MINUTES

COUNCIL FINANCE, HUMAN RESOURCES and CITIZEN APPOINTMENT COMMITTEE

Monday, February 26, 2024 – 11:00 AM
City Hall Council Chambers

Members Present:	Lauren Wise, Chair, Council Member Gary Daniel, Vice-Chair, Council Member Susan Miller, Citizen Member Mayor Maureen Copelof, Ex-Officio Member (Arrived 11:03am)
Staff Present:	Wilson Hooper, City Manager Alex Shepherd, Assistant to the City Manager Becky McCann, Communications Coordinator
Guest:	Harvey Sankey

A. Welcome & Call to Order

Committee Chair Lauren Wise welcomed everyone and called the meeting to order at 11:01 AM.

B. Certification of Quorum

Quorum was certified by Assistant to the City Manager Alex Shepherd.

C. Approval of Agenda

Motion by Ms. Miller, seconded by Mr. Daniel to approve the agenda as presented. The motion carried unanimously.

D. Approval of Minutes of January 22, 2024 Meeting

Motion by Ms. Miller, seconded by Mr. Daniel to approve the minutes of the January 22, 2024 meeting as presented. The motion carried unanimously.

E. Purchasing Policy

Mr. Wise asked for clarification on the definition of a pre-audit.

Mr. Luebbe explained that a pre-audit is a procedure conducted before spending money to ensure that the funds are budgeted and that there are sufficient funds available for the expenditure.
Mr. Hooper added that essentially, it involves verifying that the necessary funds are available to cover the intended purchase.

Mr. Daniel raised a question regarding bidding, noting that while the lowest bid must typically be accepted, if there is an engineering company specializing in trails whose bid is higher than another company's whose bid would be accepted.

Mr. Hooper clarified that the lowest bid accepted must also be responsive and responsible, as determined by case law. He explained that for projects like the Times Arcade Alley, an engineering firm reviewed proposals to ensure they met requirements and had relevant experience.

Ms. Miller highlighted a provision in the purchasing agreement prohibiting the division of contracts to circumvent bidding and notice requirements. She noted that in North Carolina, sales tax is paid upfront and reimbursed, making techniques to avoid sales tax unnecessary.

Mr. Hooper mentioned that the matter had been discussed previously, and despite that, they would still factor it into the total contract value for the purposes of this policy.

Mr. Luebbe clarified that even if the contractor purchases materials and incurs sales tax, the funds are reimbursed.

Mr. Hooper proposed going through the policy to provide updates on the revised sections and address any questions. He proceeded to review the proposed purchasing policy, highlighting new sections and revisions.

Mr. Luebbe inquired about the effect of the non-appropriation paragraph on multi-year contracts.

Mr. Hooper suggested adjusting the paragraph to permit multi-year agreements for non-voluntary services.

Ms. Miller emphasized the importance of some multi-year agreements to avoid losing them at the beginning of each fiscal year.

Mr. Hooper directed attention to section 2.10 (b) regarding recurring purchasing agreements, suggesting responsible exceptions such as insurance providers and IT services to avoid the need for annual reviews, which would be time-consuming.

The committee came to the consensus that insurance, information technology, or other agreements that would guarantee long-term savings should be exempt from reviewing the contracts annually and should be reviewed every three years.

Mr. Hooper announced to the committee that they would be pleased to learn that the health insurance package obtained from their broker is the best value available in the market.

Mr. Luebbe recommended that if the City Manager were to deviate from the purchasing policy, he should inform the City Council promptly.

Mr. Hooper mentioned that Mr. Shepherd had included in section 3.2 (a) and (b) that quotes must be scanned and submitted with the purchase requisition. However, he proposed removing these sentences as the current financial software lacks this capability. He also suggested omitting section 3.6 for now due to the administrative burden it would impose on contracts, some of which are minimal. He sought clarification from Ms. Miller regarding department requests for commonly used materials.

