

~AD HOC REPORT~
Increase Sealed Bid Threshold - Ordinance Sections 2-146 and 2-147
Thursday, March 24, 2016

Chairman Christopher Arconti called the meeting to order at 6:30 p.m. on Thursday, March 24, 2016, in the Caucus Room, 3rd Floor, Danbury City Hall, 155 Deer Hill Avenue. Present were Committee Members Ben Chianese and John Priola. Also present were Robin Edwards, Assistant Corporation Counsel; David St. Hilaire, Director of Finance; Charles Volpe, Purchasing Agent; Stephen Nocera, Director of Project Excellence.

Mr. Arconti stated the purpose of the meeting is to increase the sealed bid threshold.

Mr. Volpe described efforts to raise limits as follows: the sealed bid limit from \$5,000 to \$10,000; competitive pricing from \$500 to \$1,000; and local purchase orders for work in progress from \$100 to \$200; and the addition of the reverse auctions tool. Reverse auction is when vendors bid down to provide products at the lowest price. He described the reverse auctions tool noting the State introduced similar language not long ago with regard to electric rates. There was a similar tool used with regard to road salt recently in conjunction with CCM (CT Conference of Municipalities).

Mr. St. Hilaire commented on the importance of internal controls and training. It can work well with certain commodities and departments, and not as well with others. Mr. Priola inquired regarding when the current levels were set. Ms. Edwards noted that was approximately 15 years ago.

Mr. Chianese inquired regarding reverse auction and limits. Mr. Volpe and Mr. St. Hilaire commented on public bids and sealed bids. Ms. Edwards read the statute with regard to sealed bids limits, noting authority comes from the State. There is no limitation in the CT General Statutes on reverse auctions. Mr. Chianese inquired regarding details of limits, low bidders, and whether limits are cumulative. Language may or may not need to be added to maximize the potential of the reverse auction process with regard to limits and that will be looked at.

Mr. Arconti asked about how many times a year on average do bids fall between \$5,000 and \$10,000. Mr. Volpe responded that it's about 4-5 times per year from about 60-70 sealed bids. Mr. Nocera noted that can add up. Mr. St. Hilaire cautioned regarding making threshold comparisons with other municipalities as you would have to compare size, staff, etc.

A motion was made by Councilman Priola, and seconded by Councilman Chianese, to recommend to the City Council to adopt the proposed Amendments to the Code of Ordinances Section 2-146 and 2-147 pertaining to Purchasing with regard to Sealed Bid Thresholds, Reverse Auctions, and Purchases Under \$10,000 subject to any additional language that is required to be added after review by Corporation Counsel. The motion passed unanimously.

Motion by Councilman Chianese, and seconded by Councilman Priola, that the Ad Hoc Committee be adjourned. The motion passed unanimously at 6:49 p.m.

Respectfully submitted,

Christopher Arconti, Chairman
Ben Chianese
John Priola



ORDINANCE

27-1

CITY OF DANBURY, STATE OF CONNECTICUT

CITY COUNCIL

_____ A.D. 2016

Be it ordained by the City Council of the City of Danbury:

Sec. 2-146. Purchasing and bidding procedure/reverse auction option.

(a) **SEALED BIDS.** If the amount of the expenditure, purchase or contract for purchasing, including a continuing order or contract for the purchase of the same commodity over a period of twelve (12) months, involves the expenditure of ten thousand hundred dollars (\$10,000.00) or more, for a list of related items commonly sold by the same vendors, the purchasing agent shall invite sealed bids or proposals, giving at least five (5) days' public notice thereof by publication at least once in a newspaper having circulation in the city, by invitations mailed to known vendors and by posting on a public bulletin board in the office of the purchasing agent. All invitations to bid shall include detailed specifications or indicate where they can be obtained, shall specify the time and place where the bids shall be filed, the time and place where bids will be opened and the time after opening within which an award will be made or all bids rejected. The requirements for public notice and sealed bids concerning a purchase may be waived by the city council after a determination that it is in the best interest to do so. The foregoing provisions of this subsection notwithstanding, invitations for sealed bids or proposals, at the discretion of the purchasing agent, shall not be required for contracts for services or where the proportion of services to materials for a particular job is at least seventy (70) percent labor.

(b) **PUBLIC BID OPENING.** Bids shall be publicly opened by the purchasing agent at the time and place specified and the full detail of each bid shall be recorded. The agent may, at his discretion, invite interested city personnel to the public opening if, in his judgment, it would be of benefit to the process. An abstract of the record of bids shall be posted for public inspection and shall have added to it information indicating the basis for awarding the contract or purchase order and the name of the successful bidder. Such abstract shall remain posted for five (5) days after the award has been made.

