

**COMMITTEE OF THE WHOLE
MINUTES
June 20, 2023**

Mayor Sanoica called the Committee of the Whole meeting to order at 7:32 p.m.

ROLL CALL:

Present: Mayor Sanoica, Alderperson McHale, Budmats, Boucher, Reyez and Koehler

Absent: Alderperson O'Brien and Vinezeano

STAFF IN ATTENDANCE: City Manager Rob Sabo, Assistant City Manager/Community Development Director Glen Cole, Deputy City Clerk Judy Brose, Finance Director Molly Talkington, Police Chief John Nowacki, Fire Chief Pete Sutter, Director Public Works Aaron Grosskopf, Assistant Director Public Works JoEllen Charlton, Chief Information Officer Waseem Khan and City Attorney Melissa Wolf

Mayor Sanoica announced that the floor will be open to the audience for 20 minutes to address the City Council on matters that are on the agenda after the City Council discusses with Staff. Persons wishing to address the City Council keep their comments to 5 minutes in length. Comments must be addressed to the Council as a whole through the Mayor, and profanity may not be used in any form.

1) Purchasing Policy Update Discussion

Molly Talkington, Finance Director stated the City's Purchasing Policies and Procedures were originally adopted in 2000. There have been a few updates to the manual since that time. Staff took a comprehensive look at the Purchasing Manual (Policy). The Policy is instrumental in facilitating purchasing to complete much of the day to day work. This Policy sets the expectations and regulations for Council and staff and allows transparency for residents in how the City purchases goods and services. Within an ever-changing economic landscape, the current policy needs to be updated to comply with current legal requirement, add efficient and effective purchasing practices, and be designed to work with current advancements in technology.

In order to modernize the Purchasing Policy, the revised draft policy incorporates more streamlined purchasing practices by using our financial software. This allows for quicker turnaround, electronic review and approval, and increased accountability in spending. The City is deploying software modules to further enhance the efficiency, effectiveness, and internal controls of purchasing and financial processing.

As part of the FY 2024 budget process, staff will begin to use the Projects module for our Capital Projects Plan and the Contracts module in conjunction with the Purchasing modules already in place. The *Approval of City Purchases* workflow, as updated in this revised draft, was created to work well within those modules.

No employee shall purchase goods or services on behalf of the City without first seeking approval as required by this policy. All purchases shall require advance approval, in accordance with the dollar limits proposed, of the appropriate Supervisor, Department Head, the Finance Director or his/her designee, the City Manager or his/her designee, and City Council in accordance with the guidelines described below:

Dollar Limits

Under \$5,001

Required Approvals

- Supervisor and Department Head
- Three informal quotes (can be verbal, catalog, internet pricing, etc.)
- Most economical purchase should be sought

- \$5,001-\$10,000: - Supervisor, Department Head and Finance Director or his/her designee
- Three formal written quotes
- \$10,001 - \$24,999: - Supervisor, Department Head, Finance Director or his/her designee, and
City Manager or his/her designee
- Three formal written quotes

Dollar Limits

Required Approvals

- \$25,000 & Above: - Department Head, Finance Director or his/her designee, City Manager or
his/her designee, and City Council
- Formal bidding or Request for Proposals/Qualifications/Information
- Must comply with legal requirements for posting and selection

Exceptions: Expenditures for payments/purchases over \$5,000 related to intergovernmental agreements, property rental, utilities, refuse, and telecommunications do not require quotations or bidding. Examples: reimbursements for sales tax sharing agreements, liability accounts, service contracts for refuse and utilities, among others.

Change Orders/Contract Modifications:

1. No more than 5% of the total contract or up to \$5,000, whichever is less – Department Head approval.
2. No more than 5% of total contact or up to \$10,000, whichever is less – Finance Director or his/her designee approval.
3. No more than 5% of total contact or up to \$25,000, whichever is less – City Manager or his/her designee approval.
4. More than 50% of any contract or any material subcontract must be competitively bid.

As shown above in the Approval of City Purchases, the City Manager authority (administrative limit) is proposed to increase to \$25,000 from \$10,000 currently. The existing City Manager authority of \$10,000 has been in place since August 27, 1991. The buying power of this limit has shrunk with overall increases in the cost of goods and services. The chart below shows the annual percentage change in the Consumer Price Index (Chicago-Naperville-Elgin, IL-IN-WI area) from 1991 through April 2023 as contrasted to the Administrative Limit amount if it were changed in line with CPI.

Additionally, the State adopted Public Act 100-338 in August 2017. This Act adopted purchasing thresholds including the bid threshold for a municipality contracting for public works from \$20,000 to \$25,000. This purchasing limit would have applied to the City had it been non-home rule. As a home-rule City, the Council has the authority to set the administrative limits and could bring the City’s administrative limit in line with the State’s purchasing threshold. The increase in the Administrative limit would also bring the City in line with other comparable communities.

