

**CITY COUNCIL
COMMUNICATION:**

02-572

AGENDA:

NOVEMBER 4, 2002

SUBJECT:

ADMINISTRATIVE
CHANGES TO THE
PAYMENT PROCEDURES
FOR CONSTRUCTION
CONTRACTS

TYPE:

RESOLUTION
ORDINANCE
RECEIVE/FILE

SUBMITTED BY:

JEB E BREWER, P.E.
CITY ENGINEER

MERRILL R. STANLEY
FINANCE DIRECTOR

DONNA V. BOETEL-BAKER
CITY CLERK

ITEM _____

**OFFICE OF THE CITY MANAGER
CITY OF DES MOINES, IOWA**

SYNOPSIS —

Staff has identified changes necessary to the partial payment process for construction contracts as a result of the July 22, 2002 Council-approved changes to administrative practices related to the release of checks.

FISCAL IMPACT —

There is no charge to the City of Des Moines as a result of these administrative policy changes.

RECOMMENDATION —

Approval.

BACKGROUND —

On July 22, 2002, by Roll Call No. 02-1860, the City Council approved changes to the Purchasing Ordinance that standardized the process for acquisition of goods and services and the payment of bills less than \$500. The Council also approved changes in the payment procedures allowing the Finance Department to release checks on the Friday they are written, since Council has previously approved the check register in advance with a roll call that appears on each regular meeting agenda. This change alone removed five days from the bill payment cycle, making it more likely to take advantage of purchase discounts on prompt payment.

These changes in the payment procedures have also affected the payment process to contractors for public improvement contracts. In the past, the Engineering Department has prepared a roll call for Council approval approximately ten days before the Council meeting, and at the same time has processed a payment request to the Finance Department for preparation of the check payable to the contractor. The Finance Department prepared the check on Friday; however, they held the check until after the City Council approved the partial payment roll call on Monday. The check to the contractor was also listed on the Finance Department's Check Register, which was approved by Council in advance. As a result, Council was approving these partial payments twice, on two separate meetings.

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Since the July 22, 2002 Council meeting, the Finance Department has released the checks to construction contractors on the Friday they are written, in accordance with the Council approved policy revisions for checks approved in advance on the check register. This practice has resulted in the checks being released on the Friday before Council approves the partial payment roll call. Legal Department staff have issued an opinion that the Council need not approve a separate roll call for payments to contractors on public improvements, as these payments are also listed and approved on the check register.

To eliminate this duplication, staff proposes to end the practice of preparing a separate roll call for approval of partial payments on public improvement projects; and instead, present to Council a list of payments that have been authorized and made on each check register. This list would be included in the Council book as an attachment to the roll call approving the next check register. Under the current process, the actual check registers for the previous two weeks are put on file with the roll call approving the next check register. Contractors would still be paid monthly; however, this new process would allow construction partial payments to be processed each week, rather than the current practice of twice a month associated with the Council meetings. We will begin this practice immediately unless otherwise directed by Council. A sample of the list for the November 1, 2002 check register is attached to this roll call and includes information that was previously shown on the partial payment roll call.