

New Business
Oct 30, 2018

**BUDGET,
FINANCE, AND
AUDIT STANDING
COMMITTEE**

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SUMMARY

This proposed ordinance amends Chapter 18 of the 1984 Detroit City Code, *Finance and Taxation*, Article V, *Purchases and Supplies*, by adding Division 11, *Detroit Supply Schedule*, to include Section 18-5-170, *Purpose and intent*; Section 18-5-171, *Definitions*; Section 18-5-172, *Directed by the Chief Financial Officer, managed by Chief Procurement Officer*; Section 18-5-173, *Request for Proposals*; Section 18-5-174, *Award of contracts*; Section 18-5-175, *Reservation of thirty percent of contracts for bidding by Detroit-certified businesses*; Section 18-5-176, *Request for quotations*; Section 18-5-177, *Outreach efforts*; and Section 18-5-178, *Authorization for use by other governmental units*, to establish the Detroit Supply Schedule program for the purpose of negotiating more favorable prices for frequently recurring purchases of goods or services, to increase the speed and efficiency of obtaining such goods and services, and to facilitate the development and growth of Detroit-certified businesses.

BY COUNCILMEMBER _____ :

1 AN ORDINANCE to amend Chapter 18 of the 1984 Detroit City Code, *Finance and Taxation*,
2 Article V, *Purchases and Supplies*, by adding Division 11, *Detroit Supply Schedule*, to include
3 Section 18-5-170, *Purpose and intent*; Section 18-5-171, *Definitions*; Section 18-5-172, *Directed*
4 *by the Chief Financial Officer, managed by Chief Procurement Officer*; Section 18-5-173, *Request*
5 *for Proposals*; Section 18-5-174, *Award of contracts*; Section 18-5-175, *Reservation of thirty*
6 *percent of contracts for bidding by Detroit-certified businesses*; Section 18-5-176, *Request for*
7 *quotations*; Section 18-5-177, *Outreach efforts*; and Section 18-5-178, *Authorization for use by*
8 *other governmental units*, to establish the Detroit Supply Schedule program for the purpose of
9 negotiating more favorable prices for frequently recurring purchases of goods or services, to
10 increase the speed and efficiency of obtaining such goods and services, and to facilitate the
11 development and growth of Detroit-certified businesses.

12 **IT IS HEREBY ORDAINED BY THE PEOPLE OF THE CITY OF DETROIT THAT:**

13 Section 1. Chapter 18 of the 1984 Detroit City Code, *Finance and Taxation*, Article
14 V, *Purchases and Supplies*, be amended by adding Division 11, *Detroit Supply Schedule*, Sections
15 18-5-170 through 18-5-178 to read as follows:

16 **CHAPTER 18. FINANCE AND TAXATION**

17 **ARTICLE V. PURCHASES AND SUPPLIES**

18 **DIVISION 11. DETROIT SUPPLY SCHEDULE**

19 **Section 18-5-170. Purpose and intent.**

20 The Detroit Supply Schedule Program is designed to procure commonly-used, recurring
21 goods and services at favorable prices generated by high volume purchases, to increase the City's

1 speed and efficiency in obtaining these goods and services, and to advance the growth and
2 development of Detroit-certified businesses.

3 **Section 18-5-171. Definitions.**

4 For the purposes of this division, the following words and phrases shall have the meaning
5 respectively ascribed to them by this section:

6 *Detroit-certified business* means any contractor that is certified as a Detroit-based business,
7 Detroit-based micro business concern, Detroit-based small business, Detroit-headquartered
8 business, or Detroit-resident business as those terms are defined in Section 18-5-1 of this Code.

9 *Detroit Supply Schedule* means a schedule of indefinite delivery-indefinite quantity
10 contracts to be awarded by the Chief Procurement Officer for recurring goods and services divided
11 into broad categories of such goods and services.

12 *Indefinite delivery-indefinite quantity contracts* means contracts that establish a price and
13 other terms and conditions for the procurement of an indefinite quantity, within stated limits, of
14 goods or services during a fixed period of time, but do not specify the date or the quantity of
15 delivery or performance. Such contracts must contain a maximum dollar amount, pre-negotiated
16 prices, delivery terms, warranties, and other terms or conditions that streamline the procurement
17 process.

18 *Request for proposals* means a solicitation to communicate the City's requirements to
19 prospective contractors for enumerated goods and services by which the City seeks proposals for
20 indefinite delivery-indefinite quantity contracts for those goods or services as listed in the Detroit
21 Supply Schedule. Requests for proposals shall describe the City's requirements, anticipated terms
22 and conditions, information required in the offeror's proposal, and the criteria that will be used to
23 evaluate the proposal and their relative importance.

1 Request for quotations means a request for technical and price quotations from approved
2 Detroit Supply Schedule contractors for specific quantities of goods or services to be delivered or
3 performed by a specific date or schedule of dates.