While the Approval of City Purchases and Administrative Limit changes are the two key proposed changes, the Policy does have updates throughout to clarify the who, what, how, where, and when to each area within the document. Here are some other proposed changes, not all, to look for:

1. The Surplus Property disposal recommendation was updated to align with the current ordinance first and also includes proposals to increase the asset disposal level for the City Manager to \$5,000 from \$2,000 and calls out vehicle surplus specifically.

2. Any sections that were tied to the Administrative limit, like Emergency Purchases, the City Manager limit was also increased to \$25,000.
3. Petty Cash amounts were lowered for Finance and Police from \$2,350 to \$800 in total.
4. Updated language to reference specific sites for information that is frequently updated such as pointing the user to the General Services Administration (www.gsa.gov) for per diem rates and mileage instead of having to update staff either via policy update or via email.

Overall, the goal was to look at the Purchasing Policy holistically, revamp the policy to clearly set the expectations and regulations for Council and staff, and allow transparency for residents in how the City purchases goods and services.

Staff requested Council's input and direction on the proposed Purchasing Policy. If Council were in support of the proposed policy, the policy will be brought forth at an upcoming City Council meeting for approval along with any needed City Code updates that relate to City Purchasing.

Aldersperson Koehler recommended to put a time frame in the ordinance for this to come back to Council for review, he suggested every three (3) years.

Aldersperson Budmats asked if the \$25,000 spending limit is annually. Finance Director Talkington stated that if there is a three (3) contract totaling \$75,000, this contract would be brought to Council for approval. Mayor Sanoica clarified that Council approves the bills on Warrant twice a month and the Council can say no to any amount listed in the Warrant.

Mayor Sanoica took a straw vote for all those in favor of adopting the revised policy. 5 in favor; 0 opposed. Manager Sabo stated that the next steps would be to come back to the Council with a formal approval process that will be listed on the July 11th agenda. Staff will also review the City Code to make sure the Code is in alignment with the policy itself. The adoption will come with two (2) different approvals, a resolution or ordinance adopting a purchasing policy and an ordinance amending the City Code with respect to purchasing so the two are harmonious with one another.

2) Indemnification and Hold Harmless Declaration – 2550 Golf Road

Rob Sabo, City Manager stated this item is time sensitive as Gallagher will not pause their demolition schedule for the City to train. Per the OMA, items not listed on an agenda can be discussed and informal straw polls can be taken. Formal action on this item will be listed on the July 11, 2023 Council agenda for ratification.

With the upcoming demolition of the office building at 2550 Golf Road by Gallagher, the City requested an opportunity for the City's Fire Department to utilize the facility for training prior to it being torn down. These types of training opportunities are invaluable for Fire Departments and it is very rare that an opportunity to train on a multistory office building arises. Gallagher has agreed to allow the Fire Department to train in the building and has requested the City provide a Hold Harmless and Indemnification to utilize their space. Per the City Code, the City Manager does not have authority to execute or tender such documents. Manager Sabo plans to advance a Code Amendment to authorize the Manager to sign such hold harmless documents in the future. We are regularly asked for such hold harmless and indemnification documents for trainings that are attended by Public Works, Fire, and Police and until he checked the Code, he was not aware that such documents require Council approval prior to tendering. It is standard operating procedure for many training entities to require such hold harmless and indemnifications.

Aldersperson Budmats would like Staff to notify Council when a hold harmless and indemnification document is signed.

Alderman Koehler suggested that there should be a process included in the ordinance, such as who's requesting it and some review by City Attorney and/or Mayor or someone else to check that they authorized it.

Mayor Sanoica took a straw vote for all those in favor to allow the City Manager to pursue an Indemnification and Hold Harmless Declaration with Gallagher for the training exercise taking place as soon as possible. 5 in favor; 0 opposed.

Mayor Sanoica took a straw vote for all those in favor to pursue a change in our Code to allow this to become a routine operation with notification to the Council. 5 in favor; 0 opposed.

CLOSED SESSION:

Mayor Sanoica asked for a motion to go into closed session under 5 ILCS 120/2 (c) (1) of the Illinois Open Meetings Act regarding Personnel, to consider the appointment, employment, compensation, discipline, performance, or dismissal of a specific employee of the public body. Aldersperson Budmats made the motion and was seconded by Aldersperson McHale.

ROLL CALL:

AYES: McHale, Budmats, Boucher, Reyez, Koehler
NAYS: 0
ABSENT: O'Brien, Vinezeano

With 5 in favor and 0 opposed. City Council entered into Closed Session.

The audience and press were advised that they do not anticipate taking any action upon returning to open session.

ADJOURNMENT

There being no further business, by unanimous consent the Committee of the Whole meeting was adjourned at 8:00 p.m.

Respectfully submitted: Judy Brose, Deputy City Clerk

June 20, 2023 Committee of the Whole Minutes Approved by Council on July 11, 2023.

Judy Brose

Judy Brose, Deputy City Clerk