stinnett, Assistant District Engineer
Felecia Murphy, Assistant District Engineer
Victor Grafton, District Utility Engineer
Duane Bernard, Assistant District Engineer
Claudine Myers, Chief, Engineering Systems Team
Christopher Bishop, Communications Liaison

The SHA staff described their individual roles and areas of responsibilities, which will help direct City staff and residents to the right person when we have a SHA issue. SHA described each project in the attached report titled "System Preservation Projects", which covers nine projects in and around Bowie. In addition, staff raised several items not covered in the handout, including:

a) MD 197/Old Chapel Road Intersection. SHA expects to complete a review within the next 60 days of this intersection, specifically (once again!) whether accident history at the northern location, by the Shell Station, along with other factors is sufficient to warrant a traffic signal.

b) Contractor Staging at Old US 50 Eastbound Off-Ramp at MD 197. The contractor is installing new guardrail on US 50 between MD 704 and the Anne Arundel County line. The project is expected to be complete in June 2012. SHA plans to remove the pavement from the old ramp when the guardrail contractor is finished, and that will preclude this area from ever being used for staging in the future.

c) Traffic Signal at MD 197/Evergreen Parkway. This is scheduled for FY14, along with the paving of MD 197 from US 301 to Evergreen.

d) Status of Funding for MD 450 and MD 197. There is no money programmed for either project to move ahead.

e) Kenhill Drive. SHA reacted positively to our request that they share the cost of widening Kenhill near MD 197, since the need for the project was created by the modifications they made to the signal. City staff provided SHA with preliminary engineering data for their review.

In conclusion, it was a very productive meeting and we look forward to a continuing cooperative relationship with SHA.

DJD/asf

Attachments

City of Bowie

15901 Excalibur Road
Bowie, Maryland 20716

MEMORANDUM

To: City Council

From: David J. Deutsch
City Manager

Subject: Centralized Procurement versus Decentralized Procurement

Date: March 9, 2012

One of the objectives for the City Manager's Office in the FY 2012 budget is to evaluate centralized procurement versus decentralized procurement and report the results to City Council.

City's Current Procurement Process

The City currently operates primarily under a decentralized procurement process, but with elements of centralized processes that ensure organizational consistency in this function. This hybrid system allows for control and consistency that a centralized system offers, without excessive restrictions on departments that is an advantage of a decentralized system.

- The City Charter provides the foundation of the City procurement process (see attachment 1).

- The City does not currently have a centralized purchasing office. Procurement primarily occurs at the department level which is characteristic of a decentralized system.

- Multiple approval steps of the current process help to ensure checks and balances, maintain control and are characteristic of a centralized system in many regards. For example, check requests, require three levels of approval, Department level, Finance level, City Manager's level. By using this multi-review process, any procedural inconsistencies are quickly discovered and corrected.

- Three price quotes are requested, when possible, for most purchases above $1,000.

MAYOR G. Frederick Robinson **MAYOR PRO TEM** Diane M. Polangin
COUNCIL Dennis Brady ♦ Henri Gardner ♦ James L. Marcos ♦ Isaac C. Trouth ♦ Todd M. Turner **CITY MANAGER** David J. Deutsch
City Hall (301) 262-6200 FAX (301) 809-2302 TDD (301) 262-5013 WEB www.cityofbowie.org

- Competitive bids are required for purchases greater than $10,000 unless City Council authorizes a waiver for good cause shown.

- Attorney review of RFP's prior to solicitation to bid helps to ensure compliance with legal requirements.

- Grants Office review of purchases when grants are involved insures compliance with grantor requirements.

- The City piggybacks extensively on other local government bids through Council of Government (COG) and Baltimore Regional Cooperative Purchasing Committee (BRCPC) bid riders. This requires a seven day notice to City Council prior to taking this action and is limited to purchases under $100,000 unless a bid waiver is authorized by City Council.

- For large bids over $25,000 the City must advertise bids on eMaryland Marketplace which greatly expands the market for potential bidders. The City also uses eMaryland Marketplace for some bids under $25,000 as well.

Comparison of Centralized versus Decentralized Procurement Processes

It is unlikely that any procurement process represents a pure version of either a centralized or decentralized process. When comparing a centralized process with a decentralized process, each form of procurement offers advantages and disadvantages as follows:

Centralized Procurement - Advantages

- Enhanced consistency and standardization in procurement process.

- Centralized authority and decision making responsibility.

- Better achieve economies of scale by consolidating departmental requirements for commonly used goods and services.

- In certain areas, would free up time at the departmental level to devote to other activities.

- Could be helpful in larger more complex purchases that require the issuance of an RFP for staff involved in purchasing only on an occasional basis.

- Procurement office may have better knowledge of procurement environment and awareness of other governmental contracts that City could piggyback on.

Centralized Procurement - Disadvantages

- Would require additional personnel and cost (see more detailed analysis later in memorandum).
- May add additional time to purchasing process.
- May still require departments to do much of the work they are already doing for procurement to ensure departments are getting the products they desire.
- Takes time to educate the procurement office regarding particular departmental needs.
- May result in conflict between the procurement office and other departments in the City.
- May be difficult to integrate centralized procurement in current decentralized environment.

Decentralized Procurement - Advantages

- Reduced level of bureaucracy - when departments can procure what they need, when they need it, procurement is accomplished efficiently and quickly.
- Delegates administrative responsibility, authority and discretion to department level to a great extent.
- Department managers are more intimately familiar with their programming needs.
- Departments can interact directly with vendors.
- Allows departments to respond rapidly to changing conditions.
- Provides flexibility to manage departmental service delivery system.
- City personnel are familiar with current processes and procedures.

Decentralized Procurement - Disadvantages

- Organizational inconsistency in applying procurement rules, regulations and processes.
- Departments don't always have expertise in purchasing certain items.

- Departments sometimes have difficulties when purchasing larger items or services that require the issuance of an RFP.

What Procurement Methods Are Other Comparable Cities in the State Using

Attached is a survey prepared by the City's Finance Department showing the procurement methods of other cities of comparable size to Bowie (see attachment 2). As can be seen from this survey, other cities in the State take a varied approach to procurement. Of the eleven cities surveyed, seven have separate procurement offices and four do not. The larger cities of Frederick, Gaithersburg and Rockville all have separate purchasing offices.

The number of people working in the procurement offices of other governments ranges in size from one to five. It is interesting to note that Hagerstown eliminated two positions in their procurement office in FY 2012.

