

SUMMARY

This ordinance amends Chapter 17 of the 2019 Detroit City Code, *Finance*, Article V, *Purchasing and Supplies*, by amending Division 1, *Goods and Services*, Subdivision A, *Generally*, by amending Section 17-5-1, *Definitions*, and Section 17-5-2, *Bids or contracts to be denied to persons in arrears to City*, and by amending Subdivision B, *Purchasing of City Goods and Services*, by amending Section 17-5-13, *Non-major purchases; solicitation of bids, comparison of equalization credits in bids, and application of equalization credits for bids; required clearances; required clearances for construction projects; prohibitions related to construction workforce development and construction workforce investment businesses; exceptions*, and Section 17-5-16, *Policy requiring purchases of goods and services from cooperative purchases resources; preference for purchasing goods and services from cooperative purchases resources*, and adding Section 17-5-17, *Policy Requiring use of Detroit certified businesses in certain circumstances*, and Section 17-5-18, *Report to Mayor and City Council*, and amending Subdivision D, *Approval of Contracts and Certain Requirements for Water and Sewerage Department*, by amending Section 17-5-91, *City Council approval required for certain contracts; monthly report on certain contracts; emergency procurements; City Council notification and approval required*, to streamline the procurement process for greater efficiencies and to create opportunity.

1 **BY COUNCIL MEMBER _____ :**

2 **AN ORDINANCE** to amend Chapter 17 of the 2019 Detroit City Code, *Finance*, Article
3 *V, Purchasing and Supplies*, by amending Division 1, *Goods and Services*, Subdivision A,
4 *Generally*, by amending Section 17-5-1, *Definitions*, and Section 17-5-2, *Bids or contracts to be*
5 *denied to persons in arrears to City*, and by amending Subdivision B, *Purchasing of City Goods*
6 *and Services*, by amending Section 17-5-13, *Non-major purchases; solicitation of bids,*
7 *comparison of equalization credits in bids, and application of equalization credits for bids;*
8 *required clearances; required clearances for construction projects; prohibitions related to*
9 *construction workforce development and construction workforce investment businesses;*
10 *exceptions*, and Section 17-5-16, *Policy requiring purchases of goods and services from*
11 *cooperative purchases resources; preference for purchasing goods and services from cooperative*
12 *purchases resources*, and adding Section 17-5-17, *Policy Requiring use of Detroit certified*
13 *businesses in certain circumstances*, and Section 17-5-18, *Report to Mayor and City Council*, and
14 amending Subdivision D, *Approval of Contracts and Certain Requirements for Water and*
15 *Sewerage Department*, by amending Section 17-5-91, *City Council approval required for certain*
16 *contracts; monthly report on certain contracts; emergency procurements; City Council notification*
17 *and approval required*, to streamline the procurement process for greater efficiencies and to create
18 opportunity.

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

21 **Section 1.** Chapter 17 of the 2019 Detroit City Code, *Finance*, Article V, *Purchasing and*
22 *Supplies*, be amended by amending Section 17-5-1, Section 17-5-2, Section 17-5-13, Section 17-
23 5-16, Section 17-5-17 and Section 17-5-91, and adding Section 17-5-18, to read as follows:

1 **CHAPTER 17. FINANCE**

2 **ARTICLE V. PURCHASING AND SUPPLIES**

3 **DIVISION 1. GOODS AND SERVICES**

4 **SUBDIVISION A. GENERALLY**

5 **Sec. 17-5-1. Definitions.**

6 For the purpose of this article, the following words and phrases shall have the meanings
7 respectively ascribed to them by this section:

8 *Alternative paper* means paper with environmental qualities that meet or exceed United
9 States Environmental Protection Agency standards.

10 *Biodegradable* means capable of being broken down, especially into innocuous products,
11 by the action of living things such as microorganisms.

12 *Certification* means the designation given to a firm using standard review procedures
13 where determined by the Human Rights Department that the firm applying for such designation
14 meets or exceeds certain specified requirements for that category of business as determined by this
15 article.

16 *Certification process* means the standard review process used to confer upon a firm the
17 designation of certification as defined in this section.

18 *City site* means a location within the corporate limits of the City or property owned by the
19 City that is outside the corporate limits of the City.

