

## **Open Work Session**

### **Proposed Legislation to Change the Wicomico County Purchasing Manual, Section IV, Purchasing Procedures, Small Purchases**

**January 17, 2023**

Ms. Julie Giordano, County Executive; Mr. Bunky Luffman, Director of Administration; Ms. Pam Oland, Director of Finance, and Mr. Pate Matthews, General Services Supervisor, came before Council.

Ms. Oland said currently their Purchasing Manual for anything over \$1,000 requires them to get three quotes. She said, in this day and age, \$1,000 is not a whole lot of money. She said it slows down the process sometimes trying to find three businesses to quote them, and then, if they cannot find one, they call Purchasing and then have to get approval to not have to keep looking. She said they are requesting a change of that so they can go up to \$5,000 for the items that would not require three quotes and their Departments would have the authority up to \$4,999 if they can find what they need and make that purchase. She said then the rest of the numbers she believes they are looking at keeping the same at this moment for when they have to bid or quote or send out a formal process. She said the \$1,000 number is very low. She said she thinks it has been around for a really, really long time. She said \$1,000 makes it kind of difficult, and even before inflation, \$1,000 was low. She said they are asking for the flexibility for their Departments to be able to know what they need and up to \$4,999 go out and buy it because, for the most part, in these types of purchases of this size, they know the best vendor and the vendor they are going to be able to get the product from or which vendors are going to be able to provide it in the timeframe that they need. She said they are not looking for any other major changes at this point, but that is one change they are requesting.

Mr. Matthews said he spends often six to eight hours trying to get quotes to save \$100. He said, when they do the math, they are losing money. He said they are not asking for a whole lot, and a lot of this stuff is time sensitive, especially with the supply chain today. He said they might call a supplier who has a \$1,500 valve today, get their other prices by Friday, and call the guy back and say he needs it, but he says sorry, it is gone, he will not have it for six months. He said it is kind of an attack-while-you-can measure as well as a time saving and eventually a money saving matter as well.

Mrs. Hurley said their Internal Auditor pointed out that some of their purchase card limits are at the \$2,500 limit. She then asked if they need to increase those, to which Ms. Oland responded, that is actually a separate limit. She said for some of these items they could use purchase cards, but some of them actually want a purchase order as well. She said they could on a case-by-case basis as her purchase card does not need to go up beyond what it is except on a rare occasion, and at that point she knows it and knows she is traveling and makes a request for her purchase card limit to go up. She said maybe some of the Parks workers or Pate's staff could have their purchase card limits increased for the individual purchases. She said, again, the limit that is set on the purchase card is per month and also a limit per purchase, so, if they have people who want to start buying things at that higher dollar amount, they would request the Department Head to put in writing that they would like an employee to now have a limit of \$4,999.99. She said in the past there have been times when they have gotten three quotes and purchased something that is \$1,800 and they upped their purchase card for one time, which they can set different limits. She said, to make it documented, it would be a request from the Departments that these people make certain purchases on a frequent basis and their limit needs to be upped.

Mr. Merritt said he definitely supports this. He said, to Ms. Oland's point, \$1,000 will barely buy an oil change on a car now. He said this will streamline the process. He said he has seen a lot of places give quotes that used to be good for 30 days and now they are good for 15. He said he knows one stainless steel vendor right now who is giving his quotes that are good for 24 hours. He said, between the quote acceptance process and the approval process, the price could change, and it could put them over that threshold. He said this will do exactly what he thinks they need to do - simplify government.

Mr. Winn asked if they are bound to the lowest bidder, to which Ms. Oland responded, they are bound to the lowest bidder when they get three quotes, yes. Mr. Winn asked if that is regardless of quality, to which Ms. Oland responded, when they do the formal bid process, they are bound to the lowest bidder unless there is a reason that they have been disqualified. She said she is hoping when Departments go for quotes that they are not calling the vendor who has caused them problems before because they are the ones going out for quotes, but they are required to get three quotes. She said, if they know of another vendor but the vendor has been a problem in the past, that does create a conundrum for them that they did not get a third quote, but they could have gotten it from that one.

Ms. Oland said, again, the \$5,000 will allow their employees to pick the vendors that have been reliable and provide quality for them on a timely basis. She said, again, they are bound by the lowest responsible and responsive bidder, to which Mr. Holloway responded, they have overridden that before, they can do that. Ms. Oland said they have and they can do that under certain conditions.

Mr. Winn said, for \$1,000 you are hard-pressed to get a good contractor out just for one day, to which Ms. Oland responded, a lot of times in this range they are buying a replacement part. She said it is rare for them to be doing a major project at that amount. She said they are buying parts or a piece of equipment or a door, or a piece of furniture. She said trying to buy a piece of furniture for \$1,000 is difficult.

Mr. Baker said he agrees that \$1,000 is not enough, to which Ms. Oland responded, this will eliminate the need for employees for anything under that threshold to be spending the time to try to find two more.

Mr. Matthews said, to briefly address the point about the low bid, they do have a process through the Purchasing Department where they can file a complaint against a vendor, but what he does not know is happening for sure is, when people put stuff out to bid, are they verifying this vendor does not have any complaints against them. He said they have a new purchasing setup coming in, and maybe that is something they can address. He said maybe they could have a file of vendors they have issues with or complaints against so that, even if they are the lowest price, they have a recourse to say they are the low price, but they had a problem with them on their last job, therefore, they are not going to accept their price.

Ms. Oland said, having worked on some of those, those reasons have to be significantly documented and vetted through Legal to be able to exclude a vendor. Mr. Winn said that costs more money and they should just have the price a little higher and then they would not have to worry about that and they would get who they need.

Mr. Cannon said the consensus is to move forward. He then asked if this is a Legislative Bill or a Resolution, to which Mrs. Hurley responded, she thinks it is a Resolution. Ms. Oland said she thinks it is just amending the Purchasing Manual, which she believes is a Resolution.

There was no further discussion.

  
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John T. Cannon, President, At-Large

  
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Shane Baker, Vice President, District 3


  
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James Winn, At-Large

  
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Shanie P. Shields, District 1

  
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Jeff Merritt, District 2

  
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Josh Hastings, District 4

  
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Joe Holloway, District 5

  
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Laura Hurley, Council Administrator