



CITY COUNCIL STUDY SESSION MEETING

STUDY SESSION MINUTES

TUESDAY, NOVEMBER 22, 2022, 1:00 PM

201 S. Cortez Street
Prescott, AZ 86303
Council Chambers

Phil Goode, Mayor

Cathey Rusing, Mayor Pro Tem
Brandon Montoya, Councilman
Eric Moore, Councilman

Connie Cantelme, Councilwoman
Steve Sischka, Councilman
Clark Tenney, Councilman

MINUTES OF THE STUDY SESSION OF THE PRESCOTT CITY COUNCIL STUDY SESSION HELD ON NOVEMBER 22, 2022, IN THE 201 S. CORTEZ STREET PRESCOTT, AZ 86303 COUNCIL CHAMBERS.

1. CALL TO ORDER

Mayor Goode called the meeting to order at 1:00 p.m.

2. ROLL CALL

Phil Goode	Mayor
Cathey Rusing	Mayor Pro Tem
Connie Cantelme	Councilwoman
Brandon Montoya	Councilman
Eric Moore	Councilman
Steve Sischka	Councilman
Clark Tenney	Councilman

3. DISCUSSION

A. Discussion & Presentation Regarding Opportunity to Innovate Local Government Procurement and Delivery of Services Processes.

Finance Director Mark Woodfill provided a presentation to Council regarding proposed updates to the city's procurement process. Current process is very bureaucratic and slow to adapt, this can be costly with addition staff, public and Council time. The goal of this proposal is to move to more efficient approach. In the last budget cycle set up a new process to bring inefficiencies to a more organized place, need to improve transparency and accountability. Focus on procurement and delivery of services.

Current Process:

- * Items are brought forward in summary form and reviewed as part of the annual process
- * Once approved, procurement of those items is done and brought back to Council for approval
- * Opportunities for improvements
 - This is time consuming for staff/Council

- It slows our ability to complete projects for citizens
- Mass of information on routine purchases obscures transparency of significant items in Council meetings
- * Several other local governments have also identified this as a problem with various solutions

Proposed Changes:

* Bidding Requirements

- Made with as much economy as practicable in the open marketplace at the prevailing price: Current - \$0 - \$5,000, Proposed - \$0 to \$10,000
- Requires three (3) competitive quotes: Current - \$5,000 - \$50,000, Proposed - \$10,000-\$100,000
- Requires formal competitive sealed bid: Current - over \$50,000, Proposed - over \$100,000

* Council Approval

- Currently Council approves all purchases over \$25,000
- Proposed Council approves all purchases over \$50,000 either on the annual approved expenditure list (AEL) which is approved as part of the budget process OR individually if not on AEL or over 20% of the amount set on AEL

Councilman Montoya asked for limitations in \$50,000 threshold versus \$100,000 threshold.

Mr. Woodfill responded with a recent example in which a new vehicle was needed and at the price point staff had to get a sealed bid, but the vendor that has it only has one and we don't know if he will hold it during that time.

City Clerk Sarah Siep added that in addition to the wait for the bid there is also the wait to get an item on a Council agenda for approval which can contribute to inefficiencies as well.

Councilman Sischka asked if there is anything related to inflation on this. He also asked what the drawbacks are if the city tried to exercise an option similar to what other municipalities are doing.

Mr. Woodfill responded that it does and also procurement is tied to uniform compliance for grants and things like that which is also impacted, but if we set the limits and look at returning every five years to adjust these numbers that is helpful in addressing these matters. His concern is that it would be a big step for the first year in doing this process differently.

