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# DRMC Code Change (Ordinance): Citywide Purchasing and Procurement Thresholds for Goods and Services

General Services



## REQUEST TO MODIFY CODE:

- General Services seeks to update its primary procurement code in the Denver Revised Municipal Code (D.R.M.C.), including citywide solicitation threshold changes (Sec. 20-63) and minor language adjustments for clarity and operational improvements."
- The last update to General Services Purchasing Division language occurred approximately February of 2014 (ten years ago).

*#DoGreatThings*

# Proposed Ordinance Policy Modifications

Reference	Current Language	Proposed Modifications
Sec. 20-63(a)	Formal advertisement by official publication shall precede the issuance of any bidders proposal or request for proposal estimated <b>to amount to fifty thousand dollars (\$50,000.00) or more.</b>	Formal advertisement by official publication shall precede the issuance of any invitation for bid or request for proposal estimated to <b>amount to one hundred fifty thousand dollars (\$150,000.00) or more.</b>
Sec. 20-63(b)	Any bidder's proposal or request for proposal for supplies or services which is estimated to amount to <b>less than fifty thousand dollars (\$50,000.00)</b> may be by informal procedure upon notice calculated to inform potential bidders in a manner that will achieve maximum competition among bidders and maximum economy to the city.	Any bidder's proposal or request for proposal for supplies and/or services which is estimated to amount to <b>less than one hundred fifty thousand dollars (\$150,000.00)</b> may be by informal procedure upon notice calculated to inform potential bidders in a manner that will achieve maximum competition among bidders and maximum economy to the city.
Sec. 20.64 (a)(5)	Supplies or services which amount to <b>ten thousand dollars (\$10,000.00) or less;</b>	Supplies or services which <b>amount to twenty-five thousand dollars (\$25,000.00) or less;</b> <b>All purchases made under this section shall be made in the most economical manner possible.</b>
Sec. 20.61	Director/Manager of General Services is not defined.	Director/Manager of General Services shall be defined as Executive Director of General Services or their designee (Deputy, Chief or Director)

# Procurement Threshold Proposed Changes

MUNICIPALITY	OPEN MARKET: THRESHOLD	INFORMAL SOLICITATION: THRESHOLD	FORMAL SOLICITATION: THRESHOLD <i>NO CITY COUNCIL APPROVAL REQUIREMENT</i>	CONTRACT: THRESHOLD <i>CITY COUNCIL APPROVAL REQUIRED</i>
Denver <b>Current State</b>	\$10,000.00 and Below	\$10,000.01 - \$49,999.99	\$50,000.00 +	\$500,000+
Denver <b>Future State</b>	\$25,000.00 and Below	\$25,000.00 - \$149,999.99	\$150,000.00+	\$500,000+ <i>(No Change, Remains)</i>

**Definitions:**

*Open Market is defined as a purchase, below informal bidding threshold, usually of a limited monetary amount, from any available source. (The Institute for Public Procurement (NIGP))*  
*Informal solicitation three or more vendors that does not require sealed or published bids (not applicable to bid exception ie. sole source and professional preference)*

# Procurement Threshold Increase Benefits at a Glance

- Addresses inflationary pressures from the Covid-19 pandemic and beyond, ensuring responsive procurement practices.
- Expands opportunities for minority, women-owned, and small businesses, ensuring equitable access at various contract levels.
- Aligns with best practices of local and national municipalities
- Supports the administration's bold "Great Government" vision.
- Streamlines procurement processes to improve efficiency and service delivery for city agencies.
- Modernizes the D.R.M.C. procurement code with clearer language and stronger operational guidelines.



# CITYWIDE OPERATIONAL EFFICIENCIES

## Great Government

- KPIs
- Streamlining processes and efficiencies gained
- **KPIs:**
  - Solicitation processing times
  - Cost savings: doing business with city and businesses
  - Contracts w/ No Council Approval Requirement vs. Contracts Requiring City Council Approval
- **Streamlining Processes:** The efficiencies gained will be a reduction in solicitation cycle times and reduced posting windows as the GS Procurement team facilitates hundreds of solicitations annually; that includes Documented Quotes (DQs), Invitation for Bids (IFBs), and Request for Proposal (RFPs). Agencies will realize operational efficiencies by having the ability to solicit a quote for goods at a higher dollar threshold without solicitation being required.

# CITYWIDE OPERATIONAL EFFICIENCIES

## Employee Engagement

- Agency coordination
- Turn-around times reduced

- **Agency Coordination:**

- Procurement Analyst meetings with their assigned agencies (can be quarterly, monthly, etc. depending on the agency's needs).
- Monthly meetings with CAO and Procurement Team
- Quarterly meetings with downtown managers and DOF Accounting Services Managers.
- \*DEN Team participates in additional required meetings for Airport Support.

