



1111 Bayou
La Marque, Texas 77568
409.938.9202

**City of La Marque
Minutes
October 28, 2013**

Minutes of the City Council Special Called Meeting with Fiscal Affairs Committee of La Marque, Texas that was conducted on Monday, October 28, 2013 at 1:00 p.m. at 1109-B Bayou Road for purpose of considering the following agenda:

(1) Mayor Hocking called the meeting to order at 1:00 pm.

(2) ROLL CALL

Mayor Hocking

Mayor Pro-Tem Bell

Councilmember Brown (Absent)

Councilmember Trube

Councilmember Osteen

City Manager Buttler

City Clerk Eldridge

Other Committee Members present: Donald French

(3) NEW BUSINESS

a. Discussion regarding recommending changes to the Purchasing Policy.

City Manager Carol Buttler reviewed with Mayor and City Council a few of the Purchasing Policies of a few surrounding cities including the City of Dickinson, the City of League City, City of Brenham and the sample Procurement Policy that Mayor Hocking brought back from the TML convention for the City of Cedar Park. The following areas were discussed and compared to the current Purchasing Policy that the City of La Marque uses:

- Petty Cash limits and handling of
- HUB's – Historically Underutilized Businesses
- Competitive bidding (limits)
- Purchase Orders (limits)
- Quotes
- City Manager limits
- Department Director limits
- When Council is required for approval (limits)
- Awarding of bids not necessarily to the lowest bidder, but to lowest responsible bidder
- Advertisement (Notice to Bidders, Requests for Qualifications, Requests for Proposals)
- Amounts based on past history



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(4) Department Directors Comments

City Manager Carol Buttler reiterated that City Council has the final say on the Purchasing Policy and that under this agenda item, the Department Directors will be discussing the proposed changes will affect and/ or hinder their daily operations. The Directors will be discussing the concerns they have as to the thresholds on certain limits and/amounts of purchases.

Development Services – Ana Tims (if the threshold is lowered below \$1,000.00/requirement of three (3) quotes).

Purchases are unique in the Development Services Department in the abatement of high grass/weeds and also illegal dumping, since the amount for these abatements are different for each area concerned and looked at on individual basis. They lost one of their contractors because it wasn't feasible for him to spend the fuel to go look at and bid on each individual job. They have proposed this year to do one or two large bid (one blanket amount) specifying what the city is willing to pay for. In the middle of a demolition, the need for a beekeeper which cost close to \$400.00 has come up. In the preliminary stages of demolition of a structure, sometimes it is necessary to require a title search and sometimes this goes back for several years, through several heirs and it is unknown until the city gets into the process what it will end up costing, since it goes by man hours. She feels like her "pool" of contractors will get to the point to be very scarce and she will not have opportunity to take advantage of the diversity of other contractors.

A question was asked as what would prevent her from getting a buddy to do a job needed, and she responded by saying that there needs to be a level of trust in her ethical values not to do that. She has only been averaging two bids for mowing jobs, because no one is wanting or willing to spend the fuel to go out and look at the properties or to obtain the insurance that is required in the competitive bidding process, and it is usually the same two contractors.

In the area of demolitions, there are emergency situations that can arise on different levels, and one is in the presence of bees. This was discussed but considered an "unanticipated hazard" and not an emergency, since emergency expenditures have to be approved by City Council.

As far as the Development Services Department is concerned, the amount of \$500.00 would be considered a more workable figure to work with as a threshold.

Police Department – Chief Randall Aragon (if the threshold is lowered below \$1,000.00/requirement of three (3) quotes).

The concern of the Police Department is with the feeding of inmates. Every other week, a trip is made to purchase their food and it runs close to \$500.00 each time, depending on the number of inmates, so this amount fluctuates. Discussion followed as to what and how many times the inmates were fed. State requires that inmates be fed and also maybe going to the store once a week. The question arose if the City could require that the families of the inmates pay for their relative's upkeep, which would include providing meals. Some jail systems are already doing this, and it may discourage people to break the law.

