

MINUTES

Friday, February 25, 2011

* 9:30 AM

Fiscal Committee Carnegie Town Hall

235 West 10th Street

Members Present: Council Member Sue Aguilar, Council Member Vernon Brown, Council Member Greg Jamison, Council Member Rex Rolwing

Members Absent: None

Staff Present: Debra A. Owen, City Clerk/Chief of Council Operations and Jamie Palmer, CMC, Assistant City Clerk

Guests: Rich Oksol, Chad Huwe, Tom Huber, Don Kearney, Dave Pfeifle, Karen Leonard, Jonathan Ellis

1. Call To Order

Committee Chair Brown called the meeting to order at 9:30 a.m.

2. Approval of Minutes

a. Monday, January 3, 2011

A motion was made by Council Member Sue Aguilar and seconded by Council Member Greg Jamison to approve the meeting minutes dated Monday, January 3, 2011.

Brown called for a voice vote on that motion and all members voted yes.

Motion Passed.

3. Reports and Updates

B. Discussion of the authorization of city contracts (SDCL 9-1-5 and Sec. 34 1/2-1).

Brown opened the discussion and said that this session is for educational purposes and no decisions will be made. He said that this is an important discussion which will lead to more transparency so that citizens can see who is doing business with the city.

He invited Scott Rust, Purchasing, to speak about the current contract process. Rust demonstrated the HTE and the RVI systems which currently house all city contracts. He also demonstrated how information regarding doing business in or with the City of Sioux Falls and information for bidders, forms for licenses and permits can be found on the city's website at www.siouxfalls.org/business. There was no discussion of professional service/consultant contracts.

Rust said that once a contract is assigned a number and it is signed by the Mayor, the document is scanned into the RVI system. Jamison asked if all contracts are located on the system and the response was yes. Rust said that he is responsible for all contracts that are not cleared through the Public Works Department.

Brown asked for a total number of contracts that the city is involved in within a year. Rust said that some months are busier than others for contracts. He explained that his office will manually track the number of contracts in March and report that information back to the committee. Owen added that council was provided the total number of contracts entered into by Finance is a previous meeting. Owen stated she would provide this to council. Information inserted from previous meeting:

Here are the total number of contracts and agreements from 2008 - 2010.

2008

Agreements: 943

Contracts: 279

Total: 1222

2009

Agreements: 1075

Contracts: 285

Total: 1360

2010:

Agreements: 700

Contracts: 249

Total: 949

Discussion and concerns were raised about the length of time the city currently uses to execute a contract. Contracts are walked from department to department for required approval. Sometimes these documents can be delayed because the contract is not handled in a timely manner and can affect a 30 day window contracts involving bids. There were concerns raised about requiring council approval for contracts because of a 30 day window for bid contracts and the length of time it currently spent on contract approval.

Owen asked if Tracy Turbak, Finance could share how contracts are approved in Watertown.

Turbak said that the comparison to Watertown's process might not be a good example because they do not see near the number of contracts that Sioux Falls does. He explained that the Watertown council does approve contracts that reach a certain threshold.

Jamison asked about the council agenda process and deadline requirements. Owen explained that normally the agenda is made public on the Wednesday prior to the meeting. Owen said that the agenda deadline is 10:00 a.m. on the Monday prior. Jamison asked if the items could be walked in and not listed on the agenda. Owen raised concerns about public notice concerns.

Brown asked Rich Oksol, Internal Audit, to speak regarding best practices. Oksol shared that more transparency the city has regarding

contract approval is always good. He said that when council is asked to approve any agreement/contract, administration should prepare an executive summary containing following points: key provisions of agreement, any changes to the terms of the contract if the contract is being renewed, who requested/authorized the change, what is the net effect on the city, process for selecting the contractor/vendor, the number of vendors that responded, and a description of how the final selection was made (i.e., committee of city staff). He stressed the importance of having contracts / agreements located in one central database in numbered sequence for good control He said that a logical threshold for contracts/agreements might be state bid laws: \$50,000 for public works projects and \$25,000 for supplies and materials. (Professional service contracts/agreements do not have bid limits.) It was his opinion that all agreement/contracts to manage city facilities should be approved by city council. He said that change orders do not need to be approved by council action but that council should be notified in writing of the change orders. Present policy states that changes orders are approved by City engineer or Mayor depending up on the dollar amount of the change order. He added that the Mayor must have the authority to execute contracts if an emergency exists but that the council should be informed in writing by the Mayor as soon as possible of a report of contracts and expenditures related to the emergency.