How Much Would it Cost to Create a Separate Procurement Office in the City of Bowie

Based on the manpower devoted to procurement in other cities throughout the State, we estimate that two positions would need to be added to create a separate procurement office in Bowie as follows:

- Purchasing Manager – Grade 12 – Midpoint Salary $74,979 + 30% benefit cost $22,494 = $97,473.

- Buyer – Grade 9 – Starting Salary $45,238 + 30% benefit cost $13,571 = 58,809.

Total potential salary and benefit cost - $156,282.

Given the large potential cost to create a procurement office for the City, staff does not recommend creating a separate procurement office in the City at this time.

What Steps are Recommended to Improve the City's Procurement Process

While staff does not recommend creating a separate procurement office for the City at this time, staff does feel that improvements to the City's procurement process could be made. Below are several suggested improvements that staff would recommend.

- Better train staff in the City's procurement process with an emphasis on larger purchases that require an RFP.

- Examine the American Bar Association's Model Procurement Code for State and Local Governments to determine ways to strengthen the City's purchasing process.

- Develop a more specific set of procurement guidelines that better communicate organizational expectations.

- Develop checklists to better communicate to employees involved in the purchasing process all of the things they need to do from the beginning to the end of the process and to better communicate what documents need to be included in RFP's.

- Consolidate existing procurement policies in one document.

- Improve the maintenance of and access to the City's Bidder's List.

- Allow bidders to register directly with the City on our new Web Site.

- Invite representatives from COG, BRCPC and other relevant organizations to speak to City employees involved in procurement on how best to utilize the services of these groups.

- Provide for more outside training opportunities for City employees in purchasing.

If these improvements are endorsed by City Council, staff would recommend that implementing these improvements be made an objective in the FY 2013 City Budget for the City Manager's Office.

Attachments

DJD/JLF/adf

Sec. 58. Authority for borrowing.

(a) The City shall have the power to borrow money for any proper public purpose and to evidence such borrowing by the issue and sale of its general obligation bonds or notes in the manner prescribed in section 58(b).

(b) (1) The City's bonds or notes may be sold for any public purpose by private negotiated sale without advertisement or publication of notice of sale or at public sale after solicitation of competitive bids, as determined by the ordinance authorizing the issuance of the bonds or notes.

(2) (a) Any public sale of the City's bonds or notes may be held only after one (1) or more insertions of a notice of the sale in either a newspaper of general circulation in Prince George's County or a publication having a circulation primarily among the investment and financial community.

(b) The first insertion of the notice of sale shall be published at least 10 days before the date fixed for the sale.

(3) (a) Bonds or notes issued under this subsection may be sold or redeemed for a price or prices which may be at, above, or below the par value of the bonds or notes, as provided in the authorizing ordinance.

(b) The ordinance that authorizes the bonds or notes may provide for prior redemption of the bonds or notes.

(c) Bonds or notes of the city may be issued, sold, and delivered on such terms and conditions, including fixed or variable rate or rates of interest or method of determining interest rate or rates, as provided in the authorizing ordinance.

(4) City bonds or notes may be issued for either cash or other valuable consideration.

(5) The official signatures and seals affixed to any City bonds or notes may be imprinted in facsimile.

(6) The City may enter into agreements with agents, banks, fiduciaries, insurers, or others for the purpose of enhancing the marketability of or as security for the bonds or notes and for securing any tender option granted to holders.

Sec. 59. Payment of indebtedness.

The power and obligation of the city to pay any and all bonds, notes, or other evidences of indebtedness issued by it shall be unlimited. The City shall levy ad valorem taxes upon all the taxable property of the city for the payment of such bonds, notes, or other evidences of indebtedness and their interest, without limitation of amount. The faith and credit of the city is hereby pledged for the payment of the principal of and the interest on all bonds, notes, or other evidences of indebtedness.

Suppl. No. 2, Revision issued under the authority of this Charter, whether or not such pledge be stated in the bonds, notes, or other evidences of indebtedness, or in the ordinance authorizing their issuance.

Sec. 60. Validity of bonds, etc., issued prior to effective date of Charter.

All bonds, notes, or other evidences of indebtedness validly issued by the city previous to the effective date of this Charter and all ordinances passed concerning them are hereby declared to be valid, legal, binding and of full force and effect as fully set forth in this Charter.

Sec. 61. Purchasing and contracting.

(a) All purchases and contracts for the City government shall be made by the City Manager. The council may provide by ordinance for rules and regulations regarding the use of competitive bidding and contracts for all City purchases and contracts.

(b) Competitive bidding requirements.

(1) All expenditures for supplies, materials, equipment, construction of public improvements or contractual services involving more than ten thousand dollars ($10,000) shall be made by written contract. The City Manager shall advertise for sealed bids, in the manner prescribed by ordinance, for all such written contracts. The contract shall be awarded to the bidder who submits the lowest responsive bid with consideration of factors such as the lowest price, quality of work or goods, ability to deliver goods or complete work promptly, and the bidder's demonstration of overall qualifications and assurances to provide or maintain the

equipment or services for which the bid is submitted. All such written contracts shall be approved by the Council before becoming effective and may be protected by such bonds, penalties and conditions as the City may require. The City Manager may reject all bids and readvertise.

(2) The City at any time in its discretion may employ its own employees for the construction or reconstruction of public improvements without advertising for (or readvertising for) or receiving bids.

(3) The Council by a two-thirds vote may waive bidding requirements of this subsection for good cause shown.

(4) All contracts involving professional services, including but not limited to accounting, architecture, auditing, engineering, law, planning, and surveying need not be on a bid basis but may be negotiated by the City Manager and or the Council or both. The City Manager shall advertise the intention to negotiate for such professional services prior to making any contract in excess of ten thousand dollars ($10,000).

Sec. 62. Cooperative bidding.

In the event the State of Maryland, Prince George's County, the Metropolitan Washington Council of Governments, or one (1) of its member governments, or the U.S. Communities Government Purchasing Alliance, or any other local government of the State of Maryland or Association of Maryland Local Governments, provided that such local government or association has adopted procurement regulations that are comparable to those enacted by the City, has conducted a bid and awarded a contract authorizing local governments to purchase a bid item at the bid price, the City Manager may, without soliciting bids, purchase the item in question at the bid price from the successful bidder, if the City Manager determines that the bid price is competitive. The City Manager shall, at least seven days prior to purchasing a service or goods pursuant to this subsection, inform the Council of the intention to make such a purchase. No such single purchase shall exceed $100,000 without a waiver by the Council of the bidding process for good cause shown. (Sec. 62 amended by CAR-02-02, adopted September 3, 2002 and effective October 23, 2002).