20 *Construction* means the construction, erection, reconstruction, alteration, conversion,
21 demolition, repair, moving, or equipping of buildings, structures, roads, sidewalks, or other critical
22 infrastructure.

1 *Construction contract* means any City contract that provides for the construction, erection,
2 reconstruction, alteration, conversion, demolition, repair, moving, or equipping of buildings or
3 structures, roads, sidewalks, or other critical infrastructure.

4 *Construction workforce development business (C-WDB)* means a construction contractor,
5 that participates in a Registered Apprenticeship Program, and is registered with the United States
6 Department of Labor Office of Apprenticeship, or by any State Apprenticeship Agency recognized
7 by the Office of Apprenticeship, such registration shall be verified by:

8 (1) Providing a Certificate of Registration of Apprenticeship Program from the Office
9 of Apprenticeship with the United States Department of Labor for a federally
10 certified program; or

11 (2) Providing a Certificate of Apprenticeship from the State Department of Labor and
12 Economic Opportunity for a state certified program.

13 *Construction workforce investment business (C-WIB)* means a construction contractor, that
14 provides health insurance and retirement benefits to the employees working on the proposed
15 construction contract, such benefits may be verified by submission of:

16 (1) A copy of the relevant sections of a collective bargaining agreement; or

17 (2) A copy of the plan documents for a pension; and

18 (3) A copy of the insurance contracts for health insurance; or

19 (4) Any other documentation deemed appropriate by the Office of Contracting and
20 Procurement.

21 *Corporate accountability clearance* means an administrative clearance provided through
22 the submission of an affidavit by the business' Chief Executive Officer, or authorized designee, to

1 the Office of Contracting and Procurement which attests to a construction contractor's compliance
2 with the following requirements:

- 3 (1) The contractor and its employees have the required licenses, registrations, and
4 certificates required to perform the work;
- 5 (2) The contractor has not had any licenses, registrations, or certificates required for
6 the performance of the contract revoked in the past five years; and
- 7 (3) The contractor has not been debarred by any federal, state or local governmental
8 agency or authority in the past three years.

9 *Cooperative purchases* means purchases made through a cooperative purchases resource.

10 *Cooperative purchases resource* means an arrangement through which purchases may be
11 made of goods or services that are available under open contracts issued to local, state, or federal
12 governmental entities acting on a cooperative basis, including, but not limited to, those designated
13 as Michigan Delivering Extended Agreements Locally (MiDEAL), American communities, and
14 other similar arrangements among governmental entities that are identified by the Purchasing
15 Director and posted on the City's website.

16 *Detroit-based business (D-BB)* means a business that furnishes goods, performs services
17 or both, from a location within the City limits, that pays City of Detroit Income Tax and City of
18 Detroit Property Tax, if applicable, and has paid such taxes for at least one year immediately
19 preceding the date of the application for certification to be a Detroit-Based Business, and which
20 shall comply with the following requirements:

- 21 (1) Provide verification that the applicant has the physical resources, and the ability to
22 provide service from, the City location subject to the certification;

1 (2) Provide verification that the business has or can procure an adequate number of
2 employees at the City location subject to certification, to provide the services
3 identified in the application; and

4 (3) Disclose the number of Detroit Resident Employees located at the City location
5 subject to certification.

6 *Detroit-based micro business concern (D-BMBC)* means a business which meets the
7 definitions of Detroit-based business and micro business concern as defined within this section.

8 *Detroit-based small business (D-BSB)* means any business which meets the definitions of
9 Detroit-based business and small business concern as defined within this section.

10 *Detroit-headquartered business (D-HB)* means a business which:

11 (1) Has received a certification as a Detroit-based business, as defined in this section;

12 (2) Has an office within the City that serves as the administrative center where the chief
13 executive officer and highest level management staff perform at least 51 percent of
14 their management functions; and

15 (3) Has received a certification as a Detroit-headquartered business.

16 *Detroit-resident business (D-RB)* means any business which employs a minimum of four
17 employees at least 51 percent of which are City residents, which shall be verified by Human Rights
18 Department through the submission of an affidavit signed by the Detroit-resident business' Chief
19 Executive Officer, or authorized designee.

20 *Energy Star® compliant products* mean products that meet or exceed the United States
21 Environmental Protection Agency's Energy Star® criteria for energy efficiency.

