

DETROIT CHARTER REVISION COMMISSION

PROPOSAL/ISSUE REVIEW SUMMARY

ISSUE NUMBER: BF 12

ISSUE CATEGORY: Budget & Finance

SOURCE: Mayor, January 2010 *“Report on the Impact of the Detroit City Charter on City Service Administration”*

RELATED CHARTER SECTIONS: §4-122 (Approval of Contracts)

RELEVANT ORDINANCE SECTION:

RELEVANT LAW(S):

ISSUE/PROPOSAL STATEMENT: Eliminate City Council approval of contracts.

RATIONALE: “Approval of contracts in many organizations is often not considered a legislative function. The layers of scrutiny occurring throughout the contracting process make it common for 8 – 12 months turnaround time before start work, which significantly delay change as well as drive up costs as contractors recover their overhead for getting through the process. Neither Congress nor the state of Michigan legislature has a role in the approval of contracts. In both cases approval is accomplished entirely within the executive branch.

The contract approval provision was not originally part of the Charter of 1974 but was added as an amendment initiated by the City Council. The \$ thresholds at which a contract must be brought for Council approval have varied from \$5,000 to \$25,000. For example, at DTE Energy, only those contracts exceeding \$50 million have to gain the approval of the Board of Directors. Only those contracts in excess of \$10 million need the Chief Financial Officer’s approval. Contracting can still be governed by a spirit of transparency and accountability with effective internal processes and sufficient reporting activities.” -Mayor’s *Report on the Impact of the Detroit City Charter on City Service Administration*, p. 7.

ANALYSIS:

DISPOSITION/COMMISSION ACTION:

NOTES: