



AGENDA ITEM ANALYSIS

Project/Issue Name: 26-06 An Ordinance of the City Council Amending Title I, "Government Code", Chapter 110, "Administration Policies", Article VIII, "Authority To Enter Into Contracts Policy," Section 110.200, "Persons Authorized To Enter Into Contracts On Behalf Of City;" Article II, "Purchasing And Surplus Property Disposal," Section 110.020.01, "Purchasing Policy And Procedures;" and Chapter 120 "City Officers And Employees," Article V, "City Administrator," Section 120.090, "City Administrator-Duties", and Adopting a Revised Policy Entitled "City Of Republic's Purchasing Policy".

Submitted By: Bob Ford | Chief Financial Officer

Date: January 20, 2026

Issue Statement

To update the City of Republic's Purchasing Policy to better align with the City's continued growth, integrate the impact of inflationary costs into the Policy, improve efficiency, and reduce redundancy, while maintaining ethical purchasing practices and a framework that is financially sound.

Discussion and Analysis

In September of 2022, the certain sections within the City's Purchasing Policy ("Policy") were updated, added, or removed to add clarify the existing Policy. Improvements were made to select Policy sections to provide more consistent language and increase precision throughout the document. Specific sections that were updated, added, or modified included:

- Requisition – Process changes from paper to approvals performed in the ERP.
- Leases - Enhanced language for Leases to align with GASB 87.
- Emergency Expenditures – Provided definition of an Emergency and empowered the City Administrator and potentially the Mayor to take appropriate action in response to the Emergency.
- Grant Funding – duties defined.
- Petty Cash - provided a concise set of rules and responsibilities for petty cash.
- Purchase Card Program - provided a concise set of rules and responsibilities for the PCard/Credit Card program.

The purpose of this 2026 Policy update is to expand on the 2022 update as follows:

1. The Approved Budget will serve as a complimentary governing document and dictate any incremental approvals required.
 - a. The general philosophy will be if a specific expenditure is already incorporated in the Approved Budget, then incremental Council Approval is not required for that specific expenditure, since approval has already been granted through the Budget or Budget Amendment Ordinance(s).
 - b. But only if, pursuant to Republic Municipal Code section 135.050, no expenditure will be made which would result in the total expenditures for that Fund to exceed the amount authorized by Council in the Approved Budget.
2. Increase the expenditure range within each Expenditure Tier ("Tier") to allow for more operating headroom within each Tier (See attached Purchasing Procedures & Approval Matrix attached).
3. Consolidate from five Tiers to four Tiers.
4. Change the Purchasing Agent from the City Administrator to the Chief Financial Officer, given the City's Purchasing Department functions are carried out by the Finance Department.
5. Expand the authority of the City Administrator and the Mayor in the event of an Emergency.



Background

Before the last Purchasing Policy update, there was already a need to expand the Tiers so that the Policy was not a roadblock to the City completing its tasks in the most expeditious manner.

- In general, since 2020, cumulative inflation is 25-30%, depending on what inflation metric you look at.
- Additionally, since 2020, construction costs have increased anywhere from 40%-65% depending on the component within the construction cost bucket you examine.

As a real-world example, when Eric Brown's Public Works team is working on a project in the field and identifies a need to rent a piece of heavy equipment to complete the job, many times this need is identified at the time the work is being done. Most times these short-term rental fees exceed our current Tier Cap by significant margin, which under our current Policy would force them into Tier 2 and the requirements of that Tier.

