



CITY OF KYLE, TEXAS

City's Purchasing Policy Amendment

Meeting Date: 9/5/2023

Date time: 7:00 PM

Subject/Recommendation: Approve a resolution of the City of Kyle, Texas, approving amending the city's purchasing policy to increase the City Manager's purchasing authority from \$15,000 to \$50,000 and requiring quarterly reports for those purchases. ~ *Jerry Hendrix, Assistant City Manager*

Other Information:

Legal Notes:

Budget Information:

ATTACHMENTS:

Description

- Memo - Purchasing Policy Update
- Resolution - Purchasing Policy Amendment 9.5
- PPT Purchasing Policy Amendment 9.5.23
- PPT - Purchasing Policy Update 8.15.23

**City of Kyle
Office of the City Manager
Memorandum**



To: Bryan Langley, City Manager
From: Jerry Hendrix, Assistant City Manager
Date: August 25, 2023
Subject: Purchasing Policy Update

Mr. Langley,

Staff presented a review of the city's current purchasing policy to the city council at the August 15th city council meeting. That review included:

- The city's current policy.
- The city's current policy regarding the city manager's purchasing threshold.
- City manager purchasing thresholds of our comparison cities.
- Purchasing volume analysis.
- Options regarding possible changes to the city manager's purchasing threshold.

After hearing staff's presentation and considering options available to them, the council vote 7-0 to direct staff to bring back an amendment to the city's purchasing policy to increase the city manager's purchasing authority from \$15,000 to \$50,000. The council also asked that the city manager provide a quarterly report regarding the purchasing activity under this policy amendment.

Additionally, staff has subsequently learned that state law does not currently require that online notice be given for purchases between \$15,000 and \$50,000 and staff recommends that this requirement be removed from the City's purchasing policy.

The resolution for the council to approve this policy amendment is included with the backup for the September 5th meeting of the Kyle City Council.

JH

RESOLUTION NO. _____

A RESOLUTION OF THE CITY OF KYLE, TEXAS, APPROVING AMENDING THE CITY’S PURCHASING POLICY TO INCREASE THE CITY MANAGER’S PURCHASING AUTHORITY FROM \$15,000 TO \$50,000 AND REQUIRING QUARTERLY REPORTS FOR THOSE PURCHASES.

WHEREAS, The Kyle City Council reviewed with City’s purchasing policy at their regular meeting on August 15th, 2023, and;

WHEREAS, The Kyle City Council was presented with information related to the City Manager’s purchasing authority and discussed options to increase that authority, and;

WHEREAS, City staff is also recommending removing the online notice requirement for purchases between \$15,000 and \$50,000 to be in full alignment with state law, and;

WHEREAS, The Kyle City Council directed staff to bring back an amendment to the City’s purchasing policy to increase the City Manager’s purchasing authority from \$15,000 to \$50,000 and require quarterly reports for those purchases;

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF KYLE, TEXAS, THAT:

SECTION ONE: The foregoing recitals are hereby found to be true and correct and are hereby adopted by the City Council and made a part hereof for all purposes as findings of fact.

SECTION TWO: Should any section or part of this Resolution be held unconstitutional, illegal, or invalid, or the application to any person or circumstance thereof ineffective or inapplicable, such unconstitutionality, illegality, invalidity, or ineffectiveness of such section or part shall in no way affect, impair or invalidate the remaining portion or portions thereof; but as to such remaining portion or portions, the same shall be and remain in full force and effect and to this end the provisions of this Resolution are declared severable.

SECTION FOUR: It is hereby officially found and determined that the meeting at which this Resolution is passed was open to the public as required and that the public notice of the time, place, and purpose of said meeting was given as required by the Open Meetings Act, Chapter 551, Texas Government Code.

SECTION FIVE: The City of Kyle Purchasing Policy is hereby amended to increase the City Manager’s purchasing authority from \$15,000 to \$50,000 and require quarterly reports for those purchases.

PASSED AND APPROVED this the _____ day of _____, 2023.

ATTEST:

CITY OF KYLE, TEXAS:

Jennifer Kirkland, City Secretary

Travis Mitchell, Mayor

Purchasing Policy Update

City Manager's Office



Item # 19

Overview

- Staff presented a review of the City's current purchasing policy at the August 15th City Council Meeting.
- That review included:
 - The city's current policy.
 - The city's current policy regarding the city manager's purchasing threshold.
 - City manager purchasing thresholds of our comparison cities.
 - Purchasing volume analysis.
 - Options regarding possible changes to the city manager's purchasing threshold.
- Council voted 7-0 to direct the city manager to bring back an amendment to the city's purchasing policy to increase the city manager's purchasing authority to \$50,000.
- Council also included a provision for the city manager to provide quarterly reports regarding purchasing activity under this policy.
- Staff is also requesting to remove the requirement for online notice for purchases between \$15,000 and \$50,000.

Options

Approve the resolution amending the purchasing policy threshold for City Manager from \$15,000 to \$50,000 and/or removing the online notice requirement for purchases between \$15,000 and \$50,000.

Not approve the resolution amending the purchasing policy threshold for City Manager from \$15,000 to \$50,000 and/or removing the online notice requirement for purchases between \$15,000 and \$50,000.

Amend the resolution to include a different amount or requirements.