- **Turn-around**

- Expanded efficiency gained from \$10K- \$150K for the agencies and the purchasing division.

# CITYWIDE OPERATIONAL EFFICIENCIES

## Vibrant Denver

- Economic Development & Opportunity

- **Economic Development & Opportunity:**

- With increasing the thresholds, it will provide more opportunities to a broader local business network especially in the 50K-250K segment as a formal solicitation will not be required. In 2023 we conducted 48 solicitations in this segment.
- By awarding more contracts to local businesses involved in goods, supplies and services, the city can drive investments into the Denver area. This encourages local commerce, creates jobs, and enhances the attractiveness of the area for residents, tourists, and businesses.



# CITYWIDE OPERATIONAL EFFICIENCIES

## Vibrant Denver

- Small, minority and women owned business
  - Over the last 36 months we have seen a steady increase in awards made to S/MWBE entities 2021 (\$87M), 2022 (\$94M), 2023 (\$107m), and the 2024 forecast is to exceed the total from 2023.
  - Parameters in the Rules and Regulations are being proposed to require/encourage city agencies to solicit quotes from SWMBE entities especially in the 0K to 25K segment.
  - GSPD Staff continues to research and provide opportunities to DSBO Certified firms above \$25K.
  - GSPD continues to collaborate with DSBO and support **Chapter 28 MWSBE program goals, defined pools and requirements.**

# Internal City Stakeholder Engagement

## 3.07.2024 Agency Staff Forum Presentation:

- City Attorney's Office
- Denver Arts and Venues
- Denver International Airport
- Denver Police Department
- Department of Finance
- Department of Parks and Recreation
- Department of Safety
- Department of Transportation and Infrastructure
- Department of General Services
- Technology Services

## Follow up survey questions:

- Indicate any negative impacts for your agency/department
- Indicate potential benefits and potential efficiencies for your agency/department
- Do you foresee any concerns with your supplier base?

## Engagement & Survey results:

- General services conducted a follow-up survey of the attendees of the internal stakeholders meeting; the engagement and survey results confirmed their support.

# Internal City Stakeholder Engagement *continued*

## 1:1 Executive Leadership Proposal Presentation April 2024- November 2024:

- City Attorney's Office *(September 10, 2024)*
- Department of Finance/ City Attorney's Office *(November 6, 2024)*
- Denver Arts and Venues *(October 9, 2024)*
- Department of Transportation and Infrastructure *(November 6, 2024)*
- Denver International Airport *(November 6, 2024)*
- Denver Parks and Recreation *(October 29, 2024)*
- Technology Services *(Agency Supports and waived mtg)*
- Denver Economic Development & Opportunity (DED0) *(November 6, 2024)*
- Division of Small Business Opportunity *(November 6, 2024)*
- Department of Housing Stability (HOST) *(Agency Supports and waived mtg)*

## Discussion Topics:

- Indicate any negative impacts for your agency/department
- Indicate potential benefits and potential efficiencies for your agency/department
- Do you foresee any concerns with your supplier base?

## Leadership Response to Proposal:

- Support for MWBE business utilization
- Need for citywide centralized procurement
- Adapting to inflation
- Greater accountability and ownership of departments
- Opportunity for strategic procurement processes

# External Stakeholder Engagement

Date of meeting: 5.9.2024

## 05.09.2024 Supplier & Service Business Meetings Attendees:

- **Urine Fresh** (Certified MWBE) – Janitorial chemicals, equipment and supplies
- **Streetscapes** (Certified MWBE) – Bike racks and accessories (playground, outdoor equipment.)
- **Everest Mechanical** (Certified MWBE) – Plumbing and heating contractor
- **The Abo Group** (Certified MWBE) – Urban planning and architectural services
- **Becker Fire (First Responder)** (Not Certified) - Fire equipment
- **American Automation** (Certified MWBE) - Security guards and patrol services
- **Municipal Emergency Services (MES)** (Not Certified) - Fire Equipment
- **FBS Colorado** (Certified MWBE) – Electrical contractor
- **Happy Llama** (Not Certified) – Clothing, promotional items

## Topics discussed:

- Proposed threshold limits changes
- Enhanced small business opportunities
- P-Card limits
- Timeline

## Discussion consensus:

- All vendors are in favor of increased threshold limits.