PERSONNEL

Sec. 63. City Attorney.

The Council may appoint a City Attorney. The City Attorney shall be a member of the bar of the Maryland Court of Appeals. The City Attorney shall be the legal adviser of the city and shall perform such duties in this capacity as may be required by the Council or City Manager. The compensation for this position shall be determined by the Council. The City shall have the power to employ such legal consultants as it deems necessary from time to time.

Sec. 64. Employment authority.

The City shall have the power to employ such officers and employees as it deems necessary to execute the powers and duties provided by this Charter or other state law and to operate the city government. No Mayor or Councilmember may be employed in any capacity by the City until he or she has been out of office for two years.

Sec. 65. Merit system.

The City may provide by ordinance for appointments and promotions in the administrative service on the basis of merit and fitness. The Council shall have the power to adopt rules and regulations governing the operation of a merit system as it deems desirable or necessary. These rules and regulations may provide for competitive examinations, use of eligible lists, classification plan, compensation plan, probation period, appeals by employees included within the classified service from dismissal or other disciplinary action, and vacation and sick leave.

Sec. 66. Dual office holding prohibited.

No person shall hold more than one City office or position of profit at any one time. For the purposes of this section, City office or position shall mean all elective, appointive and classified positions of the City.

Sec. 67. Retirement system.

ATTACHMENT 2

Selected Cities with Purchasing/Procurement Depts.
FY12

City	Procurement/ Purchasing Dept's	Number of Personnel in Purchasing Dept.	Job Titles (No. of positions)	Comments
Annapolis	Yes	3	Procurement Officer (1) Buyer (2)	-
College Park	No	-	-	-
Cumberland	No	-	-	-
Frederick	Yes	5	Director of Budgeting & Purchasing (1) Purchasing Manager (1) Procurement Specialist (2) Buyer I (1)	-
Gaithersburg	Yes	1	Procurement Officer (1)	-
Greenbelt	No	-	-	-
Hagerstown	Yes	1	Purchasing Manager (1)	In FY12, eliminated Purchasing Specialist and Purchasing Clerk positions.
Laurel	No	-	-	-
Ocean City	Yes	?	?	Found references to Purchasing Dept.
Rockville	Yes	4	Purchasing Manager (1) Contract Specialist (1) Buyer II (1.5) Buyer I (0.5)	-
Salisbury	Yes	4	Asst. Director, Internal Services, Procurement (1) Senior Buyer (1) Buyer (1) Buyer Assistance (1)	-

Maryland State Highway Administration
District 3 - Project Updates

System Preservation Projects

City of Bowie
Prince George's County

SHA
State Highway Administration
Maryland Department of Transportation

March 2012

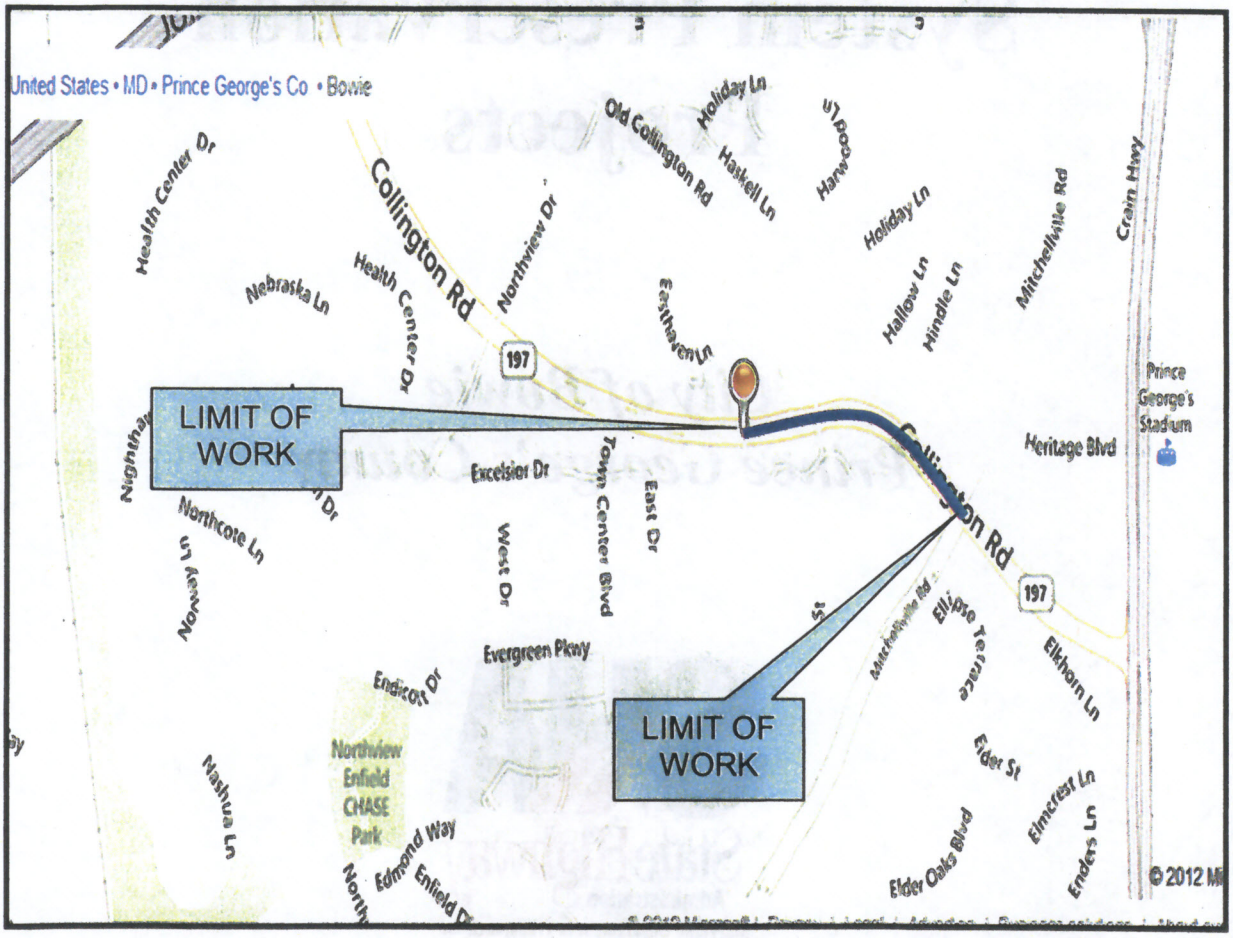
XX6375179: MD 197 from Evergreen Pkwy. To Mitchellville Road - Retrofit Sidewalk & ADA Ramp Compliance Program in District 3

WHAT: Upgrade existing non ADA compliant sidewalk ramps

WHY: To improve pedestrian safety and accessibility.

WHEN: Construction completed

COST: $118,714.00 (Construction estimate)



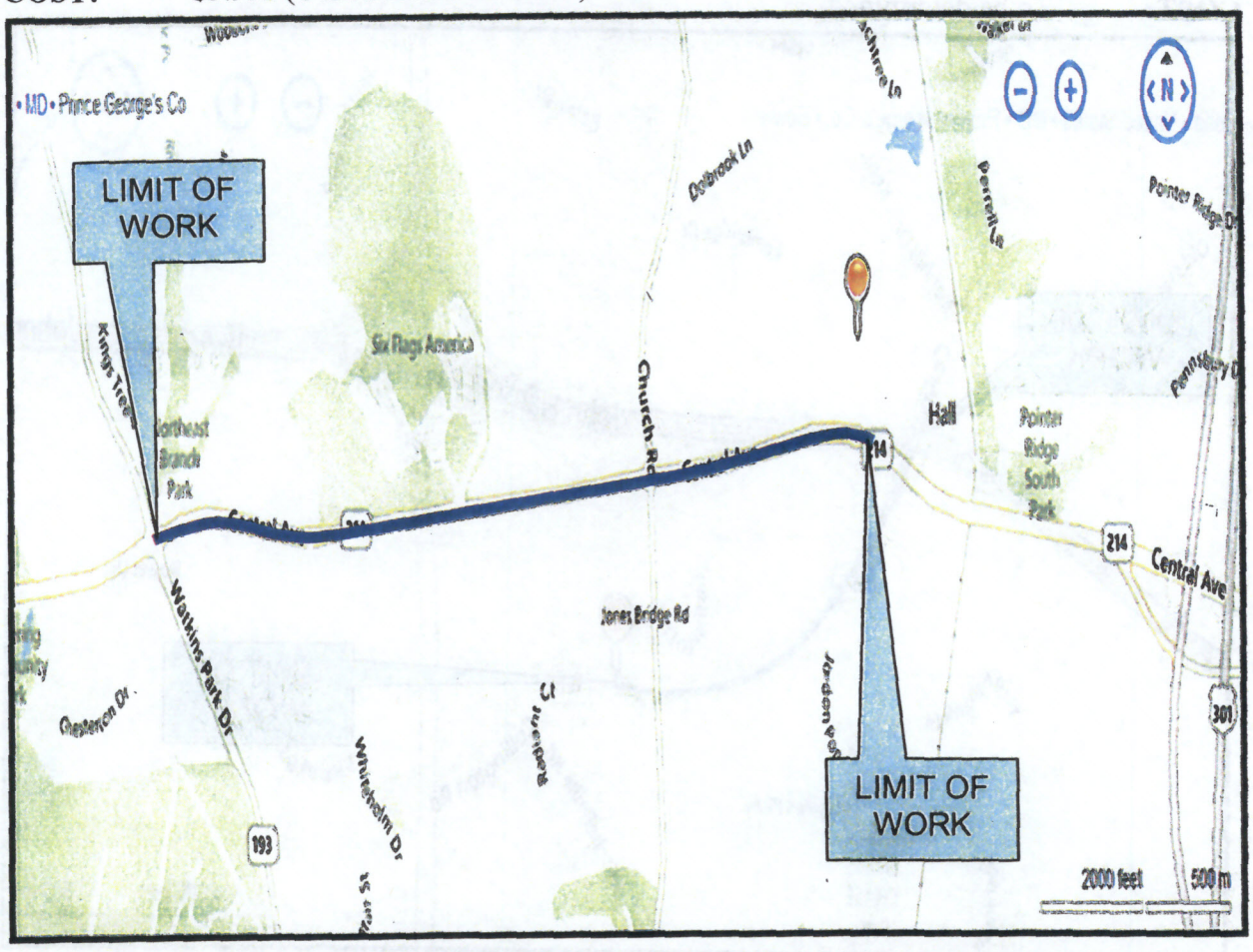
PG8985177: MD 214 from MD 193 to South of Devonwood Drive - Safety and Resurfacing

WHAT: Patch, grind and resurface the existing roadway, upgrade existing sidewalk and ramps, repair existing inlets.

WHY: The existing pavement condition is deteriorated and is in need of repair.

WHEN: In construction
Bid opening - 4/5/12
Construction – Summer 2012

COST: $3.9M (Construction Estimate)



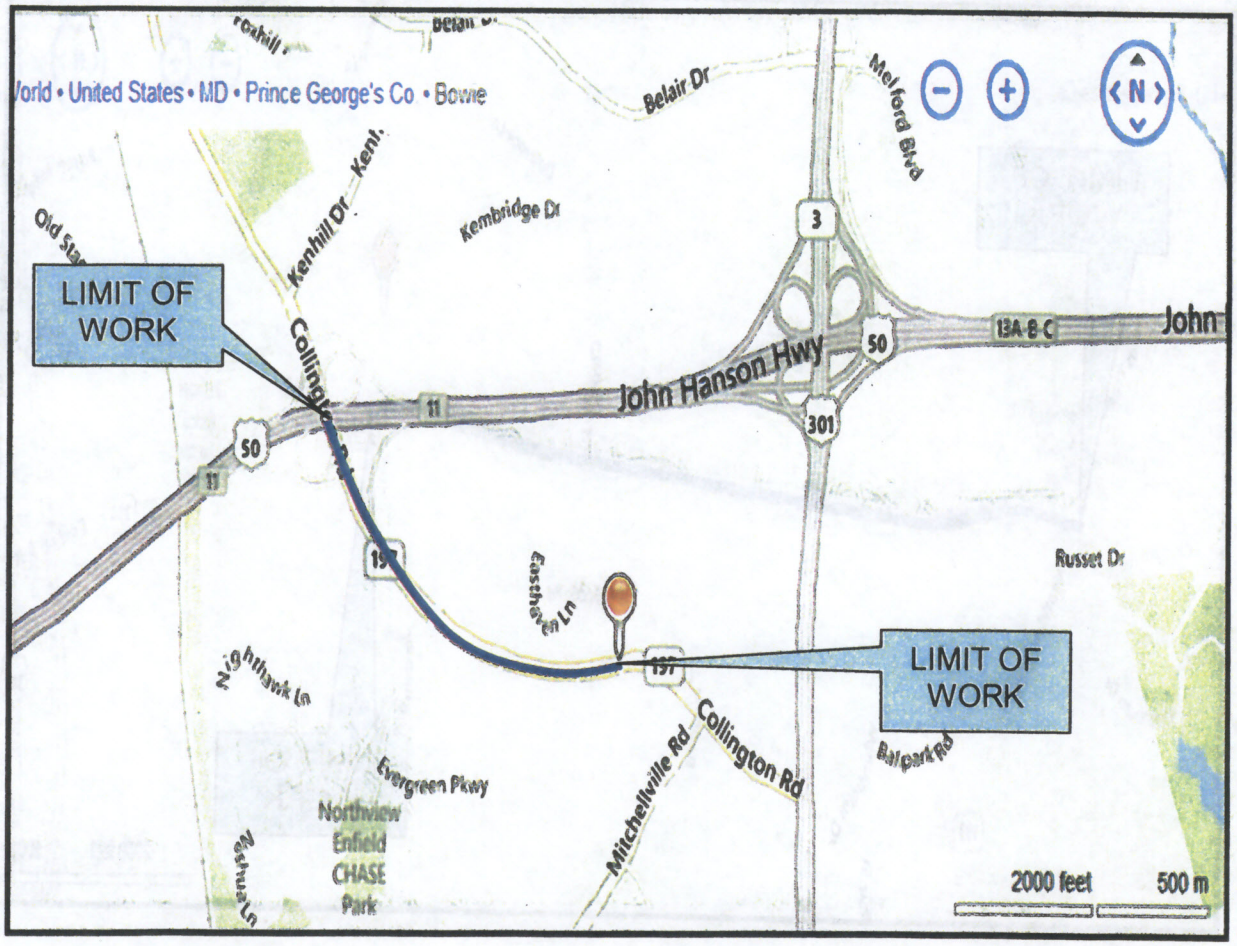
XX2275377: MD 197 from Holiday Lane to US 50 -ADA Improvements for Retrofit Sidewalk & ADA Ramp Compliance Program in District 3

WHAT: Upgrading existing non ADA compliant sidewalk ramps.

WHY: To improve pedestrian safety and accessibility.

WHEN: In design
Funded for construction
Construction – Summer 2013

COST: To be determined



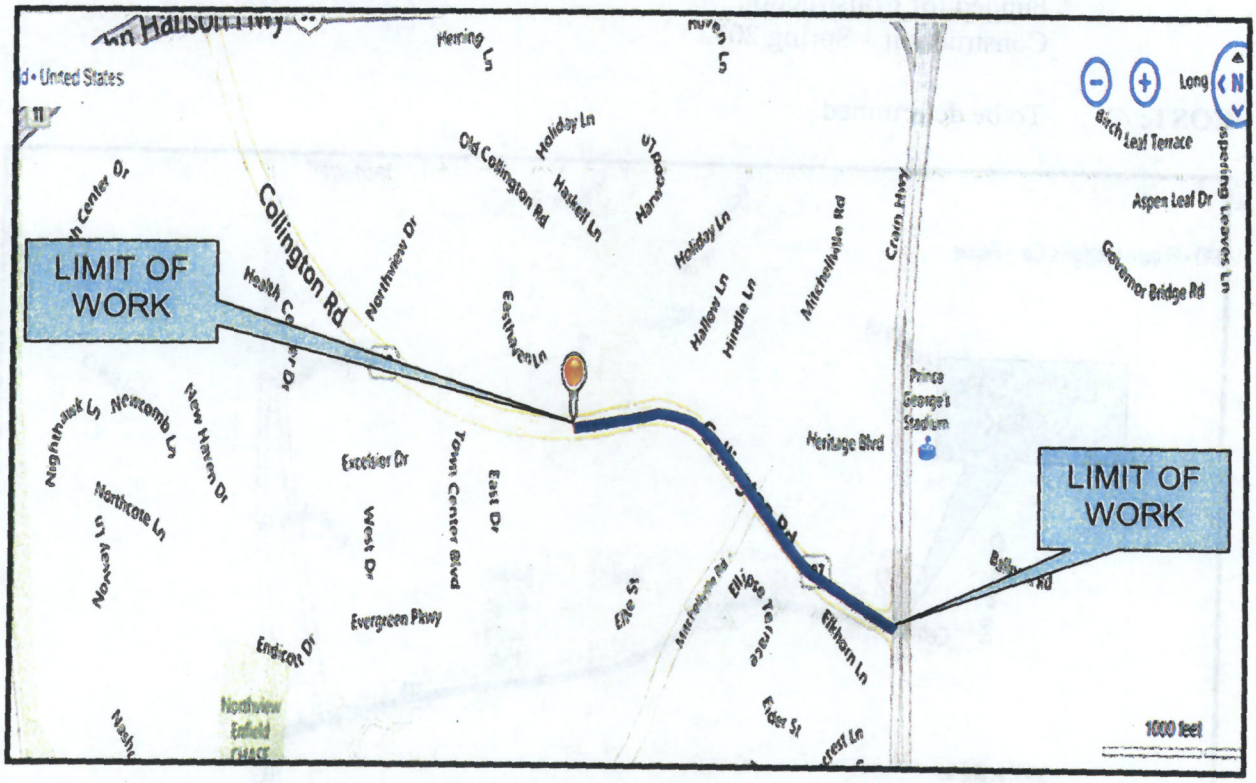
PG7865277:MD 197 (Collington Road) from US 301 to Evergreen Parkway Safety and Resurfacing

WHAT: Patch, grind, and resurface existing roadway in both directions.

WHY: The existing pavement condition is deteriorated and is in need of repair.

WHEN: In design
Production Advertisement Date - 2/12/2013
Construction - FY'14

COST: To be determined



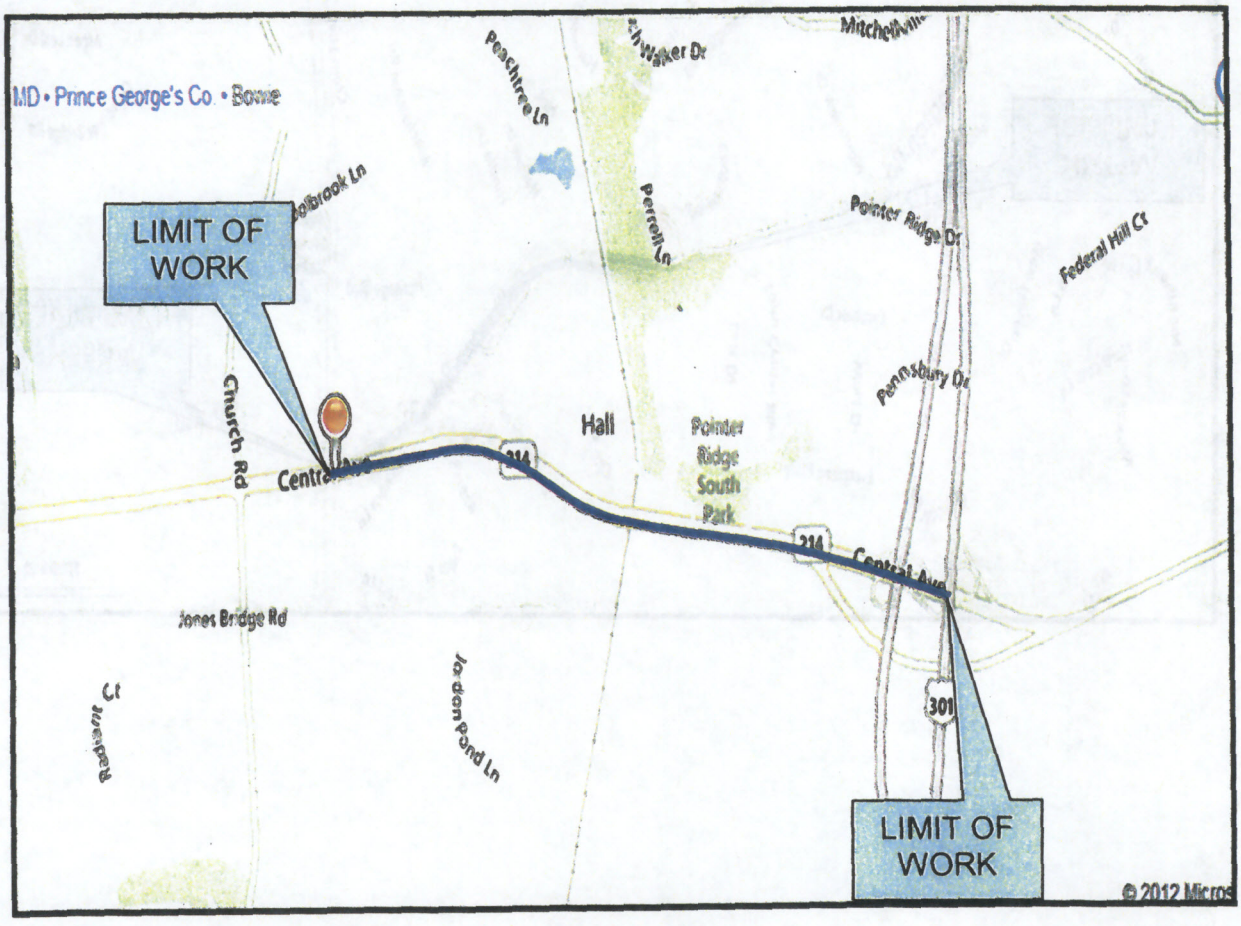
PG9772182: MD 214 (Central Avenue) from Jared Road to US 301 – D3 SWM Retrofits Project

WHAT: Installation of Bioswales in the median along MD 214

WHY: These facilities are needed to treat run-off from existing impervious surfaces within SHA right-of-way. The Storm Water Management (SWM) retrofits are part of a Federal Executive Order to restore and protect the Chesapeake Bay.

WHEN: In design
Funded for Construction
Construction – Spring 2012

COST: To be determined



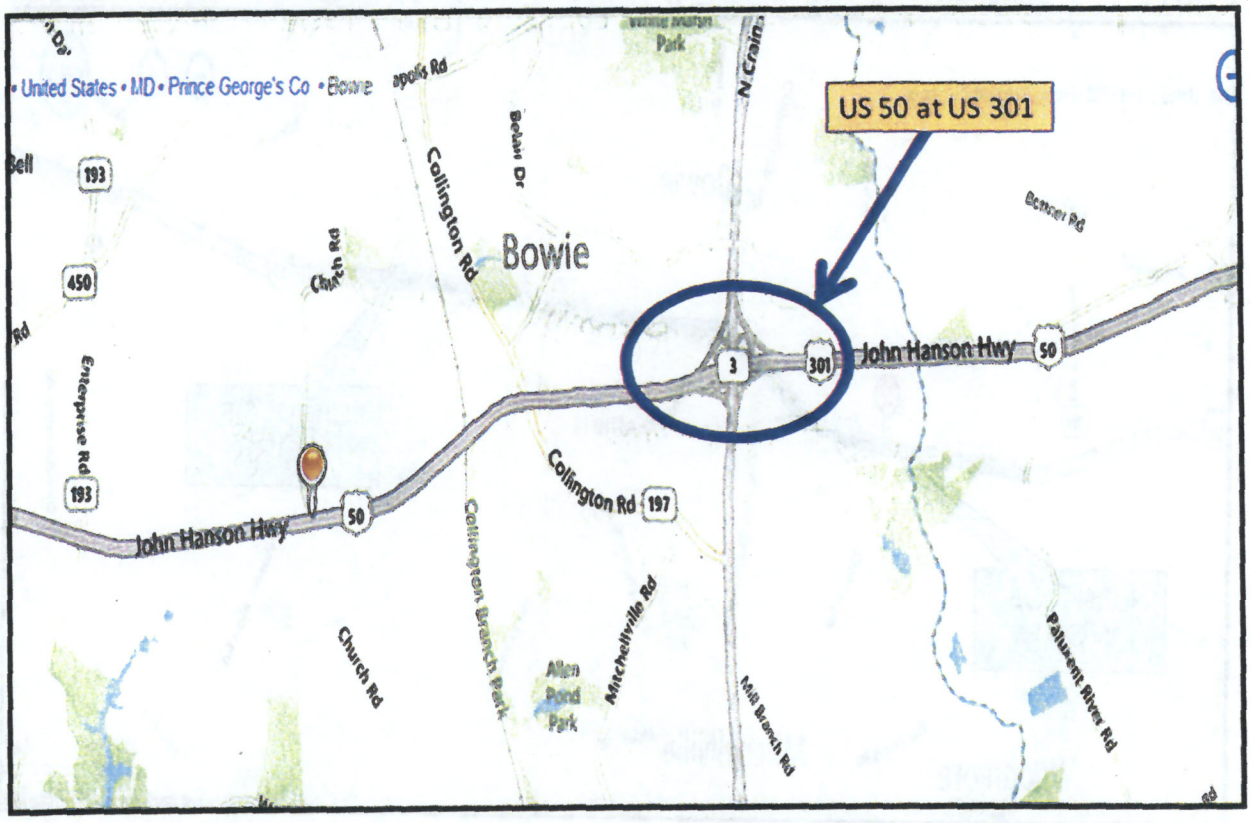
PG9795177: IS-595 at US 301 Interchange Ramps and CD Lane-White Topping project

WHAT: Replace existing roadway pavement with concrete at the intersection.

