



CITY OF TUALATIN

Staff Report

TO: Honorable Mayor and Members of the City Council

THROUGH: Sherilyn Lombos, City Manager

FROM: Kevin R. McConnell, City Attorney
Richard Contreras, Contracts and Procurement Analyst

DATE: November 12, 2024

SUBJECT:

Overview of the City's Public Contracting Rules; discuss staff's recommendation to amend the City's purchasing rules by increasing procurement thresholds and the City Manager's authority to award contracts.

EXECUTIVE SUMMARY:

The City's Public Contracting Rules (TMC 1-21) contain the City's purchasing rules. The purchasing rules set out thresholds that specify when: i) the City can select any vendor (direct appointment); ii) the City must informally seek quotes from three vendors (intermediate procurement); or iii) the City must formally advertise a procurement in a trade newspaper (formal procurement).

The City's procurement thresholds have remained unchanged since 2009. In general, City staff can only award City contracts by direct appointment if the contract price is \$5,000 or under and may award City contracts by way of an intermediate procurement process if the contract price does not exceed \$150,000. Any City contract exceeding a contract price of \$150,000 requires a formal procurement process such as an Invitation to Bid or Request for Proposals and must be forwarded to Council for approval.

In 2009, the City procurement thresholds approved by Council generally aligned with state thresholds pertaining to public contracts for goods and services. In 2023, the Oregon Legislature enacted significant increases to state agency procurement thresholds. However, the City's stricter local thresholds would have to be amended by ordinance for City staff to apply those increased limits.

In an effort to account for 15 years' worth of inflation, increase efficiency and comply with the Council's stated intent in adopting the City's Public Contracting Rules, staff recommends the following amendments to the City's procurement thresholds:

Direct appointment:	City contracts up to \$25,000
Intermediate procurement:	City contracts over \$25,000 and up to \$250,000
Formal procurement:	City contracts over \$250,000

In addition, staff is recommending an increase to the procurement threshold limits for professional service consultants within the City's qualified pool. "Professional services" are a subset of personal services and encompass architectural, engineering, photogrammetric mapping, transportation planning, and land surveying services, along with related services. These can generally be thought of as personal services that pertain to the construction, maintenance, or planning of public improvements. Every two years, the City establishes a qualified pool of professional consultants through a formal Request for Qualifications (RFQ) process, admitting those who meet the City's established standards into the pool.

Currently, the City has the authority to award professional service contracts up to \$100,000 by direct appointment to consultants who are not part of the Qualified Pool, in accordance with ORS 279C.110(10) and TMC 1-21-200(1)(b). The resulting difference between the \$150,000 threshold for selecting professional consultants from the Qualified Pool and the \$100,000 threshold for those who are not members is relatively small. To maximize the advantages of conducting a formal RFQ process, an option for the Council's consideration is to increase the direct appointment threshold for consultants in the Qualified Pool to \$250,000, while keeping the direct appointment threshold for any consultant unchanged at \$100,000.

Finally, City staff recommend increasing the City Manager's authority to award City contracts. Currently, the Manager may award a City contract in an amount not exceeding \$150,000, which has remained unchanged since 2009. Increasing the Manager's authority will streamline the procurement process, reduce administrative delays, and enable the City to respond more efficiently to community needs.

ATTACHMENTS:

- PowerPoint Presentation