Micah E. Ferguson

## Facility & Building Services, LLC.- *MWBE, SBE, EBE*

“An increase in thresholds can encourage more streamlined processes, especially for contracts that fall within the “Open Market” and “Informal Procedure” categories. **Currently, the thresholds for these categories are relatively low, which means that many projects that might otherwise be accessible for smaller firms like ours are pushed into the more competitive and resource-intensive “Formal Procedure” category, requiring RFPs or IFBs. By raising the thresholds, the city will allow more procurement opportunities to be handled through less formal processes, opening the door for us to secure contracts more efficiently.**

Specifically, the increase in the “Informal Procedure” threshold, where only three quotes are required, would allow our firm to more effectively compete for mid-size contracts—projects we are fully capable of managing, but which currently require more complex and time-consuming processes under the formal procurement structure. Additionally, as these changes encourage more businesses to participate, our firm’s experience with the city positions us well to stand out as a reliable and proven vendor.

Lastly, as a small business, we anticipate that raising thresholds may **increase the city’s commitment to diversity and inclusion through MWBE goals.** This would allow us to further capitalize on opportunities tied to the Covered Goods and Services Ordinance, strengthening our position as a preferred vendor under the city’s initiative to promote small and minority-owned businesses.

In summary, increasing procurement thresholds will streamline access to larger contracts, reduce administrative burdens, and allow our firm to position itself more competitively in the City and County of Denver’s contracting opportunities, particularly as a prime contractor.”

## Brandon J. Berumen | President and CEO *LEI Companies, Inc.- ACDBE, DBE, MWBE, SBE*

“As a certified Small and Minority Owned contractor working in the City, we often have to evaluate the ROI of putting together small proposals as each submission carries a substantial administrative burden that can be impossible to recover on small contracts and with a 1 in 3 chance of winning you have to factor that in. If thresholds are increased not only, would we be more inclined to submit proposals on more opportunities that are available to us, but it would directly bring exposure of our capabilities and services to broader group of purchasers and increase our ability to work as a Prime for the City.”

**Brandon J. Berumen | President and CEO**  
*LEI Companies, Inc., ACDBE, DBE, MWBE, SBE*



## Terri Jackson | Vice President Empowercom, Inc.- *DBE, MWBE, SBE*

“An increased threshold will generate greater opportunities for my company as well as other small businesses that are ready and capable of performing as a prime. Performing as a prime has 3 main benefits for my company.

- 1) Increased relationship building – It’s a direct relationship with the project team that can grow and lead to greater opportunities.
- 2) Increased profitability – without multiple parties on the contract, small business can achieve similar profitability to that of a larger firm.
- 3) Increased capacity – able to increase project size and have valuable reference of work done directly for the City.

Increased procurement thresholds lead to greater opportunities and increased business for MWBE/SBE’s.”

**Terri Jackson | Vice President**  
Empowercom, Inc., DBE, MWBE, SBE



# GS's Procurement Strategy for Greater Efficiency and Equity

## ONGOING: CITYWIDE CONTRACT PROCESS IMPROVEMENTS

1. Develop working strategic plan, operating procedures, and legal considerations
2. Resource Savings, Market Research and Staff Engagement Support
3. Internal Coordination: MO, Peak, CAO, PM City Agencies, Finance

## OCT-DEC: PROPOSED THRESHOLDS INCREASE

1. Enhanced equity and opportunities for community partners
2. Reduced administrative burden on internal resources
3. Aligns with economic impact and market conditions

## OCT- ONGOING: PILOT PROCUREMENT AND CONTRACT OFFICE CONSOLIDATION COORDINATION

### PILOT: 1 CITY AGENCY

1. Performance data, data-driven decisions, KPI creation and tracking & outcome
2. Creates equitable systems that leads to businesses successfully contracting
3. Internal Coordination: MO, Peak, CAO, PM City Agencies, Finance

## Q1: GS AGENCY HUB AND SPOKE (DESIRED STATE)

1. Enhanced support for agencies and contracting needs
2. Through service level agreements, agencies may retain contract administrator expertise in-house
3. Stakeholder advisory committee to build out best practices and processes



# Timeline: Council Process & Implementation

- 1-1 Council Briefings: November 18-22, 2024
- FinGov Committee: December 03, 2024
- Mayor Council: December 10, 2024
- 1st Reading: December 16, 2024
- 2<sup>nd</sup> Reading: December 2024
- Citywide Communication: 1<sup>st</sup> Quarter 2025
- Implementation: 1<sup>st</sup> thru 2<sup>nd</sup> Quarter 2025

# #DoGreatThings

## Conclusion

The General Services Purchasing Division is energized by the opportunity to align with the City's 'Great Government' vision, modernizing procurement thresholds and codes. This initiative strengthens our ability to drive efficient, forward-thinking procurement processes, ensuring we are future-ready to support the 41 City Agencies for the next 10 to 20 years.

# QUESTIONS