(c) **FAILURE TO PROVIDE NECESSARY INFORMATION.** If any prospective bidder fails, neglects or refuses to furnish the purchasing agent with such financial statements and other information as may be required to determine his responsibility as a bidder, his bid shall not be considered. If he fails, neglects or refuses to submit bids in response to not fewer than three (3) consecutive requests therefore on commodities of a class furnished by him, his name may be removed from the list of prospective bidders. Bid irregularities or informalities may be waived by the purchasing agent with prior approval of the office of the corporation counsel.

(d) **CERTIFIED CHECK / BID BOND.** In connection with each advertised request for bids, the purchasing agent may require a certified check or a bid bond to be submitted with the bid, which checks or bid bonds shall be submitted subject to any requirements governing contracts for work to be done on city projects. A certified check or bid bond need not be required for the purchase of commercially available commodities. In the event any bidder shall refuse to accept, within a time specified by the purchasing agent, a contract awarded to him, he shall forfeit his bond to the city, and such contract may be awarded to the next lowest responsible qualified bidder, subject to the same terms and conditions as set forth herein.

(e) **REVERSE AUCTION.** Pursuant to the provisions of Section 4A-60b of the Connecticut General Statutes, whenever the City, through the Purchasing Agent, determines that the use of a reverse auction is advantageous to the City and will ensure a competitive contract award, the City may use a reverse auction to award a contract for goods or supplies, in accordance with any applicable requirement of the general statutes and policies of the City. The City may contract with a third party to prepare and manage any such reverse auction. The reverse auction process may be utilized for goods or supplies in lieu of a sealed bid or request for proposal provided that it is properly advertised and all other applicable award procedures are followed.

COPY SHOWING DELETIONS AND NEW LANGUAGE.

THAT Section 2-146 of the Code of Ordinances of Danbury, Connecticut is hereby amended to read as follows:

Sec. 2-146. Purchasing and bidding procedure/REVERSE AUCTION OPTION.

(a) SEALED BIDS. If the amount of the expenditure, purchase or contract for purchasing, including a continuing order or contract for the purchase of the same commodity over a period of twelve (12) months, involves the expenditure of TEN ~~five~~ thousand dollars (\$10,000.00) ~~(\$5,000.00)~~ or more, for a list of related items commonly sold by the same vendors, the purchasing agent shall invite sealed bids or proposals, giving at least five (5) days' public notice thereof by publication at least once in a newspaper having circulation in the city, by invitations mailed to known vendors and by posting on a public bulletin board in the office of the purchasing agent. All invitations to bid shall include detailed specifications or indicate where they can be obtained, shall specify the time and place where the bids shall be filed, the time and place where bids will be opened and the time after opening within which an award will be made or all bids rejected. The requirements for public notice and sealed bids concerning a purchase may be waived by the CITY ~~common~~ council after a determination that it is in the best interest to do so. The foregoing provisions of this subsection notwithstanding, invitations for sealed bids or proposals, at the discretion of the purchasing agent, shall not be required for contracts for services or where the proportion of services to materials for a particular job is at least seventy (70) percent labor.

(b) PUBLIC BID OPENING. Bids shall be publicly opened by the purchasing agent at the time and place specified and the full detail of each bid shall be recorded. The agent may, at his discretion, invite interested city personnel to the public opening if, in his judgment, it would be of benefit to the process. An abstract of the record of bids shall be posted for public inspection and shall have added to it information indicating the basis for awarding the contract or purchase order and the name of the successful bidder. Such abstract shall remain posted for five (5) days after the award has been made.

(c) FAILURE TO PROVIDE NECESSARY INFORMATION. If any prospective bidder fails, neglects or refuses to furnish the purchasing agent with such financial statements and other information as may be required to determine his responsibility as a bidder, his bid shall not be considered. If he fails, neglects or refuses to submit bids in response to not fewer than three (3) consecutive requests therefore on commodities of a class furnished by him, his name may be removed from the list of prospective bidders. Bid irregularities or informalities may be waived by the purchasing agent with prior approval of the office of the corporation counsel.

(d) CERTIFIED CHECK / BID BOND. In connection with each advertised request for bids, the purchasing agent may require a certified check or a bid bond to be submitted with the bid, which checks or bid bonds shall be submitted subject to any requirements governing contracts for work to be done on city projects. A certified check or bid bond need not be required for the purchase of commercially available commodities. In the event any bidder shall refuse to accept, within a time specified by the purchasing agent, a contract awarded to him, he shall forfeit his bond to the city, and such contract may be awarded to the next lowest responsible qualified bidder, subject to the same terms and conditions as set forth herein.