22 *Environmentally-preferable* means products or services that have a lesser or reduced effect
23 on human health and the environment when compared with competing products or services that

1 serve the same purpose and such comparison may consider raw materials acquisition, production,
2 manufacturing, packaging, distribution, reuse, operation, maintenance, or disposal of the product
3 or service.

4 *Fiscal year* means the fiscal year of the City being July 1st through June 30th.

5 *High impact construction contract* means a construction contract having a value of
6 \$1,000,000.00 dollars or more.

7 *Industrial oil* means any compressor, turbine or bearing oil, hydraulic oil, metal-working
8 oil or refrigeration oil.

9 *Inflation rate* means the percentage increase in the annual average, calculated on a calendar
10 year basis, of the Detroit Consumers Price Index for all urban wage earners for the Detroit
11 statistical area as defined and officially reported by the United States Department of Labor Bureau
12 of Labor Statistics.

13 *Invitation for bids* means the complete assembly of related bid documents, including those
14 attached or incorporated by reference, which are furnished to prospective bidders for the purpose
15 of bidding.

16 *Joint venture* means a joint venture of separate firms, one of which is a D-HB, DBB, DBSB,
17 DRB or DBMBC, which has been created to perform a specific contract, and is evidenced by a
18 written agreement which provides at a minimum that the D-HB, DBB, DBSB, DRB, or DBMBC:

- 19 (1) Is substantially included in all phases of the contract, including, but not limited to,
20 bidding and staffing;
- 21 (2) Provides at least 51 percent of the total performance, responsibility, and project
22 management of a specific job;
- 23 (3) Receives at least 51 percent of the total remuneration from a specific contract; and

1 (4) Shares in profits and losses.

2 *Life-cycle analysis* means the comprehensive examination of a product's environmental
3 and economic aspects and potential impacts throughout its lifetime, including raw material
4 extraction, transportation, manufacturing, use, and disposal.

5 *Lowest responsible bidder* means the bidder who, or which, submits the lowest bid,
6 conforming to specifications, as evaluated under Section 17-5-12(b) of this Code, and who or
7 which, meets the following standards as they relate to the particular contract under consideration.

8 The prospective contractor must demonstrate:

9 (1) Adequate financial resources for the performance of the contract, or the ability to
10 obtain such resources as required during performance;

11 (2) The necessary experience, organizational structure and resources, technical
12 qualifications skills and facilities, or the ability to obtain them, including the ability
13 to retain subcontractors as required;

14 (3) The ability to comply with the proposed or required time of delivery or performance
15 schedule;

16 (4) A satisfactory record of integrity, judgment and performance. Contractors who, or
17 which, are delinquent in current contract performance, considering the number of
18 contracts and the extent of delinquencies of each, shall be presumed to be unable to
19 fulfill this requirement in the absence of evidence to the contrary or compelling
20 circumstances;

21 (5) The ability to conform to the requirements of the fair employment practices
22 ordinances;

(6) Qualification and eligibility to receive an award under applicable laws ordinances and regulations; and

(7) The ability to produce, upon request acceptable evidence of ability to obtain financial resources and the experience, organizational structure and resources, technical qualifications, skills and facilities needed for the proper performance of the contract sought.

Lubricating oil means any oil intended for use in an internal combustion crankcase, transmission, gearbox or differential, or in an automobile, bus, truck, vessel, plane, train, heavy equipment or machinery powered by an internal combustion engine.

Major means not less than the specified dollar valuation of a contract in relation to the corresponding contract classification as follows:

Major Contracts

Type of Contract	Dollar Valuation
Purchase contracts:	
Equipment and supplies	\$270,000.00
Public works contracts:	
Demolition	\$1,000,000.00
Street paving	\$1,000,000.00
Construction	\$1,000,000.00
Nonprofessional services:	

Including but not limited to, tree removal, catering, janitorial, maintenance	\$678,000.00
Disposition of equipment and supplies unsuitable for public use	\$25,000.00

Mentor venture means a joint venture of separate firms, one of which is a D-BB, D-BSB, D-RB or D-BMBC, which has been created to perform a specific contract, and is evidenced by a written agreement which provides at a minimum that the D-BB, D-BSB, D-RB or D-BMBC:

- (1) Is substantially included in all phases of the contract, including, but not limited to bidding and staffing;
- (2) Provides at least 30 percent of the total performance, responsibility and project management of a specific job;
- (3) Receives at least 30 percent of the total remuneration from a specific contract; and
- (4) Shares in profits and losses.