WHY: To reduce trucks running at the intersection.

WHEN: In design
Production Advertisement Date – 01/15/2013
Construction - FY'13

COST: To be determined



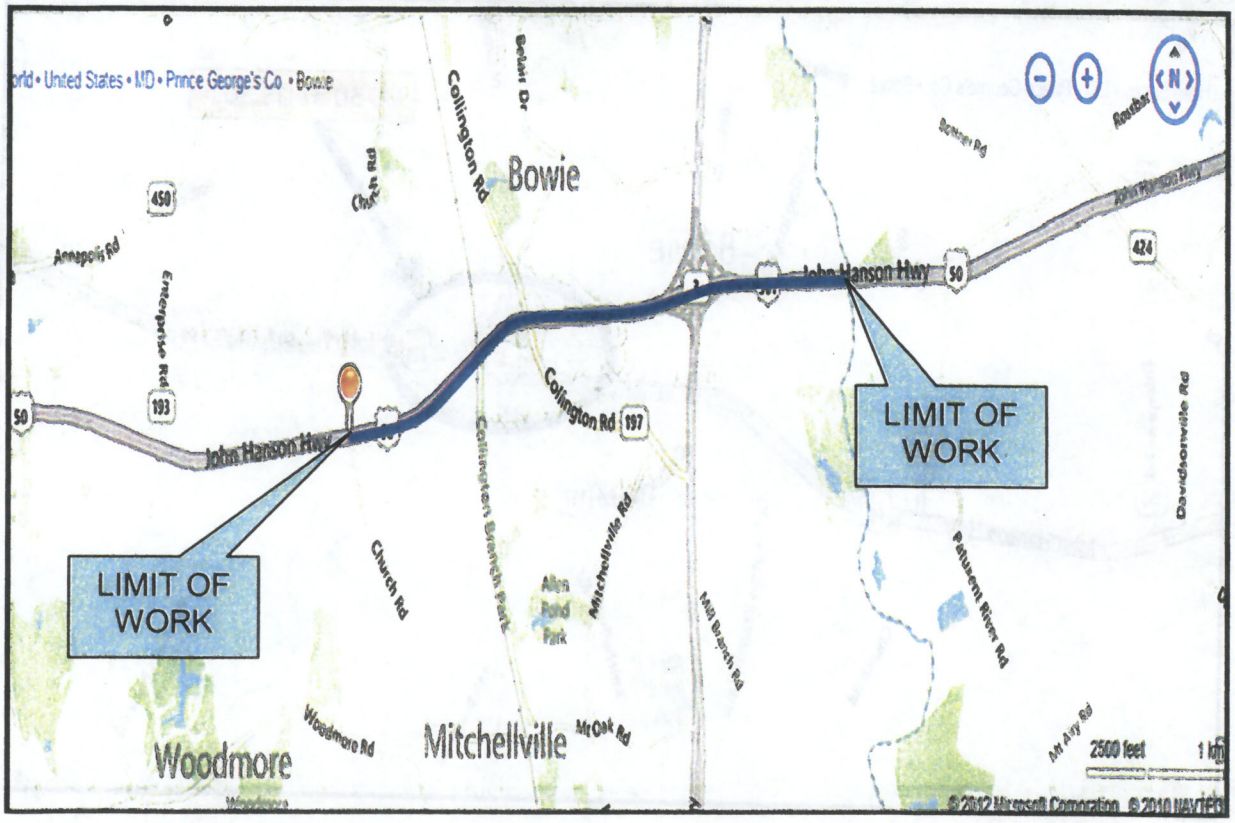
PG9795277: IS-595 from south of Church Road to Anne Arundel County Line-Safety and Resurfacing project

WHAT: Patch, grind, and resurface existing roadway in both directions.

WHY: The existing pavement condition is deteriorated and is in need of repair.

WHEN: In design
Construction – FY'15

COST: $250,000.00 (Preliminary Engineering Estimate)



