



Procurement Thresholds & Contracting Authority

2024

Procurement Authority

- **Governments Can Only Make Purchases as Authorized by Law.**
- **The City Council is the Contracting Agency for the City:** The State has delegated procurement authority to the City Council by way of the Oregon Public Contracting Code. In turn, the Council has delegated procurement authority to City Staff, subject to conditions in our local contracting rules (TMC Chapter 1-21).
- **Contracting Rules Establish Purchasing Thresholds and Processes:** One of the conditions in the State and local contracting rules is that certain procurement methods must be followed for various purchasing thresholds. The rules also establish processes such as advertising and time requirements.
- **As more public funds are spent on a purchase, more process is required.**



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What is a Procurement Threshold?

A contract's anticipated dollar value drives what procurement method is used

Procurement methods and State of Oregon thresholds prior to 2023:

Direct Appointment (\$10,000 and under)

Allows for a non-competitively bid contract to be issued. Agencies can quickly secure goods and services they need.



Intermediate Procurement (\$10,001 - \$150,000)

Requires more process & competition. At minimum, agencies must post 7-days publicly, and take active steps to include small & diverse firms. Takes 30-days.



Formal Procurement (over \$150,000)

Rigorous process of formal solicitation documents (usually with DOJ review), 30-day public posting, formal process steps & evaluations & complex contract negotiation. Takes 4-6 months.



Current City Thresholds

The City's local contracting rules were last updated in 2009 and they matched the State of Oregon thresholds in effect at the time:

Direct Appointment (\$5,000 and under)

Allows for a non-competitively bid contract to be issued. City staff can quickly secure goods and services they need.



Intermediate Procurement (\$5,001 - \$150,000)

Requires more process and competition. City staff must seek three quotes and may do so informally via phone or e-mail. Takes 30-days.



Formal Procurement (over \$150,000)

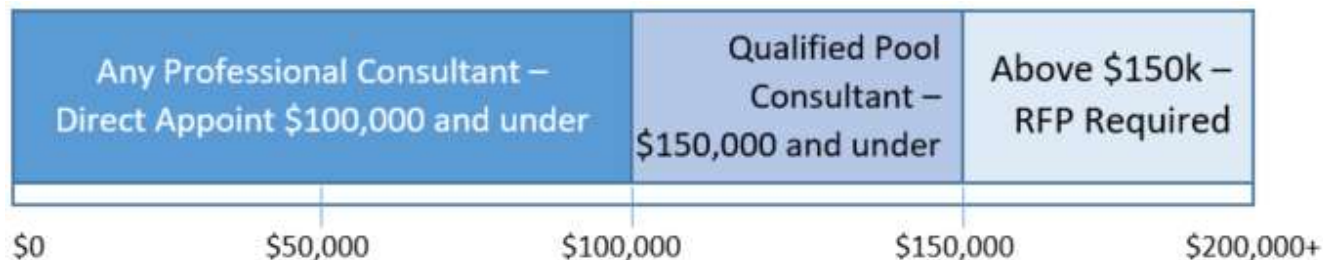
A formal Invitation to Bid or Request for Proposals is required, posted in the Daily Journal of Commerce, with formal evaluations and complex contract negotiation. Takes 4-6 months.



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Professional Services- Qualified Pool

- Professional Services are a special type of Personal Service (architectural, engineering, and related consulting services for the design or management of a public improvement).
- Every two years, the City establishes a Qualified Pool of Professional Services Consultants, and City staff can direct appoint any consultant within the Qualified Pool up to \$150,000.
- The Qualified Pool is the result of a publicly advertised Request for Qualifications that takes over 200 hours of staff time to conduct (we received applications from 59 for multiple categories of services)
- *Outside the Pool:* City Staff are authorized to award Professional Services Agreements via direct appointment up to \$100,000 per state and local contracting rules for a consultant *outside* of the Qualified Pool.



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City Manager's Contracting Authority



- The City Manager is currently authorized to award and sign contracts that do not exceed \$150,000. This threshold was set by the Council in 2009, and matched the State of Oregon intermediate procurement threshold in effect at the time.
- The City Manager's contracting authority applies regardless of the procurement method used.
- The City Manager's contracting authority only applies if it is within budgeted amounts as approved by the City Council.



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New State Thresholds



Oregon Senate Bill 1047, passed in 2023, increased the state procurement thresholds as follows:

Direct Appointment
(\$25,000 and under)

Allows for a non-competitively bid contract to be issued. City staff can quickly secure goods and services they need.



Intermediate Procurement
(\$25,001 - \$250,000)

Requires more process and competition. City staff must seek three quotes and may do so informally via phone or e-mail. Takes 30-days.



Formal Procurement
(over \$250,000)

A formal Invitation to Bid or Request for Proposals is required, posted in the Daily Journal of Commerce, with formal evaluations and complex contract negotiation. Takes 4-6 months.



These increased state limits do not currently apply to Tualatin.



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Why Update the Thresholds?



- The City's current local purchasing rules were last updated 15 years ago (2009).
- Inflation and newly updated State purchasing limits have made these thresholds outdated.
- Updating the local procurement thresholds would streamline workflow while maintaining accountability and transparency.
- The stated intent of the City's public contracting rules is to authorize the full use of all contracting powers and authorities described the Oregon Public Contracting Code (TMC 1-21-030 - Interpretation).
- Significant Staff Time Savings.



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Proposed Changes



Direct Appointment
(\$25,000 and under)

Allows for a non-competitively bid contract to be issued. Agencies can quickly secure goods and services they need.



Intermediate Procurement
(\$25,001 - \$250,000)

Requires more process & competition. At minimum, agencies must post 7-days publicly, and take active steps to include small & diverse firms. Takes 30-days.

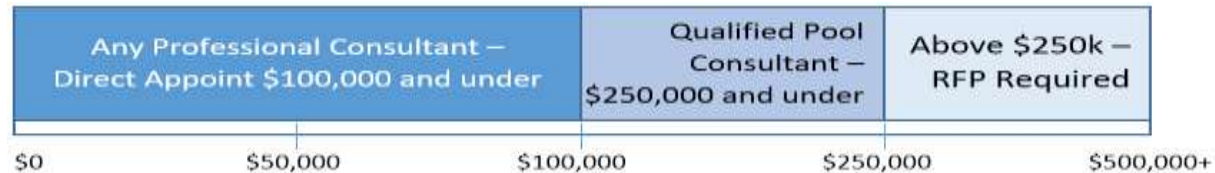


Formal Procurement
(over \$250,000)

Rigorous process of formal solicitation documents (usually with DOJ review), 30-day public posting, formal process steps & evaluations & complex contract negotiation. Takes 4-6 months.



- **Professional Services:** Increase to \$250,000 for Direct Appointment from the Qualified Pool:



- **City Manager’s Authority:** Increase to \$250,000 to align with the Intermediate Procurement threshold if increased to \$250,000.



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Conclusion

- The Council can approve any combination of these proposed changes. This would require an ordinance amending the City's local contracting rules.
- City Staff recommends approving all proposed revisions, as having a consistent \$250,000 limit across multiple thresholds would enhance staff understanding and implementation.
- By streamlining the procurement process, these recommendations will optimize staff resources, allowing for more effective delivery of services to the community.

