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**2019-21(1<sup>ST</sup> READING): AN ORDINANCE TO AMEND CHAPTER 2, DIVISION 2, ARTICLE VI, THE PURCHASING CODE, TO ADD A PROVISION FOR SMALL PURCHASES.**

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**Applicant/Purpose:** Staff / ordinance to amend chapter 2 of the purchasing code to add a provision for small purchases.

**Brief:**

- This ordinance relaxes the competitive bidding requirement under certain conditions for small purchases, defined as those in an amount of \$2,500 or less.
- While the City adopts & maintains its own procurement code, the proposed procedures are similar to those found in the State procurement code (S.C. Code Sec. 11-35-1550).
- This ordinance recognizes that, while the City seeks to maintain competitive procedures, sometimes the need for price comparison & competition must be balanced against staff productivity & effectiveness in obtaining said prices.
- This ordinance waives the competitive bid requirement for purchases \$2,500 or less under certain circumstances & w/ certain conditions described below.

**Issues:**

- The purchasing agent or department head may waive the competitive bid requirement for purchases not exceeding \$2,500 under the following conditions:
  - When practical, the purchaser must solicit a quote from other than the previous supplier before placing a repeat order.
  - When the Small Purchase waiver is used, the purchaser shall annotate the purchase requisition "price is fair & reasonable," & sign.
  - The department director's signature certifies
    - His/her judgment that the purchaser has complied w/ this section.
    - Sufficiency of appropriated & available funds for the items or services to be purchased.
- Further verification is required only when the department director suspects that the price may not be reasonable in comparison to previous prices paid or based upon personal knowledge of the item involved.
- If, in the judgment of the appropriate department director, the cost of verifying reasonableness exceeds the potential difference in pricing, this requirement may be waived.
- Financial Services staff may review samples of Small Purchases from time to time and, when appropriate, advise the department director in order to improve results with respect to future purchases of identical or similar items.

**Public Notification:** Normal meeting notification.

**Alternatives:**

- To amend the proposed ordinance.
- Deny the proposed ordinance.

**Financial Impact:** No additional financial impact. Potential for improved productivity.

**Manager's Recommendation:** I recommend 1st reading.

**Attachment(s):** Proposed ordinance.

CITY OF MYRTLE BEACH  
COUNTY OF HORRY  
STATE OF SOUTH CAROLINA

AN ORDINANCE TO AMEND CHAPTER 2,  
DIVISION 2, ARTICLE VI, THE PURCHASING  
CODE, TO ADD A PROVISION FOR SMALL  
PURCHASES.

WHEREAS, Section 2-241 of the Code of Ordinances of the City of Myrtle Beach (the "Purchasing Code") establishes the office of purchasing agent and outlines the specific duties assigned thereto; and,

WHEREAS, item 6 of Section 2-241 makes the purchasing agent responsible for "obtaining as full and open competition as possible on all purchases, contracts and sales"; and,

WHEREAS, it is desirable to make provision for the City to conduct its purchasing activities in a manner that promotes productivity and effectiveness without compromising the objectives of the purchasing code as stated in Sec. 2-241; and,

WHEREAS, for certain purchases in amounts not exceeding \$2,500 ("Small Purchases"), a waiver of the competitive bid requirements may be prudent and cost-effective;

NOW THEREFORE, the City Council of the City of Myrtle Beach, in Council duly assembled, hereby amends the Purchasing Code by adding sub-section (d) for the treatment of Small Purchases as follows:

**Sec. 2-242. - Competitive processes required; Small Purchase waiver.**

(d) Section 2-242(a) above notwithstanding, for purchases not exceeding two thousand five hundred dollars ("Small Purchases") only, upon making a judgment that prices are reasonable, the purchasing agent or a department director acting as purchasing agent under the provisions of Sec. 2-243(c) may waive the requirement for competitive bidding, provided as follows.

i. When practical, the purchaser must solicit a quote from other than the previous supplier before placing a repeat order.

ii. When the Small Purchase waiver is used, the purchaser shall annotate the purchase requisition "Price is fair and reasonable," and sign.

iii. The department director's signature authorizing the Small Purchase shall be certification of his or her judgment that the purchaser has complied with this section and of the sufficiency of appropriated and available funds for the items or services to be purchased.

1        iv. Action to verify the reasonableness of the prices of Small Purchases need be  
2        taken only when the department director authorizing the purchase suspects that the  
3        price may not be reasonable in comparison to previous prices paid or based upon  
4        personal knowledge of the item involved. If, in the judgment of the appropriate  
5        department director, the cost of verifying reasonableness exceeds the potential  
6        difference in pricing, this requirement may be waived.

7        v. Periodically, the Financial Services department staff may review samples of  
8        Small Purchases and, if they believe that prices may not have been reasonable in  
9        comparison to prices paid for similar or identical items or based upon their personal  
10       knowledge of the item involved, they shall advise the department director in order  
11       to improve results with respect to future purchases of identical or similar items.

12       Nothing in this sub-section 2-242(d) shall affect the purchaser's or the purchasing  
13       agent's responsibility to comply with the remaining requirements of Article VI, Division  
14       2 of this Code of Ordinances.

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16       This ordinance shall become effective upon second reading.

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BRENDA BETHUNE, MAYOR

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23       ATTEST:

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JENNIFER STANFORD, CITY CLERK

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29       1<sup>ST</sup> READING:

30       2<sup>ND</sup> READING: