


# Memo

**To:** City Council  
**From:** Amy E. Gilson, P.E., Director of Public Works   
**Date:** June 17, 2016  
**Re:** Purchasing Policy

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At the council meeting on June 13<sup>th</sup>, the city manager pulled two invoices related to the purchase of water meters. This purchase was made in a manner contrary to the purchasing policy. A resolution should have been written requesting waiver of sealed bid process because our brand of meters (Sensus) must be purchased through a single local Michigan supplier. This was not done.

We budget for and purchase approximately 100 new meters each year to replace old meters and place new meters. Our residential meters are all from one manufacturer to eliminate the need to stock parts and fittings for several brands of meters. In addition to that, we would be required to purchase software and hardware to be able to read each different brand meter. As the dedicated product line representative and sole supplier in Michigan for our brand meter, we purchase our meters through ETNA Supply.

Regarding this recent purchase, there are two options. The council can approve waiver of the bid process and approve the purchase. The other option is that we can send the meters back, pay a 15% restocking fee, and re-purchase the meters after the appropriate resolution is approved.

While researching why this issue happened, I came across another failure to comply with the need to write a resolution to waive the sealed bid process. Historically the DPW has obtained the required three quotes for the grinding of the brush pile at the garage. This was done as usual this year with the quotes being \$6,500, \$11,500, and one refusal to quote by a firm who has been the highest bid the past few years. In an effort to get the work done in the current budget year, the work was given to the lowest bidder, Hammond Farms Landscaping. While the work has been done already, we have not received an invoice. Because we cannot un-grind the brush, I am asking that the council waive the sealed bid requirement with the resolution in your council packet.

Public Works Department staff recognizes the need to conform to the purchasing policies of the city and has been discussing how to avoid these situations in the future. Because of the nature of our work, we find ourselves repeatedly asking for waivers of the policies due to required sole sourcing, cooperative purchasing agreements, or emergency situations. In an effort to correct these oversights, we will be preparing a blanket resolution at the beginning of each fiscal year to address all of our regular purchases that require exemptions. Each council will have the opportunity to approve the blanket resolution or continue receive several different resolutions throughout the year.

Please let me know if you have any questions.

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