What is the AEL:

- * During the annual budget workshops, departments will present their budget in sufficient detail for the public and Council to identify what are the significant items
- * Staff will recommend if items should be included on the AEL
- * Council will give direction during the workshop if inclusion on the AEL is acceptable
- * As part of the final budget consideration, Council will adopt the fiscal year AEL
- * In the bimonthly Council updates, a list showing the status and final procurement amount for the items on the AEL will be included

Proposed FY24 Budget Calendar:

- * 11/29 Strategic Plan Workshop
- * 2/10/23 Department & Division Meetings
- * 2/21/23 Council Workshop Midyear Budget Report
- * 2/24/23 Base Budget, New Positions/Reclassification Requests
- * 3/10/23 Capital Requests FY24 and 5 year plan
- * 3/24/23 City side fee schedule update
- * 4/10 thru 4/21/23 City Manager review with departments
- * 5/11/23 Overview of budget and revenue projections & Council presentations
- * 5/18/23 Budget Workshop
- * 5/25/23 Additional Workshop (if needed)
- * 6/2/23 List of FY23 Major Achievements
- * 6/13/23 Tentative Budget Adoption
- * 6/27/23 Final Budget Public Hearing and Adoption

Mr. Woodfill stated that the city budget is significant with much detail and feels this staged approach to updates in the process is the best way to make the process more efficient.

Public Works Director Ashley Couch added that it would be a lot to bring everything forward at budget time and could be overwhelming for Council, which is why the AEL is the most efficient way to improve things. There are large organizations that do it that way so it is possible but it is at the discretion of the Council.

Mr. Woodfill added that this is a big learning process for staff particularly the ones that are more detailed.

Councilman Montoya commented that this seems like a commonsense approach for him, and concurred that doing it in more incremental steps beginning with the AEL approach makes sense.

Councilwoman Cantelme echoed Councilman Montoya's comments and asked about keeping the sealed bids.

Mr. Woodfill responded they will still have sealed bids, but it will be at the same level as the state. This system gives better oversight by recentralizing the procurement process.

Mayor Pro Tem Rusing asked if there are hybrids specked it will take place during the budget process.

Mr. Woodfill confirmed. If Council determines that is the direction they want staff to go in then there would be a discussion during the budget process as it relates to that.

Mr. Couch added that the amount of times things have to come back to Council that are already in the budget, for example crack seal materials, consumes a lot of staff time and delays the process of getting things done. Public Works is very in favor of this approach because it will help with their ability to do city business.

Councilman Tenney echoed comments regarding improving inefficiencies and this being a very commonsense approach. Council is properly using everyone's time and are even sometimes delaying projects so he appreciates staff bringing this forward.

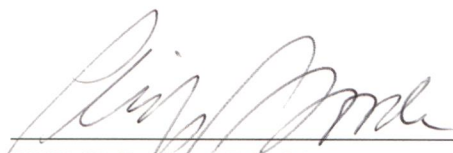
Mayor Goode concurred, this is a reasonable step to streamline the review process for things, there are justifications for going this way. Taking a medium step to see how well this works will be beneficial, can make additional steps forward in the future.

Mr. Woodfill said staff will bring forward over the next few months the adjustments for the procurement code and the AEL during the budget process as well. Staff is working to separate the management of these functions from the policy side. He added that the budget documents are going to look different and will require additional "homework" by Council in advance of the budget workshops.

This item was for discussion only, no formal action was taken.

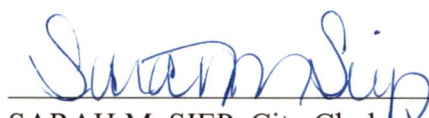
4. ADJOURNMENT

There being no further business to discuss, Mayor Goode adjourned the meeting at 1:43 p.m.



PHILIP R. GOODE, Mayor

ATTEST:



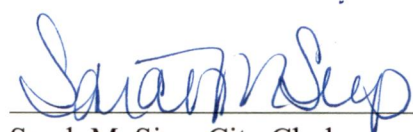
SARAH M. SIEP, City Clerk

CERTIFICATION

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Study Session of the City Council Study Session of the City of Prescott, Arizona held on November 22, 2022. I further certify the meeting was duly called and held and that a quorum was present.

Dated this 14 day of December, 2022.





Sarah M. Siep, City Clerk