Micro business concern (MBC) means a business which has average annual gross receipts of \$1,000,000.00 or less and no more than 15 employees. A business which is an affiliate or subsidiary of an entity that is not eligible for registration as a micro business concern shall not be registered as a micro business concern.

Micro purchase means any procurement not exceeding half the Federal Micro Purchase Threshold as defined by the Federal Acquisition Regulation (FAR) 2.101, so long as the procurement is not artificially divided so as to constitute a micro purchase. A procurement shall not be considered to be artificially divided if it is reasonably anticipated that a single vendor could not provide the goods or services required under the procurement or if the goods or services to be procured are not integral to, dependent upon, or necessary to complete a separate contemporaneous procurement.

1 *Post-consumer waste* means a finished material that would normally be disposed of as solid
2 waste, having completed its life cycle as a consumer item, but does not mean manufacturing waste.

3 *Price-premium payback period* means the number of years that it takes for the savings in
4 operating costs to offset any additional up-front price of the product versus a lower price, less
5 energy efficient model, which is calculated by dividing the price premium by the annual savings
6 in operating costs.

7 *Procurement review threshold* means \$75,000.00 until July 1, 2029 and, beginning July 1,
8 2029, and every five years thereafter, shall mean the value utilized in the immediately preceding
9 City fiscal year multiplied by the sum of 1.0 and the Inflation Rate or 0.03, whichever is lesser,
10 rounded to the nearest \$1,000.00.

11 *Readily biodegradable* means the measurement guidelines according to the Organization
12 for Economic Cooperation and Development.

13 *Reblended latex paint* means paint, which is also known as consolidated latex paint, that
14 contains 100 percent post-consumer content from good-quality surplus with no virgin materials
15 such as resins and colorants added.

16 *Recycled latex paint, or reprocessed latex paint,* means latex paint with a post-consumer
17 recycled content level that a minimum meets the requirements specified by the United States
18 Environmental Protection Agency's Recovered Materials Advisory Notice for reprocessed latex
19 paint.

20 *Recycled materials* means materials that would otherwise be a useless, unwanted, or
21 discarded material, except for the fact that the materials retain useful physical or chemical
22 properties after serving a specific purpose and, therefore, can be reused or recycled.

1 *Recycled oil* means used oil that has been prepared for reuse as a petroleum product by
2 refining, reclaiming, reprocessing or other means, provided, that the preparation or use is
3 operationally safe, environmentally sound, and complies with federal, state, and local laws and
4 regulations.

5 *Recycled content paper* means a paper product with no less than:

6 (1) Fifty percent of its fiber weight consisting of secondary waste materials; or

7 (2) Thirty percent of its fiber weight consisting of post-consumer waste.

8 *Retirement benefits* means a monthly payment to employees to allow them to subsist
9 without working which includes a pension, Individual Retirement Account (IRA), a 401k plan, or
10 an Employee Stock Ownership Plan (ESOP).

11 *Retreaded tires* means tires that use an existing casing for the purpose of vulcanizing new
12 tread to such casing and that meet all performance and quality standards in the Federal Motor
13 Vehicle Safety Standards determined by the United States Department of Transportation.

14 *Secondary waste materials* means fragments of products or finished products of a
15 manufacturing process that has converted a virgin resource into a commodity of real economic
16 value, including post-consumer waste, but does not mean excess virgin resources of the
17 manufacturing process, including fibrous waste generated during the manufacturing process such
18 as fibers recovered from waste water or trimmings of paper-machine rolls, mill broke, wood slabs,
19 chips, sawdust, or other wood residue from a manufacturing process.