Finance Director Suzy Kou discussed the Texas Purchasing System, which is an on-line visible bidding process. A person would post on-line what they want and the vendors in the area give



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quotes on-line. It is in comparison to an on-line auction. Vendors can see what others are bidding. It is transparent and leaves a paper trail. This would avoid any idea or thoughts of favoritism. There are several cities in central Texas that are already utilizing this on-line bidding system. There would still be thresholds put in place. This is free system, but the City would have to pay one time for the mail outs to go out and inform the vendors and encourage them to participate. Aggregately speaking, yearly, if a certain amount is spent on the same thing, such as feeding inmates, they would be required to go through the competitive bidding process anyway.

The subject of bonding all persons that collect money was discussed.

Library Director Telishia Long – (if the threshold is lowered below \$1,000.00/requirement of three (3) quotes)

They do make routine purchases on a monthly basis. All the vendors are on the State Co-op Contract, but usually will average a little over \$300.00 per month. Daily operational items, such as two ink cartridges costs close to \$250.00, and don't include other operational items, such as air filters and ceiling tiles. Three quotes are obtainable from any one of those vendors. If the Library has to go out for bid for books, it would be a very daunting task, with just the two employees in that department. The spending amount in the month of August was briefly discussed. It was determined that the previous Director had not been spent the 50% quota needed on 'circulated materials' so the County was not required to pay for those invoices. The County is the facilitator of the library funds and they disburse the funds to the libraries. The agreement was not followed under the previous Director and the invoices had to be paid under the current Library Director. The range is around a \$500.00 threshold.

Councilmember Osteen would like to be informed in the future when this type of situation occurs.

Fire Chief Gerald Grimm – Took a different approach by stating that he didn't know how to dissuade one of the Councilmember's comments about previous employee trust issues, but that he has close to fifty years in his line of work and his record is impeccable. He doesn't get involved in cronyism, favoritism and certainly doesn't get involved in misuse of City funds.

Regarding the Fire Department, (if the threshold is lowered below \$1,000.00/requirement of three (3) quotes)

Since they repair their own vehicles for the most, fix things, small things that are done every day, the fire trucks and everything that is carried on the trucks are difficult to find but difficult to find. Most of the time would be spent trying to get three quotes from different companies, and would take his time away from doing the planning, administrating and managing the Fire Department. The issue of theft could be controlled by inventory, supervision and control. He suggested a \$3000.00 threshold. Very few things can be purchased in the Fire Department costs less than \$1000.00. He said by lowering the threshold to \$250.00 would be creating unnecessary work, and exhaustion time of the few people that the City has to do this work. There is a family of twenty people who live at the station twenty-four hours per day; they cannot purchase supplies for the Fire Department for one month for under \$500.00.



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Mayor Hocking recessed the Workshop at 2:10 p.m.
Mayor reconvened the Workshop at 2:27 p.m.

Public Works Director Mike Morgan (if the threshold is lowered below \$1,000.00/requirement of three (3) quotes)

He began by stating that he would prefer for the threshold to remain at \$1000.00 and not be lowered to \$250.00. He has made some purchasing changes through the year that requires employees to first get a price quote and then create a requisition for any item before purchasing. Then the Public Works Administrative Assistant reviews it before going to the Finance Department, where they make sure that the funds are available. It goes through a lengthy process before being approved. All of the vendors used in Public Works have been preapproved by City Council with a limit on the amount of purchase, with the exception of Loews for wood or lumber for water leaks as they occur and the rental use of equipment. Renting of jackhammers could cost up to \$300.00 per day.

Questions arose of how the Director would know if car parts such as starters or batteries were used for city vehicles and not taken home by an employee. Mr. Morgan said that regardless of what the threshold is, or all the paperwork required to fill out, doesn't insure that a certain car part went on a certain vehicle, and that it wasn't taken home.

As a vehicle comes into the shop, a work order is not created. The mechanic looks at the vehicle to see what is needed to repair and goes from there. Matching requisitions with orders and matching car parts with vendor numbers were discussed, a good inventory system and room was suggested. It was said that they are currently using an inventory system that is fifteen years old.

Further discussion involved obtaining a workable inventory system, creating a category of purchases that directly deal with safety and health issues and raising the threshold for those types of purchases.