Ms. Miller explained that during the budget process, if multiple City departments purchase the same item, it might be beneficial for the City to procure all materials through a City-wide bid to ensure cost savings.

Mr. Luebbe noted that large governments with warehouses typically follow this practice, but due to staffing constraints, it's not feasible for them.

Mr. Hooper agreed, mentioning that they have already implemented this approach with fuel purchases but may not recommend it for all materials.

Mr. Wise expressed curiosity about whether purchasing in this manner would yield sufficient cost savings given their scale. However, he acknowledged the potential burden on staff, stating that such an approach might be more suitable for larger entities like New York City.

Ms. Miller noted that many local governments make numerous online purchases and suggested addressing this in the policy.

Mr. Luebbe mentioned that they have around fifteen purchasing cards throughout the City and proposed addressing the purchasing card policy separately.

Mr. Hooper asked Ms. Miller to elaborate on her suggestion regarding vendors going through mediation rather than arbitration.

Ms. Miller suggested mediation because it's cheaper than arbitration. She mentioned that while she's uncertain if this clause is included in their contracts with vendors, it might be a good idea to incorporate it into their purchasing policy.

Mr. Hooper expressed his inclination toward making their purchasing policy stricter than the State law. However, he acknowledged Ms. Miller's valid point about the potential drawbacks of such a decision and sought feedback from the committee. He

emphasized that while following the State law might be easier to understand and administratively simpler, it doesn't provide City Council with as much authority over City procurement as desired.

Mr. Daniel expressed his view that he doesn't feel the need for control over procurement for the city.

Mr. Wise inquired about the origin of the suggestion for a stricter policy.

Mr. Luebbe clarified that it originated from the staff.

Ms. Miller added that another reason for considering a stricter policy would be if there were a history of abuse.

F. Non-Profit Funding Application Criteria

Mr. Hooper distributed the staff report and noted that last year, during the budget workshop, they lacked a process for distributing non-profit funding. This year, they aim to create rules that align with state guidelines for local government contributions to non-profits. Additionally, Council members who sit on non-profit boards will be asked to recuse themselves during the vote. He posed the question of whether they should continue with the ad hoc approach based on available funds or apply guidelines that prioritize non-profits aligned with their priorities or set a cap on their overall budget.

Mr. Daniel expressed concern about one non-profit lacking a business plan and budget, merely requesting funds. He suggested establishing a cap on non-profit funding due to the influx of requests from previous years.

Mayor Copelof noted the lack of a consistent advertising method, as they typically reach out to known non-profits. To ensure fairness, she proposed advertising in the newspaper so that all non-profits can have the opportunity to submit proposals.

Ms. Miller emphasized the importance of having clear criteria for non-profit selection to avoid any feelings of exclusion.

Mr. Hooper mentioned that many local governments are transitioning to grant programs, offering $5,000 grants to non-profits aligned with the Council's priorities. This approach ensures consistency in funding and adherence to statutory requirements prohibiting funding beyond the jurisdiction.

Additional Comment:

Mr. Sankey inquired if non-profit funding is a budgeted item with a predetermined total amount allocated for the next fiscal year.

Mr. Hooper clarified that there was no cap heading into the budget deliberation last year, and that last year the Council reached a consensus during the budget workshop.

Mr. Sankey emphasized the importance of transparency in funding allocation and advocated for implementing a cap on this year's non-profit contributions.

Mr. Luebbe added that while they currently lack a cap, they are considering implementing one. He said he proposes it to be 1% of the general fund budget.

G. Set Date for Next Meeting

The next meeting of the Finance & Human Resources Committee will be on Monday, March 25, 2024, at 11:00 AM.

H. Adjourn

There being no further business, the meeting was adjourned at 12:27 PM.

X _____

Lauren Wise
Chair, Council Member

Minutes Approved: March 25, 2024

X _____

Alex Shepherd
Assistant to the City Manager