20 *Small business concern (SBC)* means a business which:

21 (1) Has been in existence and operating for at least one year prior to the date of
22 application for certification as a small business concern;

- 1 (2) Does not meet the definition of a micro business concern as defined in this division;
2 and
- 3 (3) Is one of the following:
- 4 a. A manufacturing business which, for the three fiscal years preceding the
5 date of application for certification, has provided full-time employment to
6 not more than 500 persons; or
- 7 b. A general construction business which, for the three fiscal years preceding
8 the date of application for certification, has average annual gross receipts of
9 not more than \$28,000,000.00; or
- 10 c. A specialty construction business whose average annual gross receipts have
11 not exceeded \$12,000,000.00 in the three fiscal years preceding the date of
12 application for certification; or
- 13 d. A wholesale business which, for the three fiscal years preceding the date of
14 application for certification, has provided full-time employment to not more
15 than 100 persons; or
- 16 e. A retail business which, for the three fiscal years preceding the date of
17 application for certification, has average annual gross receipts of not more
18 than \$6,000,000.00; or
- 19 f. A service business, other than professional, which for the three fiscal years
20 preceding the date of application for certification, has average annual gross
21 receipts of not more than \$6,000,000.00; or

1 g. A professional services business, which for the three fiscal years preceding
2 the date of application for certification, has had average annual gross
3 receipts of not more than \$6,000,000.00.

4 A business which is an affiliate or subsidiary of an entity that is not eligible for certification as a
5 small business concern shall not be certified as a small business concern.

6 Minor purchase means any procurement within the limitations established below if the
7 procurement is not artificially divided so as to constitute a minor purchase. A procurement shall
8 not be considered to be artificially divided if it is reasonably anticipated that a single vendor could
9 not provide the goods or services required under the procurement or if the goods or services to be
10 procured are not integral to, dependent upon or necessary to complete a separate contemporaneous
11 procurement. A minor purchase shall meet the following limitations:

12 (1) Contracts for the purchase of goods and services above the procurement threshold
13 and below two times the procurement review threshold if three or more bids are
14 received: or

15 (2) Contracts for the purchase of goods and services above the procurement review
16 threshold and less than \$250,000 if the contract is to be awarded to a bidder that
17 qualifies as a Detroit Based Business or a Detroit Resident Business.

18 *Used oil* means a petroleum-based or synthetic oil, which through use, storage or handling
19 has become unsuitable for its original purpose due to the presence of physical or chemical
20 impurities or loss of original properties.

21 *Virgin oil* means oil that has been refined and formulated from crude oil, synthetic oil, or
22 any blend of synthetic oil, and that has not been used or contaminated with physical or chemical
23 impurities.

1 *Volatile organic compounds* means organic compounds characterized by a tendency to
2 readily evaporate into the air, contributing to both indoor and outdoor air pollution and the creation
3 of photochemical smog.

4 *Workforce safety clearance* means an administrative clearance provided through the
5 submission of an affidavit by the business' Chief Executive Officer, or authorized designee, to the
6 Office of Contracting and Procurement, which verifies a construction contractor's compliance with
7 the following requirements:

8 (1) All employees handling or interacting with hazardous materials have been
9 appropriately trained, through completion in hazardous materials awareness
10 training; or participation and completion in the requisite awareness training
11 program compliant with state and federal guidelines; and

12 (2) All employees providing craft labor have at a minimum completed the OSHA 10-
13 hour construction training course for safety established by the U.S. Department of
14 Labor, Occupational Safety and Health Administration.

15 **Sec. 17-5-2. Bids or contracts to be denied to persons in arrears to City.**

16 (a) Except as provided in Subsection (b) of this section, no bid shall be accepted from
17 or contract awarded to any person who is in arrears to the City upon debt or contract, or who has
18 defaulted as a surety or upon any obligation default to the City, or who shall in other respects be
19 disqualified according to the provisions of this article or any other provision of this Code or the
20 Charter.

21 (b) At the discretion of the Purchasing Director, the Purchasing Director may accept
22 bids for the award of a contract to a person who is in arrears to the City upon debt or contract,

1 provided that the bidder's bid is conditioned upon, and the bidder agrees to, satisfaction of the
2 arrears prior to execution of the contract or issuance of a purchase order.