(e) REVERSE AUCTION. PURSUANT TO THE PROVISIONS OF SECTION 4A-60b OF THE CONNECTICUT GENERAL STATUTES, WHENEVER THE CITY, THROUGH THE PURCHASING AGENT, DETERMINES THAT THE USE OF A REVERSE AUCTION IS ADVANTAGEOUS TO THE CITY AND WILL ENSURE A COMPETITIVE CONTRACT AWARD, THE CITY MAY USE A REVERSE AUCTION TO AWARD A CONTRACT FOR GOODS OR SUPPLIES, IN ACCORDANCE WITH ANY APPLICABLE REQUIREMENT OF THE GENERAL STATUTES AND POLICIES OF THE CITY. THE CITY MAY CONTRACT WITH A THIRD PARTY TO PREPARE AND MANAGE ANY SUCH REVERSE AUCTION. THE REVERSE AUCTION PROCESS MAY BE UTILIZED FOR GOODS OR SUPPLIES IN LIEU OF A SEALED BID OR REQUEST FOR PROPOSAL PROVIDED THAT IT IS PROPERLY ADVERTISED AND ALL OTHER APPLICABLE AWARD PROCEDURES ARE FOLLOWED.

Note: New language is indicated by CAPITALIZATION COMBINED WITH UNDERLINING except that capitalization is not utilized for the letters in parenthesis which indicate subsections.

Deleted language is indicated strikeouts.



ORDINANCE

273

CITY OF DANBURY, STATE OF CONNECTICUT

CITY COUNCIL

_____ A.D. 2015

Be it ordained by the City Council of the City of Danbury:

Sec. 2-147. Purchases under \$10,000.00.

- (a) If the amount of expenditures is estimated to be less than ten thousand dollars (\$10,000.00), the purchase may be made in the open market without the necessity for formal advertising or competitive bidding, except that where the amount is estimated to be between five thousand dollars (\$5,000.00) and ten thousand dollars (\$10,000.00), written quotations from at least three (3) bidders are to be obtained whenever possible; where the amount is greater than one thousand dollars (\$1,000.00) but less than five thousand dollars (\$5,000.00), at least three (3) verbal quotes for pricing shall be obtained.
- (b) Purchases or sales in sums less than one thousand dollars (\$1,000.00) may be awarded based on a single bid, or competitive bids which may be sought and accepted orally.
- (c) Local purchase orders may be used at the discretion of the city department involved for work in progress with authorization by the purchasing agent, provided that such purchase order does not involve an amount greater than two hundred dollars (\$200.00).

COPY SHOWING DELETIONS AND NEW LANGUAGE.

THAT Section 2-147 of the Code of Ordinances of Danbury, Connecticut is hereby amended to read as follows:

Sec. 2-147. Purchases under \$10,000.00 ~~5,000.00~~.

(a) If the amount of expenditures is estimated to be less than TEN five thousand dollars (\$10,000.00) ~~(\$5,000.00)~~, the purchase may be made in the open market without the necessity for formal advertising or competitive bidding, except that where the amount is estimated to be between FIVE THOUSAND ~~twenty-five hundred~~ dollars (\$5,000.00) ~~(\$2,500.00)~~ and TEN five thousand dollars (\$10,000.00) ~~(\$5,000.00)~~, written quotations from at least three (3) bidders are to be obtained whenever possible; where the amount is greater than ONE THOUSAND ~~five hundred~~ dollars (\$1,000.00) ~~(\$500.00)~~ but less than FIVE THOUSAND ~~twenty-five hundred~~ dollars (\$5,000.00) ~~(\$2,500.00)~~, at least three (3) verbal quotes for pricing shall be obtained.

(b) Purchases or sales in sums less than ONE THOUSAND ~~five hundred~~ dollars (\$1,000.00) ~~(\$500.00)~~ or less may be awarded based on a single bid, or competitive bids which may be sought and accepted orally.

(c) Local purchase orders may be used at the discretion of the city department involved for work in progress with authorization by the purchasing agent, provided that such purchase order does not involve an amount greater than TWO ~~one~~ hundred dollars (\$200.00) ~~(\$100.00)~~.

Note: New language is indicated by CAPITALIZATION COMBINED WITH UNDERLINING except that capitalization is not utilized for the letters in parenthesis which indicate subsections.

Deleted language is indicated ~~strikeouts~~.