Memphis City Council
Summary Sheet

Ordinance increasing the dollar amount of Memphis Light, Gas & Water contracts requiring the prior approval of the Memphis City Council.

- **This item is a proposed Ordinance to increase the dollar amount of Memphis Light, Gas & Water contracts entailing expenditures and obligations which must be submitted to the City Council for prior approval.**

- **The proposed Ordinance is submitted by Memphis Light, Gas & Water to the City Council or the MLGW Committee for consideration. The Board of the Memphis Light, Gas & Water Division of the City of Memphis has approved the submittal of this proposed Ordinance by resolution adopted on May 6, 2010.**

- **This Ordinance would increase the dollar amount of Memphis Light, Gas & Water contracts that require the prior approval of the Memphis City Council to $500,000 from the current limit of $25,000 and provide for the subsequent reporting in writing to the City Council of contracts entailing expenditures and obligations of between $25,000 and $500,000. The Ordinance is an amendment to Substitute Ordinance 5046 adopted by the City Council on April 13, 2004 on third reading. Prior to Ordinance 5046 only unbudgeted expenditures were required to be approved in advance by the City Council pursuant to the provisions of Ordinance 3509 adopted by the City Council on November 5, 1985.**

- **No contracts, expenditures of funds or budget amendments are required.**

ORDINANCE NO. ____

AN ORDINANCE TO AMEND THE CODE OF ORDINANCES OF THE CITY OF MEMPHIS PERTAINING TO THE BUDGET, SALARIES, AND CONTRACTS OF THE MEMPHIS LIGHT, GAS AND WATER DIVISION TO INCREASE THE AMOUNT OF CONTRACTS REQUIRING APPROVAL OF THE CITY COUNCIL TO $500,000.

Whereas, Section 681 of the City's Charter requires Council approval of any MLGW contracts entailing an obligation or expenditure in excess of Five Thousand Dollars; and

Whereas, Section 675 of the Charter requires Council approval of any salaries, fees or other compensation in excess of $4,000 per annum of any engineers, subordinate officers, employees, auditors, attorneys, consultants and others employed to render extraordinary services to MLGW; and

Whereas, by Home Rule Amendment No. 3054 to the City's Charter, the Council was authorized to increase by ordinance the amount of contracts, salaries and compensation for employees and others that require Council approval; and

Whereas, the Council has by Substitute Ordinance No. 5046 required Council approval prior to execution of all contracts (other than emergency purchases and spot market purchases of natural gas) entailing an obligation or expenditure, including fees or other compensation of any engineers, auditors, attorneys, consultants and others employed to render extraordinary services to MLGW in excess of Twenty Five Thousand Dollars ($25,000); and

Whereas, the Council has amended Substitute Ordinance 5046 by the adoption of Ordinances No. 5256 dated April 24, 2008 (relating to purchases of natural gas) and No. 5291 dated February 17, 2009 (relating to settlements between MLGW and its employees pursuant to the workers' compensation laws of the State of Tennessee).

Whereas, in order to improve the efficiency of the process for placing contracts, securing necessary goods and non-professional services, the Council desires to further amend the requirements under Substitute Ordinance 5046 to raise the amount of contracts requiring City Council approval from $25,000 to $500,000.

NOW THEREFORE BE IT ORDAINED THAT, The present Code of Ordinances of the City of Memphis is amended by deleting the numerical amount "$25,000" and inserting in its place the numerical amount "$500,000" in Section 1 of Substitute Ordinance 5046, such that Section 1 shall read as follows:

> SECTION 1. Notwithstanding Ordinance No. 5046 to the contrary, all contracts (other than emergency purchases, purchases of natural gas and other derivative products, and settlements between MLGW and its employees pursuant to the

workers' compensation laws of the State of Tennessee, the latter of which shall not require City Council approval in advance of execution) entailing an obligation or expenditure, including fees or other compensation of any engineers, auditors, attorneys, consultants and others employed to render extraordinary services to MLGW, in excess of Five Hundred Thousand Dollars ($500,000) shall require City Council approval in advance of execution. In emergencies MLGW may enter into emergency purchases as defined herein, which emergency purchases shall be later ratified by the Council. MLGW may also purchase natural gas and other derivative instruments daily as long as the aggregate annual amount of these purchases are approved by the Council in the annual budget of MLGW.

For the purposes of this Ordinance the term "emergency purchases" shall include, but shall not necessarily be limited to, any purchase orders and contracts in excess of Five Hundred Thousand Dollars ($500,000) needed to: (i) remedy any hazardous, unsafe or environmentally harmful event or condition that has created or may create a harmful situation for the public or MLGW employees, whether or not ordered, directed or requested by a federal or state agency; (ii) insure continuous and reliable utility service to MLGW customers; and (iii) take whatever steps are reasonably necessary to address problems caused by a catastrophic event.

Any contracts entailing an obligation or expenditure of $500,000 or less but greater than $25,000 shall not require prior approval but shall be reported to the Council of the City in writing at each of the City Council's meetings for information purposes only.

SECTION 2. BE IT FURTHER ORDAINED That the provisions of this Ordinance are hereby severable. If any of these sections, provisions, sentences, clauses, phrases or parts are held unconstitutional or void, the remainder of this Ordinance shall continue in full force and effect.

SECTION 3. BE IT FURTHER ORDAINED That this Ordinance shall take effect from and after the date it shall have been passed by the City Council, signed by the Chairman of the Council, certified and delivered to the office of the Mayor in writing by the comptroller, and become effective as otherwise provided by law.

_____
Chairman of the Council

Attest:

_____, Comptroller

EXCERPT
from
MINUTES OF MEETING
of
BOARD OF LIGHT, GAS AND WATER COMMISSIONERS
CITY OF MEMPHIS
held
May 6, 2010

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The President recommended to the Board of Light, Gas and Water Commissioners approval of an "Ordinance To Amend the Code of Ordinances of the City of Memphis Pertaining to the Budget, Salaries and Contracts of the Memphis Light, Gas and Water Division to Increase the Amount of Contracts Requiring Approval of the City Council to $500,000" to be submitted to the Council of the City of Memphis for its consideration and adoption.

The proposed Ordinance is an amendment to the existing Code of Ordinances of the City of Memphis and will provide for the increase in the amount of contracts of the Memphis Light, Gas and Water Division requiring approval by the City Council to Five Hundred Thousand Dollars ($500,000).

The Board acknowledged that the Council of the City of Memphis may support an increase in the contract approval limit but to an amount less than $500,000 but greater than $25,000, and amended this resolution to support an increase in the contract approval limits to an amount less than $500,000 but greater than $25,000.

NOW, THEREFORE, BE IT RESOLVED, THAT "An Ordinance To Amend the Code of Ordinances of the City of Memphis Pertaining to the Budget, Salaries and Contracts of the Memphis Light, Gas and Water Division to Increase the Amount of Contracts Requiring Approval of the City Council to $500,000" or to an amount up to $500,000 (attached herewith) is approved for submittal to the Council of the City of Memphis for its consideration; and

THAT, The Council of the City of Memphis is requested to support adoption of the proposed Ordinance.

I hereby certify that the foregoing is a true copy of a resolution adopted by the Board of Light, Gas and Water Commissioners at a regular - ~~special~~ meeting held on 6th day of May, 2010, at which a quorum was present.

John N. Collins
Secretary-Treasurer

Approved, As Amended