3 **SUBDIVISION B. PURCHASING OF CITY GOODS AND SERVICES**

4 **Sec. 17-5-13. Non-major purchases; solicitation of bids, comparison of equalization credits**
5 **in bids, and application of equalization credits for bids; required clearances; required**
6 **clearances for construction projects; prohibitions related to construction workforce**
7 **development and construction workforce investment businesses; exceptions.**

8 (a) *Solicitation of bids.* Where bids involve the purchase of goods or services ~~entails~~
9 which entail an expenditure which is not major, as defined in Section 17-5-1 of this Code, the
10 ~~Purchasing Director is authorized to award the contract subject to the following conditions~~ shall
11 apply:

12 (1) The practice of competitive bidding is required but formal advertising, which
13 includes advertising in both the newspaper designated to print the official business
14 of the City and in a centralized location on the City's website, is required only for
15 contracts over ~~\$10,000~~ the procurement review threshold, as defined in Section 17-
16 5-1 of this Code.

17 a. For contracts reasonably expected by the Purchasing Director to be less than
18 the procurement review threshold that are not micro purchases, the
19 Purchasing Director shall design a system of solicitation of bids that
20 protects the interests of the City and assures fairness in procuring property
21 and services, which system may include advertising in a centralized location
22 on the City's website.

1 b. A contract shall not be considered to have been reasonably expected to be
2 less than the procurement review threshold if the prevailing bid is greater
3 than 25% over the procurement review threshold.

4 c. Any contract competitively bid without formal advertising pursuant to
5 Subsection (a)(1)a of this section, which results in a bid that is less than
6 25% over the procurement review threshold, shall be considered to have
7 been reasonably expected to be within the procurement review threshold.

8 d. An equalization percentage credit shall be allowed as provided for in
9 Section 17-5-12 of this Code ~~whenever there is full and free competitive~~
10 bidding ~~whether or not formal advertising is required under this section,~~
11 provided, that the Purchasing Director may limit bidding to Detroit-based
12 businesses and in that event no equalization percentage credit shall be
13 allowed for Detroit-based small business concerns or Detroit-based micro
14 business concerns.

15 (2) In soliciting bids, the Purchasing Director shall affirmatively seek out Detroit-based
16 businesses, Detroit-based micro business concerns, Detroit-based small businesses,
17 Detroit-headquartered businesses, and Detroit-resident businesses as well as
18 Detroit-based resources available through cooperative purchases resources.

19 (3) The Purchasing Director must make a determination that the prospective contractor
20 is responsible. The Purchasing Director should utilize all available information
21 from within the Office of Contracting and Procurement and other City departments,
22 from the prospective contractor, and from banks and other financial companies, in
23 order to ascertain whether the prospective contractor is responsible under the

1 guidelines set forth under "lowest responsible bidder" as defined in Section 17-5-1
2 of this Code.

3 (b) *Application of equalization credits.* After applying any equalization credit that is
4 contained in this section, the Purchasing Director shall apply Sections 17-5-14 through 17-5-16 of
5 this Code. Where Sections 17-5-14 through 17-5-16 of this Code do not apply, the contract shall
6 be awarded to the lowest responsible bidder.

7 (c) *Documentation to be made available.* Any bidder who claims to be entitled to an
8 equalization percentage credit shall agree to make the records that were necessary to establish
9 availability to the City. Any bidder or contractor awarded a bid that fails to cooperate with this
10 section shall be subject to debarment pursuant Sections 17-1-351 through 17-5-366 of this Code.

11 (d) *Prohibition against unapproved assignments or subcontracts.*

12 (1) A Detroit-resident business, a Detroit-based business, or a mentor venture or joint
13 venture with a Detroit-resident business or Detroit-based business may not assign
14 or subcontract its City contracts to a non-Detroit-based business or a non-Detroit
15 resident business without the approval of such assignment or subcontract by the
16 Purchasing Director.

17 (2) A construction workforce development business or a construction workforce
18 investment business may not:

19 a. Assign or subcontract its City contract to a business without the approval of
20 such assignment from the Purchasing Director;

21 b. Assign or subcontract its City contract to a business that does not meet the
22 criteria of a construction workforce development business or construction

workforce investment business as defined by Section 17-5-1 of this Code;

or

c. Fail to maintain the requisite qualifications of a construction workforce development business or construction workforce investment business through the awarding and completion of the construction project or the certification period, whichever is longer.

(e) *Exemptions.* The requirements of this section shall not be applicable where any one of the following conditions exists:

(1) Public exigencies require the immediate delivery of the articles or performance of the service;

(2) The Purchasing Director certifies that only one source of supply is available;

(3) The services to be performed are professional in nature; ~~or~~

(4) The item to be acquired is rare or unique; or

(5) The contract is a micro purchase.