4 Reserved bidding schedule means those Detroit Supply Schedule items or categories
5 reserved for bidding by Detroit-certified businesses only.

6 **Section 18-5-172. Directed by Chief Financial Officer; managed by Chief Procurement**
7 **Officer.**

8 (a) The Detroit Supply Schedule program shall be directed by the Chief Financial Officer
9 and implemented and managed by the Chief Procurement Officer.

10 (b) The Chief Procurement Officer shall:

11 (1) Issue Detroit Supply Schedule publications that provide an overview of the
12 Detroit Supply Schedule Program;

13 (2) Issue all requests for proposals and associated guidelines issued pursuant to
14 this program; and

15 (3) Publish each awarded Detroit Supply Schedule contract of covered goods
16 and services.

17 (c) The Detroit Supply Schedule, publications, and guidelines shall be readily available
18 at the Office of the Chief Financial Officer's website.

19 (d) The Chief Financial Officer shall conduct an annual review of the program to
20 compare the prices paid by the City with market rates and to otherwise ensure that the City is
21 benefitting from the program in terms of performance and price.

1 (e) Every five years, beginning in 2024, the Chief Procurement Officer shall prepare a
2 report providing an overview of the Detroit Supply Schedules program. The report shall be
3 forwarded to City Council and posted on the Office of the Chief Financial Officer's website.

4 **Section 18-5-173. Request for proposals.**

5 (a) The Chief Procurement Officer may issue a request for proposals for indefinite
6 delivery-indefinite quantity contracts for recurring goods and services as described and
7 enumerated for each Detroit Supply Schedule.

8 (b) No contract shall be forwarded to City Council for its approval unless three or more
9 responses to the request for proposals are received.

10 (c) The Chief Procurement Officer will select qualified contractors for approval by
11 Council based on the following factors:

12 (1) A determination that the offered prices for the goods or service are reasonable;

13 (2) A determination that the prices being offered are equal to or better than the offeror's
14 current best discount to any customer; and

15 (3) A review of the dollar value of sales to the general public during the 12 months
16 prior to the request for proposals.

17 (d) Equalization factors, as described in Sections 18-5-12 and 18-5-13 of this Code,
18 shall not be applied in selecting qualified contractors under this section.

19 (e) Following the evaluation of the proposals, the Chief Procurement Officer shall
20 submit the selected contractors for review and approval by Detroit City Council pursuant to
21 Section 18-5-21 of this Code.

22 (f) All responses must include a non-collusion statement on a form provided by the
23 Chief Procurement Officer and signed by the responding contractor.

1 Section 18-5-174. Award of contracts.

2 (a) Detroit Supply Schedule contracts shall be awarded after City Council approval
3 pursuant to Section 18-5-21 of this Code.

4 (b) Detroit Supply Schedule contracts must contain:

5 (1) Definite price terms for a fixed period of time, but shall not include specific
6 quantities or delivery dates for the goods or services to be procured;

7 (2) A pricelist for the goods and services to be procured by the contract; and

8 (3) A pricelist that contains the pricing, terms, and conditions related to the
9 Detroit Supply Schedule Item Number provided for by the contract.

10 (c) Contracts issued pursuant to the Detroit Supply Schedule program shall be valid for
11 a period of five years and may include an option to extend the contract for a maximum of an
12 additional five years, subject to City Council approval pursuant to Section 18-5-21 of this Code.

13 (d) Goods and services included on the Detroit Supply Schedule must be procured from
14 approved Detroit Supply Schedule contractors following a request for quotations.

15 **Section 18-5-175. Reservation of thirty percent of contracts for bidding by Detroit-certified**
16 **businesses.**

17 (a) Following review and approval of the reserved bidding schedule by the City
18 Council, the Chief Procurement Officer shall reserve at least thirty percent of the Detroit Supply
19 Schedule contracts for bidding restricted to Detroit-certified businesses. However, if the Chief
20 Procurement Officer is dissatisfied with the results of limited bidding under this section, the
21 Officer may re-issue the request for proposals without this limitation. The Chief Procurement
22 officer shall provide the City Council with a report detailing the reasons for the rejection of the
23 limited bidding.

1 (b) City Council shall review and approve the Detroit Supply Schedules Detroit-
2 certified businesses reserved bidding schedule every five years.

3 **Section 18-5-176. Request for quotations.**

4 (a) Following approval of Detroit Supply Schedule contracts in accordance with
5 Section 18-5-21 of this Code, the Chief Procurement Officer may issue requests for quotations for
6 specific delivery and performance dates for goods and services.

7 (1) The Chief Procurement Officer shall forward requests for quotations to all
8 approved contractors under the specific Detroit Supply Schedule Item Numbers and
9 such contractors shall be given a fair opportunity to compete for the task or delivery
10 order.