Operating Cost Examples

Equipment Rentals

1. Dozer (51exi): ~\$10,200
2. Roller (BW213): ~\$5,400
3. Rock Breaker: ~\$10,500

Vehicle & Equipment Repairs / Maintenance:

1. Heavy truck tires: ~\$6,000–\$7,000 each
2. DEF particulate filters: \$10,000+
3. Clutches: ~\$12,000

Typical Water & Wastewater Equipment Repairs (equipment only):

1. 25–50 HP sewage and process pumps: \$6,000–\$16,000
2. VFDs and motor controls: \$6,000–\$18,000+
3. Control panels and PLC repairs (lift stations and WWTP): \$8,000–\$25,000.
4. Generators and transfer switch repairs: \$10,000–\$25,000+
5. Additionally, after-hours industrial electricians routinely bill **\$150–\$300+ per hour**, often with minimum callout charges, which can quickly push even minor emergency work above the current Tier 1 \$5,000 Cap.

Finally, here are some cost examples associated with a major emergency or catastrophic failure:

1. A single well pump failure (e.g., Well #6) can cost approximately **\$160,000** for repair or replacement.
2. A single pump failure at the **Schuyler Creek Lift Station** can cost approximately **\$175,000**; there are **five total pumps** at that station, representing a significant risk exposure during a multi-failure event.
3. Multiple simultaneous failures (e.g., two well pumps down) would escalate costs rapidly and require immediate action to maintain service continuity.

In summary, this Policy update relies heavily on the Approved Budget and Budgeting process as a governing document for ongoing expenditures, while providing more headroom in each expenditure Tier, thus increasing operating efficiency while reducing redundancy and providing a framework that is financially sound and secure.

Recommendation

Staff recommends approval.



Purchasing Procedures and Approval Matrix

Tiers	Procedure	Approvals	Exceptions
<p>Tier 1 Less Than or Equal to \$15,000.00</p>	<p>Purchase the lowest priced item that best meets specifications</p>	<p>Department Supervisor</p> <p>Finance Manager (Non-Budgeted only)</p>	
<p>Tier 2 Greater Than \$15,000.00 Less Than or Equal to \$50,000.00</p>	<p>Three (3) written or electronic quotes</p> <p>Purchase the lowest priced item that best meets specifications.</p> <p>Supporting documentation submitted with invoice</p>	<p>Department Director</p> <p>Finance Manager</p> <p>Chief Financial Officer (Non-Budgeted Only)</p>	<p>Non-Budgeted items in this Tier require CFO approval prior to purchase.</p> <p>Non-Budgeted items must be included in the next Budget Amendment.</p>
<p>Tier 3 Greater Than \$50,000.00 Less Than or Equal to \$100,000.00 OR \$125,000.00 for infrastructure construction projects</p>	<p>Three (3) written or electronic quotes</p> <p>Purchase the lowest priced item that best meets specifications.</p> <p>Supporting documentation submitted with invoice</p>	<p>*Preapproval Required</p> <p>Department Director</p> <p>Chief Financial Officer</p> <p>City Administrator (Non-Budgeted only)</p>	<p>Budgeted items in this Tier with a less than or equal to 10% negative variance to budget require:</p> <ul style="list-style-type: none"> • DD & CFO approval prior to purchase. • Must be included in the next Budget Amendment. <p>Non-Budgeted items and Budgeted items with a great than 10% variance to budget in this tier require:</p> <ul style="list-style-type: none"> • CFO & CA approval and inclusion in CA report before purchase. • Must be included in the next Budget Amendment.
<p>Tier 4 Greater Than \$100,000.00 OR Greater than \$125,000.00 for infrastructure construction projects.</p>	<p>Sealed ITBs, RFPs or RFQs</p> <p>See Formal Bidding Methods</p> <p>See exceptions to competitive bidding methods</p>	<p>*Preapproval Required</p> <p>Department Director</p> <p>Chief Financial Officer</p> <p>City Administrator</p>	<p>Budgeted items in this Tier with a less than or equal to 10% negative variance to budget require:</p> <ul style="list-style-type: none"> • DD, CFO & CA approval, and inclusion in CA report before purchase. • Any variance to Budget must be included in the next Budget Amendment. <p>Unbudgeted items or Budgeted items with a greater than 10% negative variance in this Tier require:</p> <ul style="list-style-type: none"> • City Council approval and must be included in the next Budget Amendment.