

VILLAGE OF ORLAND PARK

14700 Ravinia Avenue
Orland Park, IL 60462
www.orlandpark.org



Meeting Minutes

Monday, October 2, 2017

6:00 PM

Village Hall

Finance Committee

*Chairman Carole Griffin Ruzich
Trustees James V. Dodge and Michael F. Carroll
Village Clerk John C. Mehalek*

CALL TO ORDER/ROLL CALL

The meeting was called to order at 6:07 PM.

Present: 2 - Chairman Griffin Ruzich and Trustee Carroll

Absent: 1 - Trustee Dodge

APPROVAL OF MINUTES**2017-0696 Approval of the September 5, 2017 Finance Committee Minutes**

I move to approve the Minutes of the Regular Meeting of the Finance Committee of September 5, 2017.

A motion was made by Trustee Carroll, seconded by Chairman Griffin Ruzich, that this matter be APPROVED. The motion carried by the following vote:

Aye: 2 - Chairman Griffin Ruzich and Trustee Carroll

Nay: 0

Absent: 1 - Trustee Dodge

ITEMS FOR SEPARATE ACTION**2017-0615 Village Manager's Contracting Authority and Minimum Requirement for Competitive Bids - Ordinance**

Finance Director Annmarie Mampe reported that based on Ordinance Number 2346, passed in February 1993, Village code requires that the Village Manager advertise for and receive sealed bids, and present said bids along with his recommendation, to the Village Board for approval for all purchases of goods and/or services (certain services are exempt from the bidding process) of \$10,000 or more.

Current Village code further restricts the Village Manager's purchasing authority by requiring the following:

--For amounts less than \$5,000 - the Village Manager may select a qualified vendor or service provider, or request price quotations from several vendors or providers and choose from among them, without getting Board approval.

--For amounts exceeding \$5,000 but less than \$10,000, the Village Manager has the authority to select a qualified vendor or service provider, or request price quotations from several vendors or providers and choose from among them, but must get Board approval prior to making the purchase or hiring the service provider.

The Village Manager has granted authority to Department Directors to make purchases of goods and/or services of less than \$3,500 without getting Village Manager approval.

Per Public Act 93-0157, passed in 2005, the State of Illinois' statutory limit for requiring sealed bids was increased to \$20,000. Staff is recommending a modification to the Village code increasing the sealed bid threshold from \$10,000 to \$20,000 to align with State Statute. In addition, staff is recommending a modification to the Village code increasing the Village Manager's authority level to \$20,000 and an increase in Department Director's authority level to \$4,999. For purchases between \$5,000 and \$9,999, the Village Manager has authority to grant approval authority to the Finance Director. The Board of Trustees would have to approve any purchase of \$20,000 or more. Contract signature authority will align with the above purchasing authority. Additionally, the Village Manager may sign contracts \$20,000 or more upon Board of Trustee approval. Staff recommends that purchase orders, which will include terms and conditions, serve as a contract for goods and services <\$10,000, and contracts with required attachments obtained for anything >\$10,000. Formal contracts are currently and will continue to be required for contracts where prevailing wage is required, regardless of the amount.

In Fiscal Year 2016 approximately 30 formal bids/RFPs were issued, of which all but seven were for amounts greater than \$20,000. If the Board chooses to change the threshold as noted above, 23 of the 30 would still require a formal bid and come before the Board for approval; the other seven would still require three written price quotes.

In Fiscal Year 2016, approximately 3,391 purchase orders totaling \$53,949,248 were approved and are broken down as follows:

- Less than \$3,500 - \$1,705,607; 2,943 purchase orders; 3.16% of total dollars
- Between \$3,500 and \$4,999 - \$514,593; 121 purchase orders; 0.95% of total dollars
- Between \$5,000 and \$9,999 - \$821,521; 114 purchase orders; 1.52% of total dollars
- Between \$10,000 and \$19,999 - \$1,130,949; 81 purchase orders; 2.10% of total dollars
- \$20,000 or more - \$49,776,579; 132 purchase orders; 92.27% of total dollars

Based on the above, approximately 96% of spending approved through the purchase order process was on purchase requisitions/orders exceeding \$5,000 and therefore requiring Board approval; approximately 92% of spending was on purchase requisitions/orders exceeding \$20,000.