Aguilar asked how many databases are currently used for the contract process. It was clarified that all contracts are entered into the HTE and RVI Systems.

Jamison said that it is important for the council to be informed on things that can have a significant impact on the community, for example, the Council was not involved in the decision to purchase two snow gates or the Minnesota Avenue overlay project.

Brown stated that it is important to develop a clear policy for contract approval. Discussion was held about ways to get this goal accomplished without holding them up. Rust reiterated that other cities do not see the volume of contracts that Sioux Falls does. Rust said that obtaining signatures is a big inefficiency.

Owen said that the signature process will be more efficient when the SIRE Electronic document management software is implemented.

Aguilar said that she feels it is important for the council to see and review all city contracts for the management of public buildings and over certain dollar thresholds on the Regular Agenda.

Brown asked Rust to clarify his process to track contracts over the next month. Rust said that they will develop a spreadsheet regarding who the contract was awarded to and the dollar amount. Brown said that it will be good information to give the council an idea of the amount they could potentially see.

Discussion occurred regarding contracts that involve emergency affairs, such as the sewer emergency last summer. Oksol suggested that the authority for those types of contracts should remain with the Mayor but added that a report regarding contracts entered into for the emergency matter could be shared with the Council as a follow-up.

Pfeifle spoke regarding Rapid City and said that they lead the charge to change the state statute so that their council could delegate their contract authority. They previously approved all contracts on their consent agenda and it was creating inefficiencies. He said that the City of Pierre

passed a Resolution allowing their City Manager to execute and authorize their city contracts.

Brown said that he liked Oksol's suggestions to have agreements for public facilities placed on the regular agenda and executive summary to the council regarding new and renewed contracts. He asked if the committee has any thoughts. Jamison would like to see notification from administration at the start of contract negotiations. He agreed with Oksol's recommendations. Aguilar also agreed. Rolfing suggested that the committee wait until Rust has had time to compile the March data before any recommendation is given to the full council.

Brown recommended that Owen, Oksol, Pfeifle, Turbak work together to draft legislation containing the recommendations from Internal audit and report back to the committee at a later date.

Brown recessed the meeting so that the members could travel to the Health Building for the video conference at regarding financial and land management software being considered by the Finance Department.

The meeting began again at 10:50 a.m. for a Financial and Land Management System Software Update. Turbak reviewed the project background and said that BDMP (Berry, Dunn, McNeil & Parker) was retained by the city in January 2010 to assess the needs of the city and assist in the selection/implementation of a new system. The current system has been in place since 1992. The two goals of this project are to improve efficiencies city wide and improve effectiveness.

Chad Snow, BDMP Project Manager and Seth Hedstrom, BDMP Lead Business Analyst gave a brief Power point presentation. They reviewed the tasks completed to date, needs assessment summary, action plan results and recommendations. They said that a request for Information was issued to 8 vendors and spoke about the benefits of using this approach. The next steps in the projects include issuing a request for proposal, vendor pre-bid conference, first round proposal review, vendor demonstrations, final proposal review, contract negotiations and implementation. The target date for finalizing vendor contracts is August 2011.

Brown asked how the money for this project is being appropriated. Huber replied that \$1 million will be taken from the technology revolving fund. They will determine a final dollar need after the bids come in. The RFP is to include software, hardware and training needs.

Discussion occurred about how the scoring will be designed and also about the selection committee. Huber said that "high-end" users will make up the majority of the committee but that they are still working on other members.

Brown suggested that updates for this project be listed as a standing item on the Fiscal Agenda so that routine updates can be given.

4. Open Discussion

There was none.

5. Adjournment

A motion was made by Council Member Sue Aguilar and seconded by Council Member Greg Jamison to adjourn the meeting at 11:33 a.m.

Brown called for a voice vote on that motion and all members voted yes.

Motion Passed.

Jamie L. Palmer, CMC

Assistant City Clerk