The fact that the City will not have internal control if we turn over our maintenance on our emergency fleet to Enterprise was mentioned.

Donald French, the citizen representative of the Fiscal Affair Committee has background as an ex-banker, and in business reorganization, commented, "I've never had any experience in City government, it has been a real education process these past couple of months. I believe you have good personnel and I believe there is a lot issues that we need to take the time to get educated on. I think it is still in a transitional process. I don't think that every department has to be judged and managed in the same way. I am ready to get educated and to help out in any way I can."

Mayor Hocking commented, "Thank you for you for all the time you have put in on the Fiscal Affairs Committee, I don't think we could have picked a better person as a citizen representative for this Committee and thank you for being here today."

City Council then began discussing the current Purchasing Policy:



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- **Principles of Purchasing**

- **General Ethical Standards** (Councilmember Trube asked why this was included in the proposed policy.

Finance Director Suzy Kou said that it is typically included in Purchase Policies to enhance the confidence of potential vendors.

City Manager Carol Buttler said that any policy manual that City Council approves, employees have to sign off of on also, to make sure that they adhere and understand their responsibilities.

- **Business relations with Suppliers**

Page 11- Councilmember Trube mentioned an issue she had with notification of individuals that may be interested in bidding on certain projects.

- **Introduction in General**

Page 12- Councilmember Osteen asked that the second paragraph include..... "disciplinary action..... including up to termination."

Insert the verbiage "All purchases must be initiated by the respective Department Director or in their absence, the Acting Department Director" under the chart on page 12.

It was said that the Boards and Commissions still need to follow the policy and they will be educated on this.

Authorization levels- changed from 0-\$249.99 to 0-\$999.99

Councilmember Bell mentioned that the only way he can consider raising the thresholds is to insure that the purchasing process be initiated by the Department Director.

Authorization levels- changed from \$250.00 to \$24,999.00 to \$1000.00 to \$24,999.00

No change to the third column, which reads greater than \$24,999.00 -, requires Bidding and a P.O.

Mayor Hocking recessed the Workshop at 4:23 p.m.

Mayor Hocking reconvened the Workshop at 4:30 p.m.

- **Emergency Purchases and Services**

Councilmember Osteen read a portion of the City Charter relating to emergency purchases.

Discussion followed concerning a martial law situation versus a broken water/sewer line.

They discussed the difference between an emergency purchase order and an actual emergency.

The definition of an emergency is defined in item (f) in the current policy. The question of the reason for this paragraph was discussed. Comparison of this paragraph was also compared to the City Charter. They discussed whether or not an emergency meeting should be called, in the case of an actual emergency.

It was the consensus of Council to include some kind of verbiage to include, "In the event of an emergency, City Council will be notified as soon as possible as an emergency arises and that the item will appear on the next agenda to ratify the purchase by resolution."



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The question of what good is an ordinance if the City violates it. The City created the ordinances, and the City as a whole can in the event of an emergency can do this. Until a vote has been made on the Purchasing Policy, the current Purchasing Policy will continue to be followed.

On the Regular City Council agenda tonight, an item repeals a section of the Code of Ordinances that would allow us to continue to operate under the current policy.

It was the consensus of City Council to continue this discussion of the Purchasing Policy on the next Council Meeting date of November 11, 2013 at noon, tentatively.

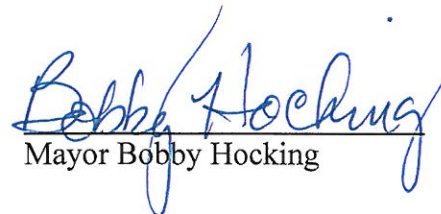
(5) Set next Fiscal Affairs Committee meeting

Councilmember and member Osteen of the Fiscal Affairs Committee made a motion to set the next Fiscal Affairs Committee for Monday, November 25, 2013 at 10:00 a.m. Motion was seconded by member Donald French. Motion carried.

(6) ADJOURNMENT

** Councilmember Trube made a motion to adjourn at 5:08 p.m.

** Councilmember Osteen seconded the motion. Motion carried unanimously.


Mayor Bobby Hocking

ATTEST:


Robin Eldridge, TRMC
City Clerk