Staff contacted twelve municipalities (of which two did not respond) to obtain purchasing authority levels. Below is a summary of the results, see attached

municipality comparison charts:

Purchase Authorization:

Orland Park - \$5,000

*Skokie - no response

Mokena and Frankfort - \$10,000

*Downers Grove - \$15,000

New Lenox, Tinley Park, Lockport and Lemont - \$20,000

*Schaumburg - \$50,000

*Naperville - \$100,000

BID/ RFP Limits:

*Downers Grove - \$7,000

Orland Park, Mokena and Frankfort - \$10,000

New Lenox, Tinley Park, Lockport, *Skokie, Lemont and *Schaumburg - \$20,000

*Naperville - \$25,000

Contract Requirements and Signature Authorization:

Orland Park - \$5,000

Frankfort - \$10,000

*Downers Grove - \$15,000

New Lenox, Mokena, Tinley Park, Lockport, *Skokie and Lemont - \$20,000

*Schaumburg - \$50,000

Naperville - \$100,000

*Note: municipalities with an * are all comparable in size to the Village of Orland Park

The Village has several internal controls regarding the purchasing process currently in place. With the implementation of the Innoprise Financial System in 2012, the Village has a fully electronic purchase requisition/order process making it necessary to create a purchase requisition/order for all purchases made by the Village. System defaults are set so that all purchase requisitions are properly routed to the appropriate staff for approval based on their purchasing authority. Invoices are also routed through Innoprise to the appropriate staff for approval prior to payment. Additionally, all payments made are presented to the Board of Trustees for approval bi-monthly via the accounts payable listing. All contracts regardless of form are currently and will continue to be submitted to the Purchasing & Contract Administrator for review and signature authorization.

An increase in the sealed bid and purchasing thresholds would result in the following:

--The Board would continue to approve approximately 93-95% of the amount spent through the purchase order process.

--Board approval would be required on the largest projects with the greatest

impact to the Village. Approvals for smaller projects would rely on the expertise of department heads and managers.

--Village purchasing policy would be aligned with state statutes, and be comparable to surrounding Villages of similar size.

--Current internal controls would remain in place.

I move to recommend to the Village Board to approve the change to the BID/RFP threshold to \$20,000;

And

Recommend to approve the change to the purchasing authority as follows:

Director authorization - <\$5,000

Village Manager authorization - \$10,000 to < \$20,000

Board of Trustees authorization - \$20,000 +

And

I move to recommend to the Village Board to authorize legal counsel to prepare an ordinance entitled: ORDINANCE AMENDING TITLE 1, CHAPTERS 7 AND 10 OF THE ORLAND PARK VILLAGE CODE (VILLAGE MANAGER'S CONTRACTING AUTHORITY AND MINIMUM REQUIREMENT FOR COMPETITIVE BIDS)

A motion was made by Trustee Carroll, seconded by Chairman Griffin Ruzich, that this matter be RECOMMENDED FOR PASSAGE to the Board of Trustees. The motion carried by the following vote:

Aye: 2 - Chairman Griffin Ruzich and Trustee Carroll

Nay: 0

Absent: 1 - Trustee Dodge

2017-0720 FY2017 Property Insurance Addendum - Orland Park Health and Fitness Center - Approval

Director Mampe reported that The Horton Group recently received notification from Chubb, the Village's property insurance provider, that an additional premium is due for coverage of the Orland Park Health and Fitness Center. The total premium due for the period of January 3, 2017 - December 31, 2017 is \$23,519.

I move to recommend to the Village Board to approve the addendum to the Chubb property insurance premium to cover the Orland Park Health and Fitness Center, in the amount of \$23,519.

A motion was made by Trustee Carroll, seconded by Chairman Griffin Ruzich, that this matter be RECOMMENDED FOR APPROVAL to the Board of Trustees. The motion carried by the following vote:

Aye: 2 - Chairman Griffin Ruzich and Trustee Carroll

Nay: 0

Absent: 1 - Trustee Dodge

ADJOURNMENT - 6:13 PM

A motion was made by Trustee Carroll, seconded by Chairman Griffin Ruzich, that this matter be ADJOURNED. The motion carried by the following vote:

Aye: 2 - Chairman Griffin Ruzich and Trustee Carroll

Nay: 0

Absent: 1 - Trustee Dodge

2017-0743 Audio Recording for the October 2, 2017 Committee Meetings - Technology, Innovation and Performance Improvement, Finance, and Public Works

NO ACTION

/nm

APPROVED:

Respectfully Submitted,

John C. Mehalek, Village Clerk