

## Budget Committee Discussion Questions — Draft Procurement Policy

The following questions are intended to help guide the Budget Committee's review of the draft Procurement Policy. The two questions below are the primary decisions the policy depends on; the remaining questions follow from those decisions or raise other open items for discussion.

### Question 1: When should formal competitive bidding be required?

At what dollar amount should formal competitive bidding be required for purchases that do not already fall under public construction, state statute, or federal grant requirements?

This question is about how much competition the City wants to guarantee itself before spending reaches a certain size — separate from who is authorized to approve the purchase.

Should we use a single bidding threshold, or a tiered structure?

- **A single threshold** would look like:
  - No bidding required below a set amount
  - Formal solicitation required for any purchase above that same amount
- **A tiered structure** would look like:
  - No bidding required below a set amount
  - Informal quotes required for purchases between that amount and a second, higher amount
  - A full formal solicitation required only above that second amount
- Under a **two-tier** approach (bidding required above one flat number, nothing below it), are we comfortable that a purchase just over that line — for example, \$5,500 — would go through the same formal bidding process as a \$40,000 purchase? Is that proportionate, or does it create unnecessary paperwork for mid-size purchases?
- Under a **three-tier** approach, where should the line sit between “obtain quotes” and “run a formal solicitation”? The moderate option below proposes \$25,000 for that upper line, as a starting point for discussion.
- Does the answer change depending on the type of purchase — commodities with a relatively fixed price (salt, fuel) versus professional or specialized services?

### Comparing Bidding Thresholds

| Tier                              | Richland Center<br>(conservative, draft)          | State of Wisconsin<br>(DOA / DOJ model)            | Federal<br>(2 CFR / FAR)                                   |
|-----------------------------------|---------------------------------------------------|----------------------------------------------------|------------------------------------------------------------|
| No competition required           | \$5,000 or less                                   | \$5,000 or less<br><i>Best Judgment</i>            | \$15,000 or less<br><i>Micro-purchase</i>                  |
| Simplified / informal competition | N/A                                               | \$5,001 – \$50,000<br><i>Simplified Bid</i>        | \$15,001 – \$350,000<br><i>Simplified; multiple quotes</i> |
| Formal bid required               | Over \$5,000<br><i>Full Bid/RFP, 3-vendor min</i> | Over \$50,000<br><i>Official Sealed Bid or RFP</i> | Over \$350,000<br><i>Full formal competition</i>           |

Below is a more moderate three-tier option that sits as a midpoint between the current draft and the State's model:

### A More Moderate Three-Tier Bidding Threshold

| Tier                       | Dollar Range       | Competition Required                   | Approval             |
|----------------------------|--------------------|----------------------------------------|----------------------|
| 1 — No Competition         | \$5,000 or less    | Compare pricing                        | Department Head      |
| 2 — Simplified Competition | \$5,001 – \$25,000 | At least 3 quotes in writing           | City Administrator   |
| 3 — Formal Competition     | Over \$25,000      | Formal solicitation with public notice | Applicable committee |

Is the Committee more comfortable with the conservative two-tier approach reflected in the current draft, or with a three-tier structure along these lines? The dollar figures in either approach can be adjusted independently of which structure is chosen.

## **Question 2: How much should a Department Head be able to spend on a budgeted item without Committee or Council approval?**

This is a separate lever from Question 1 — it concerns internal sign-off authority, not whether the purchase has been competitively shopped.

- Is \$5,000 the right figure for Department Head sole authority, or should it be higher or lower? (For reference, \$5,000 matches the State of Wisconsin's own "Best Judgment" cutoff, though that does not necessarily mean it is the right figure for the City.)
- Should the dollar figure for Department Head sole-approval authority be the same number as the bidding threshold in Question 1, or should these be set independently? They do not need to match — for example, a Department Head could be authorized to approve a \$15,000 purchase on their own signature, even if that purchase still had to go through an informal-quote or bidding process to reach that point.
- Between Department Head sole authority and full committee approval, should there be a middle tier in which the City Administrator alone may approve — and if so, where should that tier begin and end?
- Should this figure differ by department, given that some departments (e.g., Public Works) routinely make larger purchases than others? Or is a uniform figure preferable for consistency and audit simplicity, with high-cost recurring items instead addressed through blanket or annual contracts rather than a higher individual threshold?

## **Additional Questions for Discussion**

### **3. Mayor's discretionary authority**

The draft caps the mayor's non-emergency, time-constrained expenditure authority at \$10,000. Should this figure be tied to whatever threshold results from Question 2, or should it remain an independent figure?

### **4. Emergency purchases**

The draft gives the mayor unlimited-dollar emergency purchase authority, subject to notice to the City Administrator and a report to Council after the fact. Is the Committee comfortable with no dollar cap here, given that the underlying criteria are intended to apply only to genuine emergencies?

### **5. Blanket and annual contracts, and sole-source purchases**

Should the policy explicitly authorize annual or blanket contracts for recurring, high-volume purchases (e.g., road salt, fuel), so that individual releases against an already competitively bid contract do not retrigger the bidding or approval thresholds each time?

Separately, the draft already exempts sole-source purchases from competitive bidding when only one supplier is available or the pool of qualified suppliers is limited by technical, certification, or warranty requirements. Is the Committee comfortable with this exception as written, or should it require additional documentation (e.g., a written sole-source justification on file) before a Department Head can rely on it?

### **6. Other questions**