Sec. 17-5-16. Policy requiring purchases of goods and services from cooperative purchases resources; preference for purchasing goods and services from cooperative purchases resources.

(a) In order to take advantage of cooperative purchases resources that have been formed by other governmental units to minimize taxpayer expenditures, it is the policy of the City to purchase goods and services from cooperative purchases resources whenever advantageous based upon cost.

(b) Where a cooperative purchases resource would provide the City with the lowest available price for a major or non-major purchase, the following three-step process shall apply:

1 (1) Where a lower price is not available from a cooperative purchases resource, then
2 the lowest responsible bidder shall be awarded the contract;

3 (2) Where there is a lower price from a cooperative purchases resource, the lowest
4 responsible bidder shall be given the right to match that actual price, without the
5 application of any equalization percentage credits, even though the application of
6 equalization credits may have influenced the selection of the lowest responsible
7 bidder; and

8 (3) Where the lowest responsible bidder does not offer a price that matches, or is less
9 than, the price available through the cooperative purchases resource, then the
10 cooperative purchases resource that would provide the City with the lowest actual
11 price shall be utilized to effect the purchase.

12 (c) Notwithstanding Subsection (b) of this section, the City may purchase goods and
13 services from an active agreement with a cooperative purchases resource, so long as the good or
14 service sought by the City has been competitively bid by that cooperative purchases resource
15 within the preceding five years.

16 **Sec. 17-5-17. Policy Requiring use of Detroit certified businesses in certain circumstances.**

17 The Purchasing Director may require micro purchases of food or drink shall be made from
18 a Detroit based business, a Detroit based micro business concern, a Detroit-based small business,
19 a Detroit-headquarter business, or a Detroit resident business, provided, that there are at least ten
20 firms certified or registered by the Human Rights Department, which would be eligible to provide
21 the goods or services.

1 Sec. 17-5-18. Report to Mayor and City Council.

(a) Cooperative purchases that are permitted under this division shall be reviewed by the Purchasing Director one year after the effective date of this division, which was April 21, 2011. This review of cooperative purchases shall include an examination of the cost of cooperative purchases actually made by the City compared to the cost the City would have incurred if the goods or services had been purchased from the lowest responsible Detroit-based bidder rather than through a cooperative purchases resource.

(b) The Chief Financial Officer shall submit a report to the Mayor and to the City Council concerning the review of cooperative purchases required by this section 30 days after its completion, and shall submit a similar report to the Mayor and to the City Council at the end of each calendar year thereafter.

12 **SUBDIVISION D. APPROVAL OF CONTRACTS AND CERTAIN REQUIREMENTS**
13 **FOR WATER AND SEWERAGE DEPARTMENT**

14 **Sec. 17-5-91. City Council approval required for certain contracts; monthly report on**
15 **certain contracts; emergency procurements; City Council notification and approval**
16 **required.**

(a) With the exception of Subsections ~~(e), (d) and (e)~~ (c), (d), (e), (f) and (g) of this section, the following contracts and amendments thereto shall not be entered into without City Council approval:

- (1) Contracts for the purchase of goods and services over the procurement threshold;
- (2) All contracts for personal services, regardless of the dollar value;
- (3) All grant-funded contracts;

1 (4) All revenue contracts, regardless of dollar value, including contracts for services
2 rendered by the City, its departments and agencies; and

3 (5) All purchases and sales of and other transfers of interest in municipal land.

4 City Council approval of a contract or amendment shall not be deemed an approval of any
5 renewal or extension sought to be entered into pursuant to such contract. Such renewals or
6 extensions of contracts or the exercise of an option to renew or extend a contract shall require
7 separate City Council approval, except that the Purchasing Director may extend a contract for a
8 (any) “time only” extension for a period of 90 days without requiring separate City Council
9 approval. The Purchasing Director shall publish all contracts in a centralized location on the City’s
10 website and furnish the City Council with a ~~weekly~~ monthly report of all contracts for goods and
11 services exceeding \$25,000 ~~but not~~ but not exceeding the procurement review threshold. The
12 Purchasing Director shall furnish the City Council with a quarterly report on number and dollar
13 value of contracts awarded to Detroit-based businesses, Detroit-based small businesses, Detroit-
14 resident businesses, Detroit-based micro-business concerns and small-business concerns. In
15 addition, the Purchasing Director shall notify the City Council of any provision in a contract
16 submitted for approval which would permit, or authorize, a renewal or extension of such contract
17 or a loan or prepayment.

