



Request for City Council Committee Action from the Department of Finance

Date: May 12, 2009

To: Ways and Means/Budget Committee

Referral to: not applicable

Subject: Revise City Council Procedure for Issuance of Requests for Proposal (RFP) and Raise Dollar Minimum Required for City Council Authorization to Issue an RFP

Recommendation: Approve the following changes to the City's process for contracting for professional and similar services: (1) raise from \$50,000 to \$1,000,000 the threshold for the City Council to authorize the issuance of an RFP; and (2) instruct the Business Process Improvement (BPI) Professional Services Procurement Committee to develop in conjunction with the Permanent Review Committee (PRC) new protocols and procedures for implementing the RFP and professional services contracting process.

Previous Directives:

1. July 2007- Business Process Improvement initiative launched after compilation of 2006 employee survey results.
2. December 28, 2001 – Resolution 2001R-566
Approval of a Revised Professional Services Procurement, Contract Monitoring and Real Estate Transactions Procedures Manual.
3. January 21, 2000 – Report from City Coordinator
Approval of a revised process, manual and standard agreement for Professional Services Procurement and Real Estate Transactions.
4. June 6, 1997 – Report from City Coordinator
Approval of revised Procedures Manual for Professional Services Procurement and Real Property Acquisitions.
5. December 29, 1995 – Report from City Coordinator
Approval of revised Procedures Manual Professional Services Requests for Proposals & Contracts.
6. November 6, 1992 – Resolution 92R-508
Establish the Permanent Review Committee process for issuing RFPs and establishment of \$50,000 threshold for evaluating RFPs for professional services.

Department Information

Prepared by: Gary Winter (City Attorney) and Pam Fernandez (Finance/Procurement)

Approved by: _____ Steven Bosacker, City Coordinator

_____ Patrick P. Born, CFO

Presenters in Committee: Patrick Born and Pam Fernandez

Reviews

- Permanent Review Committee (PRC): Approval ___ Date _____
- Civil Rights Approval Approval ___ Date _____
- Policy Review Group (PRG): Approval ___ Date _____

Financial Impact *(delete all lines not applicable to your request)*

- No financial impact

Community Impact

- Neighborhood Notification
- City Goals
- Comprehensive Plan
- Zoning Code
- Other

Supporting Information

Introduction Background

In response to the 2006 City of Minneapolis employee survey, the City Coordinator's Office initiated the Business Process Improvement (BPI) process in 2007. The BPI initiative enables City employees to share ideas and drive changes to City systems and processes through analysis of current systems and processes and recommend more effective systems and processes by applying employee-driven, creative problem-solving.

The Department of Finance sponsored one of the initial BPI teams. The objective of the Department of Finance's sponsored committee (the Procurement Committee) was to review and recommend suggestions for improving the process and procedures for the procurement and contracting of professional services.

The BPI Procurement Committee has compiled data on an annual basis of the number of professional service contracts and other contracts entered into by the City. The contract data was compiled by type of contract and dollar amount of each contract (see Attachment One: Chart of Contracts by Type and Dollar Amount).

The types of contracts in each category have remained stable except for contracts resulting from the issuance of an RFP. The City experienced almost a seventy-five percent (74.4%) decline in contracts issued subsequent to an RFP between 2005 and 2007. The number of contracts when classified by dollar amount has declined in almost every category.

However, the BPI Procurement Committee determined that the number of steps and time required to take a professional service contract from conceptual stage to having a signed contract to implement had increased over time (see Attachment Two: Steps and Time Required to Complete a Professional Service Contract). The average number of steps is 32 to 34 and the average amount of time taken to implement a contract requires from approximately 42 to 44 weeks (refer to Attachment Two). The proposed change in the process is projected to reduce the number of steps to 19 to 22 and the number of weeks to 28 weeks. The net reduction in the time it takes to complete a professional service contract will be reduced by approximately 90 days.

Recommendation

The BPI Procurement Committee has recommended a major policy change in the process for implementing professional service contracts. The BPI Procurement Committee recommends that the City Council streamline the RFP process by eliminating the requirement of seeking City Council approval to issue most RFPs. The BPI Procurement Committee recommends that the Permanent Review Committee (PRC) review and authorize the issuance of RFPs by City departments where the anticipated contract amount is less than \$1 million. Based on the most recent year for which data is available, only 57 were in this category. The City department would still need City Council approval as per City Charter to enter into a contract with a vendor or contractor upon completion of the RFP issuance and evaluation of proposals (see City Charter, Chapter 1, Section 2).

The BPI Procurement Committee further recommends that, in addition to City Council review and authorization of all RFPs where the contract amount is estimated to exceed \$1 million, the City Council also review certain requests to issue an RFP where the contract amount is expected to be less than \$1 million and the requested services are unique or involve a previous conflict or controversy determined using criteria to be developed by the BPI Procurement Committee and the PRC.

The City Council would retain authority to review and authorize RFPs below the suggested \$1 million threshold upon the request of either the home committee for the City department or upon the request of the Ways & Means/Budget Committee. Similarly, City departments would retain the option to have the City Council review and authorize the issuance of an RFP even where the estimated contract amount is less than \$1 million.

Finally, the BPI Committee requests that upon City Council adoption of the recommendations contained in this Report that it be directed to prepare policies and procedures necessary to implement the recommendations contained in this Report and that the policies and procedures be submitted for review and approval by the PRC and submitted to the City Council for its approval.

Summary of Recommendations

1. Raise from \$50,000 to \$1,000,000 the threshold for City Council authorization to issue an RFP. RFPs with an expected value of less than \$1,000,000 will be authorized by the PRC.
2. Direct the BPI Procurement Committee to prepare policies and procedures consistent with recommendations one and two; submit same to the PRC for review, approval and adoption; and submit said policies and procedures as part of a revised Professional Services Procurement and Real Estate Procedures Policy Manual to the City Council by October 1, 2009.