11 (2) Requests for quotations shall provide a reasonable period of time for response and
12 shall describe significant factors to be considered in evaluating all responses.

13 (3) The equalization factors found at Section 18-5-12 and 18-5-13 of this Code shall
14 be applied in the award of task and delivery orders under this section.

15 (4) The Chief Procurement Officer shall select the lowest responsible bidder or bidders
16 to fulfill the request for quotations and issue a task or delivery order to the selected
17 contractor(s).

18 (5) The Chief Procurement Officer may select more than one eligible contractor to
19 fulfill a request for quotations.

20 (b) Additional City Council approval shall not be required for the selection of Detroit
21 Supply Schedule contractors to provide the goods or services sought by a request for quotations.

22 (c) As stated in Section 18-5-12(f) of this Code, a Detroit-resident business, a Detroit-
23 based business, or a major venture or joint-venture with a Detroit-resident business or Detroit-

1 based business, may not assign or subcontract its City contracts to a non-Detroit-resident or a non-
2 Detroit-based business without the approval of such assignment or subcontract by the Chief
3 Procurement Officer.

4 (d) No task or delivery order may be awarded to a Detroit Supply Schedule contractor
5 after the expiration of a Detroit Supply Schedule contract unless City Council has approved a
6 renewal or extension of the original Detroit Supply Schedule contract.

7 (e) The Chief Procurement Officer shall provide City Council with notice of all task
8 and delivery orders and the dollar value of such orders on a quarterly basis.

9 **Section 18-5-177. Outreach efforts.**

10 (a) The Chief Procurement Officer and the Director of the Civil Rights and Inclusion
11 Office shall be responsible for the following efforts to encourage the participation of Detroit-
12 certified businesses and Detroit residents in the procurement process:

13 (1) Development of workshops, seminars, and educational materials regarding
14 contracting and the procurement processes;

15 (2) Sponsorship of at least two educational and outreach meetings in each council
16 district each year which will be coordinated with the Council's two at-large
17 members and the Councilmember for that district;

18 (3) Preparation of educational programs in collaboration with local colleges, the
19 Detroit Public Schools Community District, and other education providers to
20 encourage local entrepreneurship and develop the skills necessary for successful
21 participation in the competitive bidding process; and,

22 (4) Submission of all Detroit Supply Schedule requests for proposals to Council at the
23 time such requests are released for bidding.

1 **Section 18-5-178. Authorization for use by other governmental units.**

2 The Chief Procurement Officer may authorize other governmental units, including
3 municipalities and counties, within Michigan, Illinois, Ohio, and Wisconsin, to procure goods and
4 services under the terms and conditions provided for in the Detroit Supply Schedules contracts.

5 **Sections 18-5-179 – 18-5-190. Reserved.**

6 **Section 2.** This ordinance is hereby declared necessary to preserve the public peace,
7 health, safety, and welfare of the People of the City of Detroit.

8 **Section 3.** All ordinances, or parts of ordinances, that conflict with this ordinance are
9 repealed.

10 **Section 4.** In the event this ordinance is passed by two-thirds (2/3) majority of
11 City Council Member serving, it shall be given immediate effect and become effective upon
12 publication in accordance with Section 4-118 of the 2012 Detroit City Charter. Where this
13 ordinance is passed by less than a two-thirds (2/3) majority of City Council Members serving, it
14 shall become effective on the thirtieth (30) day after enactment, or on the first business day
15 thereafter, in accordance with Section 4-118 of the 2012 Detroit City Charter.

16 **Approved as to form:**

17 *Lawrence T. García*

18 Lawrence T. García
19 Corporation Counsel



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MEMORANDUM

TO: Lawrence Garcia, Corporation Counsel

FROM: Hon. Scott Benson, City Council District 3

CC: Hon. Janice Winfrey, City Clerk
Hon. Janee Ayers, Chair, Budget, Finance, Audit Standing Committee
Boysie Jackson, Purchasing
Stephanie Washington, City Council Liaison

VIA: Hon. Brenda Jones, City Council President

DATE: 24 October 2018

RE: FAIR WAGE CONTRACT ORDINANCE

I am requesting the Law Department draft a fair wage ordinance, in accordance with the memo dtd. 13 June 2018, which indicates a fair wage policy can be implemented by the City of Detroit if it is "reasonably related to a legitimate state interest." I put forth that reducing Detroit's debilitating level of poverty is a legitimate state interest. Therefore, using the *50:40 Poverty Reduction Plan* as the rationale, please draft an ordinance, which implements an equalization point strategy that rewards companies whose workers predominately live in the City of Detroit and are paid a fair wage. I.e. 75% or more of the employees live in the City of Detroit and are paid \$15 per hour.

If you have any questions do not hesitate to contact my office at, 313-224-1198

SRB