



CITY OF AUBURN HILLS
City Council Workshop Meeting
Minutes

December 7, 2020

CALL TO ORDER: Mayor McDaniel at 5:31 p.m.

LOCATION: Virtual Meeting

Present: Mayor McDaniel, Council Members Burmeister, Kittle, Knight, Marzolf, Moniz and Verbeke

Absent: None

Also Present: City Manager Tanghe, Assistant City Manager Grice, City Attorney Beckerleg, City Clerk Pierce, Fire Chief Taylor, Police Chief Baker, Director of Authorities Skopek, Senior Services Director Adcock, Mgr of Business Development Carroll, DPW Director Melchert, Finance Director/Treasurer Schulz, City Planner Keenan, Engineer Juidici

6 Guests

The topic of the workshop was "Using Procurement as a Strategic Advantage in Local Government". The presenters included Councilman Kittle, Sanda Hart, Executive Edge USA and Amy Bodbyl-Mast, Purchasing Manager in Ottawa County.

Mr. Kittle explained that the purpose of the workshop is to provide a general overview of the potential benefits of having a procurement process, review the state and city ordinances, understanding why the procurement process is important for short term and long term sustainability, discuss the pros and cons of centralized versus decentralized procurement methods, and introduce tools and concepts that could be adopted in to the public sector.

Mr. Kittle reviewed the state and local ordinances regarding purchasing. He noted that the most important part of the process is to have someone who stays informed of what is happening relative to the purchasing function.

Ms. Hart explained that procurement is the entire process of obtaining the goods and services for an organization. It includes the identification of vendors, evaluating suppliers, reviewing specifications. Purchasing is a part of procurement and involves the payment to the suppliers as well. Used effectively, a robust procurement process will increase efficiency and save money.

Ms. Hart explained that centralized purchasing is controlled by one department who monitors the purchasing functions. She explained the pros and cons as follows:

<p>Pros:</p> <ul style="list-style-type: none">■ Specialized knowledge■ Better control of Inventory/purchases■ Centralized records■ Uniform process allows for improved transparency■ Clear budget/spend analysis■ Suppliers have one point of contact■ Volume purchases allow for better pricing■ Research of trends, best practices, bench-marking	<p>Cons:</p> <ul style="list-style-type: none">■ Can be more complex■ More intensive, longer process■ Might require purchasing software■ Individual department managers might complain of lack of control■ Perception of being slower
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Ms. Hart explained that Auburn Hills utilizes decentralized purchasing. Decentralized Purchasing refers to the ability of each department or unit to make its own purchasing decisions and processes. She explained the pros and cons as follows:

<p>Pros:</p> <ul style="list-style-type: none">■ Each department can purchase what they need, when they want■ Individual control to department managers■ Purchase Orders can be placed quickly■ Timely availability of material	<p>Cons:</p> <ul style="list-style-type: none">■ Lack of specialized procurement knowledge■ Less effective control of material and documentation■ More clerical work■ Lack of coordination between departments■ Possible duplication of material■ Cost of A/P transactions■ Missed opportunity for Consolidation of purchases
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Ms. Bodbyl-Mast explained her experience with moving from a decentralized to a centralized purchasing department. She stated that communication and cross-departmental collaboration has improved and more items have been brought under contract. She noted that they now use a standard RFP template which has reduced the complexity of the RFP and bid documents. The departments now focus on drafting the best scope of work or services for what needs to be purchased.

Council discussed the presentation. It was noted that the City is a small organization that is able to communicate with each other. One suggestion that one individual could be designated whose half time could be responsible for overseeing this function. Another suggestion was to develop one person within each department that would be sent to training and would stay up to date on purchasing. It was noted that staff could develop internal skill to do this without creating a new department.

Council expressed appreciation for the presentation and discussion on this topic.

The meeting adjourned at 6:53 PM.

Kevin R. McDaniel, Mayor

Laura M. Pierce, City Clerk