Purchasing Policy Update

City Manager's Office



Item # 19

Overview

- Thresholds established in August 2014 and October 2016.
- Transactions below \$3,000 may be processed with a Purchase Order
- Transactions up to \$14,999 may be processed with a Purchase Order and approved by the Department Head
- Transactions up to \$49,999 require three or more quotes, online notice and may be approved by the City Manager
- Transactions \$50,000 and greater require an RFP, sealed bids, and Council approval prior to a Purchase Order being issued

Notes:

- December 2014 amendment provided the delegation to the City Manager
- April 2016 amendment provided the authority of Council approval for items less than \$15,000

Current Policy

City of Kyle, Texas
Purchasing Policy \$ Thresholds for Bid Requirements
As of 10/17/2016

Amount	Phone/Fax Quotes	Written Quotes	Sealed Competitive Bids	Online Notice	Published in Newspaper	Purchase Order	Council Approval
\$1 - \$2,999	No	No	No	No	No	No	No
\$3,000 - \$14,999	No	Yes	No	No	No	Yes	No
\$15,000 - \$49,999	No	Yes	No	Yes	No	Yes	Yes
>\$50,000	No	Yes	Yes	Yes	Yes	Yes	Yes

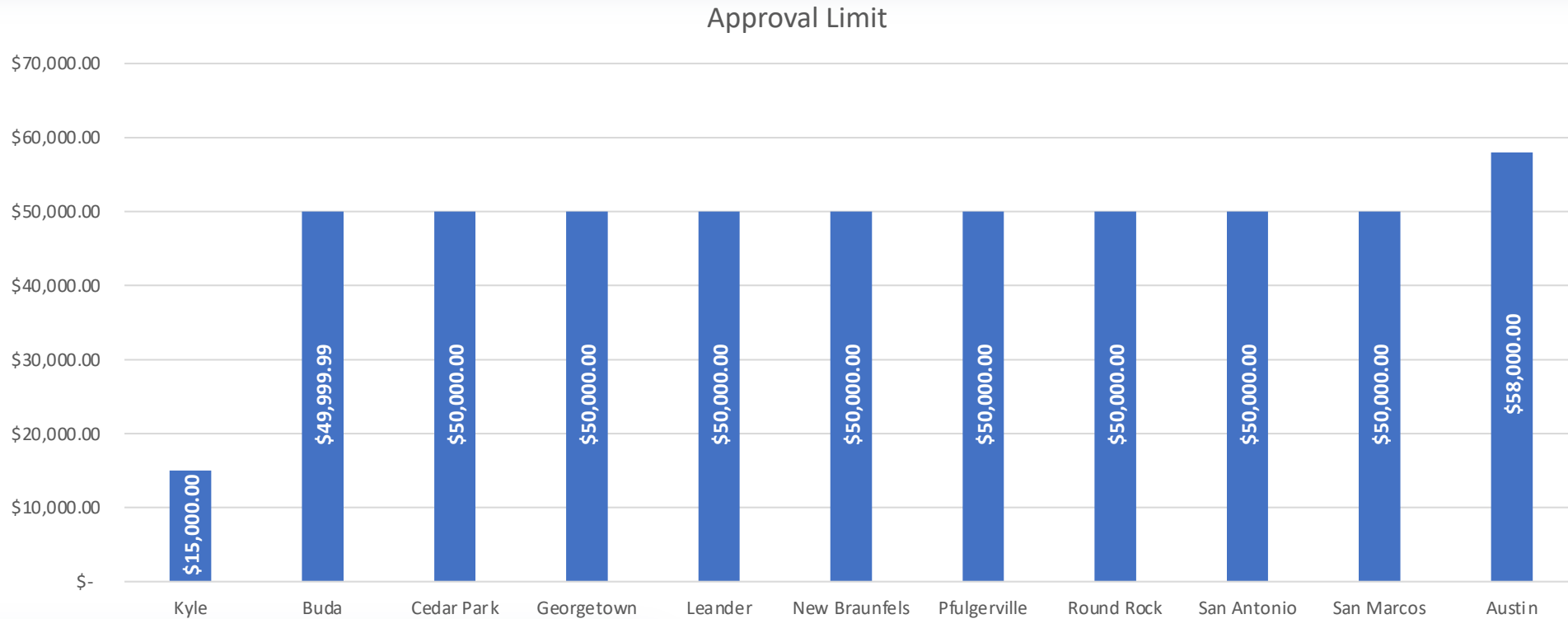
Note:

1. Refer to memorandum from City Manager dated October 17, 2016 regarding changes in bid and purchase order requirements for complete details and compliance. See link <https://www.cityofkyle.com/finance/contracts-and-procurements>

Overview

- Transactions at or below \$3,000 may be processed with a Purchase Order and approved by the Department Head
- Transactions from \$3,001 to \$10,000 may be processed with a Purchase Order and approved by the Finance Director
- Transactions from \$10,001 to \$50,000 will require three or more quotes and may be approved by the City manager
- Transactions greater than \$50,000 will require RFP's and therefore City Council approval prior to a Purchase Order being issued

Comparison of City Manager's Purchasing Authority as of August 3, 2023



Proposed Policy Change

Change the approval threshold for City Manager from \$25,000 to \$50,000

- Align with State legislation
- Provides transaction transparency
- Council maintains direct approval of over 95% of current spend
- City Council's time is optimized
- Aligns *high-volume low-cost* and *low-volume high-cost* transactions with appropriate controls

Options