



## **Staff Report**

For City Council Meeting - 8/3/2022

### ***Subject - Ordinances/Resolutions - Ordinance #934 An Ordinance Amending the Gearhart City Code to Follow State Public Contracting Rules & Procurement Processes***

**Synopsis:** The City's current ordinance on procurement was initially adopted in 1976. Staff is proposing an ordinance to update and streamline the City's procurement process by adopting the State procurement laws to save time and money for the City.

In the example of what's classified as a "**Small procurement**," the current City code requires informal quotes and written documentation for Public Goods/Services, Public Improvements, and/or Personal Services in the amount of \$5,000 or less. Oregon law allows direct purchase without a competitive process at \$10,000 or less. If adopted, ORD 934 will change our small procurement process, currently limited to \$5,000, and change our rule to \$10,000 and less.

For "**Intermediate procurement**," the current City code requires Formal Quotes for personal services and public goods/services at \$5,000-\$10,000, whereas the state law for intermediate purchasing allows \$5,000-\$25,000. ORD 934 would change intermediate purchasing to the state-allowed amount range.

For "**Large procurement**," Gearhart requires formal competitive sealed proposals from \$10,000 and above, whereas the state law requires formal bids for procurement starting at and exceeding \$150,000. ORD 934 will align large purchasing with the state law.

While the City will always seek a competitive price, aligning with State procurement rules would make the process more efficient for the staff and city council and bring our process into current times.

#### ***Council Options:***

- Motion to approve Ordinance #934 reading once by the title only;
- Motion to approve reading twice by title only declaring an emergency;
- Do nothing.

**Recommended Motion:** Staff recommends Council motion to approve Ordinance #934 reading once by title only. It would be read again by title only in September, taking effect 30 days later.

**Legal Analysis:** City Attorney Peter Watts is available for questions regarding the legalities with current City procurement rules vs. the State's.

**Financial Analysis:** Treasurer Justine Hill is available for questions regarding the current financial issues staff currently face operating under procurement rules more stringent than the State's. She has provided a chart title "Procurement - Open Market Methods" for better understanding.

Respectfully Submitted,

A handwritten signature in blue ink, appearing to be the name 'Chad', written in a cursive style.

Chad

## Procurement - Open Market Methods



Small	Intermediate	Large
City of Gearhart	City of Gearhart	City of Gearhart
*Public Goods/Services *Public Improvement *Personal Service	*Public Goods/Services *Public Improvement	*Public Goods/Services *Public Improvement
Is less than \$5,000?	Is \$5,000 or more but less than \$25,000?	Is \$25,000 or more?
Informal Quotes	Formal Quotes	Formal Quotes

Award based on informal quotes. Procedure pursuant to which written or verbal offers are gathered by correspondence, telephone or personal contact stating the quantity and quality of good or services to be acquired.

Award based on formal quotes. Select among following methods to solicit three quotes or proposals:

- Request for Quote –Request and document informal quotes. Quotes can be solicited by email, phone or fax.
- Invitation to Bid –Request responses to a more detailed specification. Bids can be solicited through this method by email, phone or fax.
- Intermediate Request for Proposals – Request informal proposals using this method to provide a detailed scope of work. Responses to an Intermediate Request for Proposals can be received by email, in person or through the mail.

**Competitive Sealed Proposal (RFP)**  
Potential suppliers submit proposals for the required products or services in response to an RFP issued. After evaluating proposals against the criteria established in the RFP, the awards to the responsible proposer with the proposal that offers the best value. The Competitive Sealed Proposals method allows for a procuring agency to negotiate with the suppliers.

**Competitive Sealed Bidding (ITB)**  
To initiate the Competitive Sealed Bidding process, a procuring agency issues an Invitation to Bid (ITB). Potential suppliers submit bids for the required products or services in response to the ITB. After evaluating bid responses, the procuring agency awards to the lowest responsive and responsible bidder. The Competitive Sealed Bidding method does not allow a procuring agency to negotiate with a bidder.

City Council Approval

Does procurement allow a special exemption?  
**State of Oregon Approved**

Sole Source Procurement (ORS 279B.075)

Emergency Procurement (ORS 279B.080)

Special Purpose Procurement (ORS 279B.080)

Architectural/Engineering Services (ORS 279C.105)

Contracts for construction other than public improvements (ORS 279C.320)

Public improvement contracts (ORS 279C.335)

### State of Oregon - Recommended Change

Is procurement less or equal \$10,000?  
State of Oregon  
Direct Purchase  
Non-competitive Process

Is procurement more than \$10,000 but less than \$150,000?  
State of Oregon  
Quotes

Is procurement value exceeding \$150,000?  
State of Oregon  
Competitive Sealed Proposals (RFP) or Bidding (ITB)



**ORDINANCE NO. 934**

AN ORDINANCE AMENDING THE GEARHART CITY CODE TO FOLLOW STATE PUBLIC CONTRACTING RULES AND PROCUREMENT PROCESSES.

**WHEREAS**, the Oregon Legislature regularly amends the statutes governing public contracting and procurements; and

**WHEREAS**, there is an interest in conforming the City's Public Contracting to the State Statutes.

**NOW, THEREFORE**, it will be Ordained as follows:

Gearhart City Code Chapter 30 shall be amended to reflect that Gearhart will follow the public contracting rules and procurement processes of the Oregon Department of Administrative Services in effect at the time of the public contracting or procurement.

Passed by the City Council of Gearhart this 3<sup>rd</sup> day of August, 2022.

Yeas: \_\_\_\_\_

Nays: \_\_\_\_\_

Absent: \_\_\_\_\_

Abstain: \_\_\_\_\_

Approved and signed by the Mayor of Gearhart this 3<sup>rd</sup> day of August, 2022

\_\_\_\_\_  
Mayor Kerry Smith

\_\_\_\_\_  
ATTEST: City Administrator, Chad Sweet