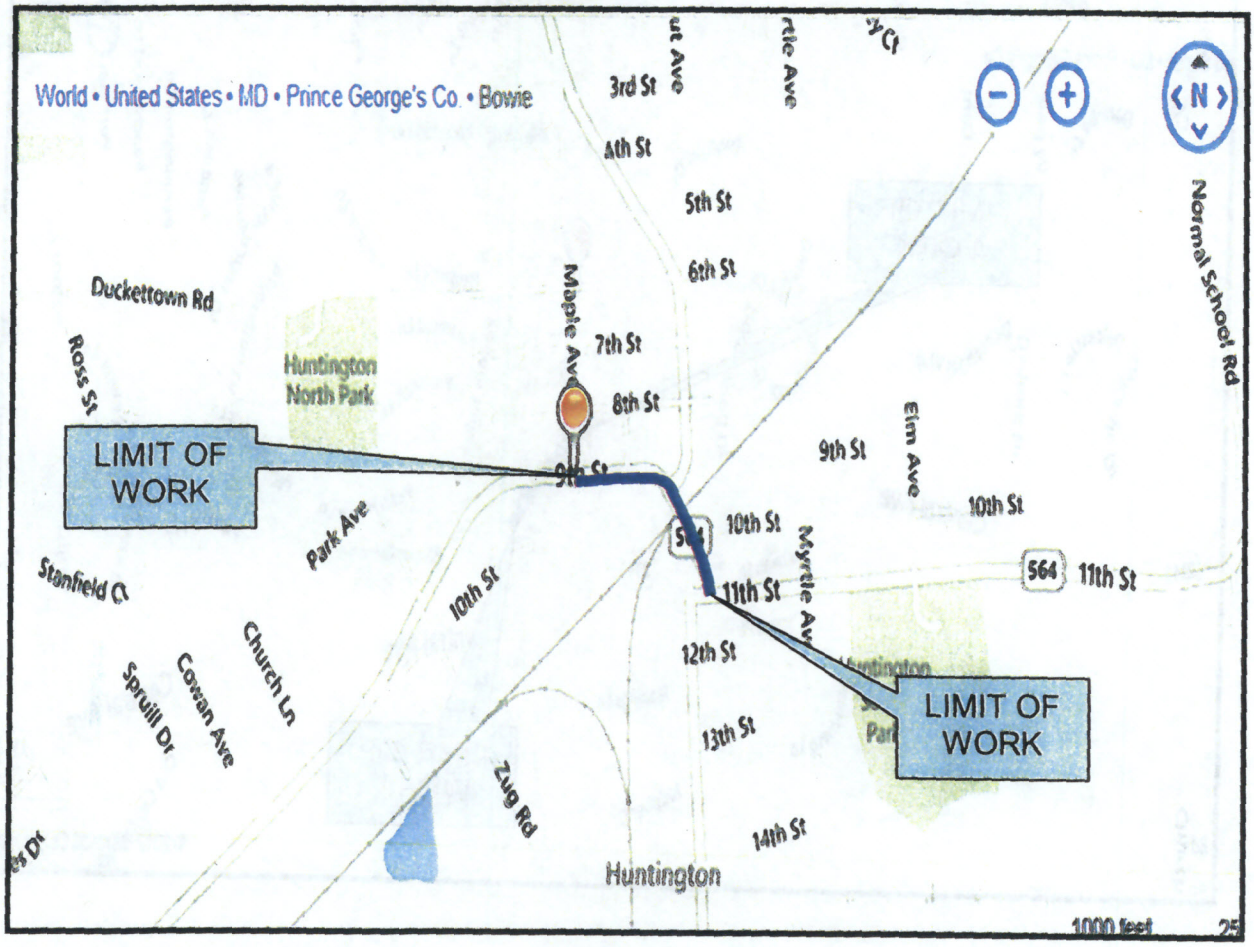
XX2275377: MD 564 from Maple Avenue to 11th Street -ADA Improvements for Retrofit Sidewalk & ADA Ramp Compliance Program in District 3

WHAT: Construction of new sidewalk and ramps.

WHY: To improve pedestrian safety and accessibility.

WHEN: In design
Funded for construction

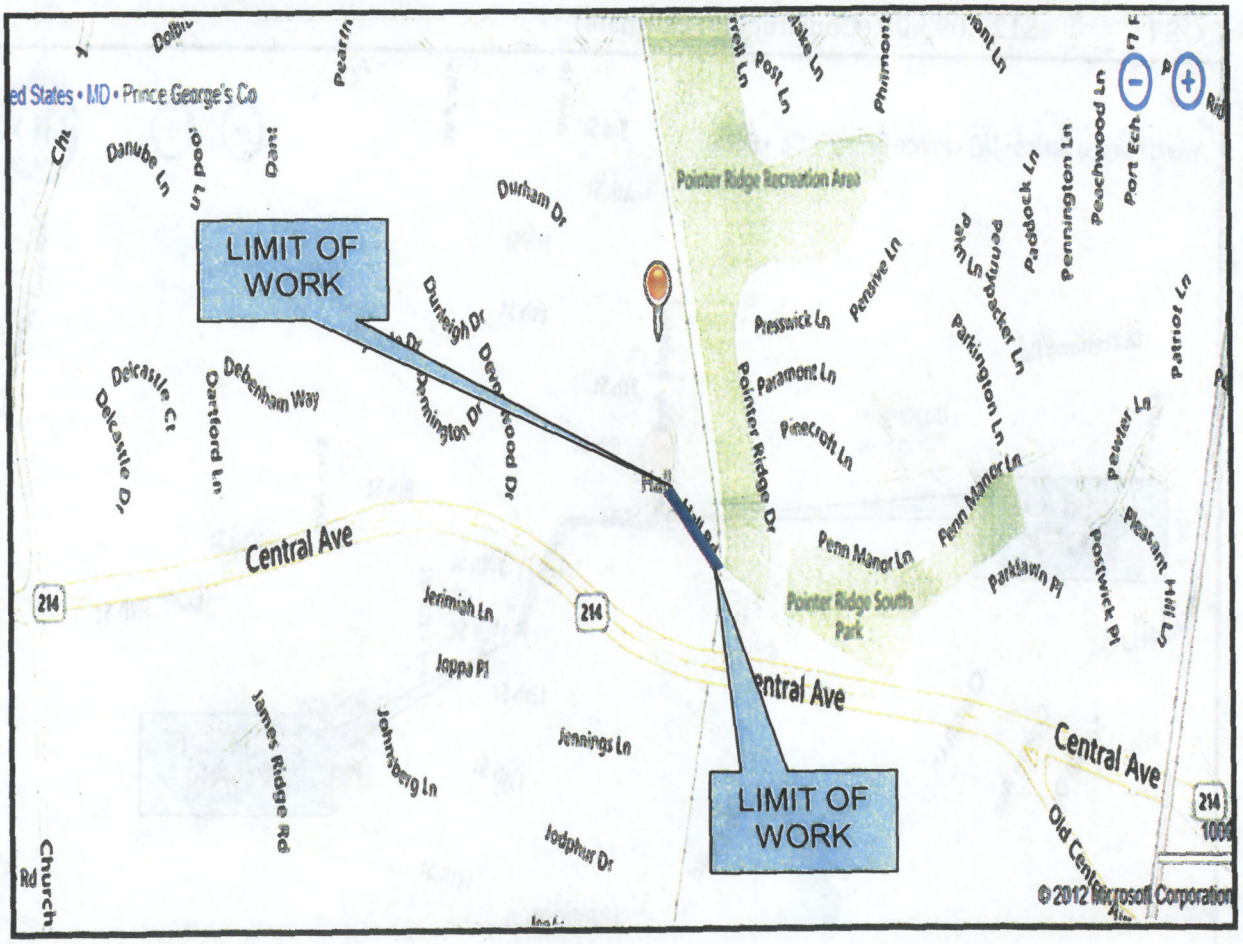
COST: $127,093.00 (Construction estimate)



MD 978A from Ashleigh Station Road to Railroad Track-ADA Improvements for Retrofit Sidewalk & ADA Ramp Compliance Program in District 3

WHAT: Construction of new sidewalk along westbound MD 978A.

WHY: To improve pedestrian safety and accessibility.

WHEN: Candidate design project

COST: To be determined