18 (b) Contracts and amendments thereto for legal services, regardless of dollar value,
19 shall not be entered into without City Council approval.

20 (c) With the exception of Subsection (d), the Purchasing Director may, without
21 approval of the City Council, make or authorize others to make, minor purchases, provided that
22 the following information related to the minor purchase is provided to City Council prior to the
23 issuance of a purchase order and execution of procurement contract:

1 (1) The item to be purchased or acquired;

2 (2) The amount of the purchase or acquisition;

3 (3) The vendor; and

4 (4) The term or duration of the contract

5 The City is authorized to effectuate any necessary documents and due diligence as may
6 be necessary to execute any minor purchase allowed to be purchased without an approval by City
7 Council pursuant to this subsection (c), provided such minor purchase is consistent with the
8 information related to the minor purchase provided to City Council.

9 ~~(c)~~(d) City Council may revoke the delegation of authority in Subsection (c) for any minor
10 purchase when, within 7 days of provision of the minor purchase information, City Council acts
11 by a majority of the members of City Council elected and serving to require City Council approval
12 for the pending minor purchase.

13 (e) The Purchasing Director, without prior approval of the City Council, may make, or
14 authorize others to make, an emergency procurement when public exigencies require the
15 immediate delivery of articles or performance of services or when there exists a threat to public
16 health, welfare or safety under emergency conditions where prior approval of the City Council
17 would be impossible or impracticable under the circumstances, provided, that:

18 (1) Emergency procurement shall be made with such competition as is practicable
19 under the circumstances; and

20 (2) The Purchasing Director, or other person who the Director authorizes to make
21 emergency procurement, shall, within one week of the procurement, notify the City

1 Council in writing of the procurement and the basis for the emergency and for the
2 selection of the particular contractor.

3 The Purchasing Director shall submit the procurement contract for City Council approval within
4 four weeks of the procurement.

5 ~~(d)~~(f) The Law Department, without prior City Council approval, may make an
6 emergency procurement of legal services when public exigencies require the immediate delivery
7 of legal services and where prior approval of the City Council would be impossible or
8 impracticable under the circumstances, provided, that:

9 (1) Within two days from the date of emergency procurement for legal services is
10 made, the Law Department shall provide a summary to City Council of the name
11 of law firm, the scope of services, why legal representation is required as an
12 emergency procurement, the estimated dollar amount required to complete services,
13 and the estimated time frame necessary to complete services; and

14 (2) A formal contract for legal services is presented to City Council for approval within
15 six weeks, with all required clearances.

16 ~~(e)~~(g) Pursuant to Section 2-7-2 of this Code, the Planning and Development Director or
17 the Director's designee, without prior City Council approval, may enter into short term lease
18 agreements for temporary property use that charge rent of less than \$25,000.00 and that include a
19 lease term of no more than one month.

20 ~~(f)~~(h) Each contract, or amendment, renewal or extension awarded by the City which
21 requires City Council approval under Subsections (a) or (b) of this section, or under Section 4-122
22 of the Charter, shall contain a provision, which states that no payment shall be authorized or made

1 pursuant to the contract, amendment, renewal, or extension until and unless the contract,
2 amendment, renewal, or extension is so approved.

3 **Section 2.** This ordinance is hereby declared necessary to preserve the public peace, health,
4 safety, and welfare of the people of the City of Detroit.

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

7 **Section 4.** Where this ordinance is passed by a two-thirds majority of City Council
8 Members serving, it shall be given immediate effect and shall become effective upon publication
9 in accordance with Section 4-118(1) of the 2012 Detroit City Charter. Where this ordinance is
10 passed by less than two-thirds majority of City Council Members serving, it shall become effective
11 30 days after publication in accordance with Section 4-118(2) of the 2012 Detroit City Charter.

12
13 Approved as to form:

Conrad L. Mallett
Corporation Counsel