

MEMORANDUM

TO: Claire Powell, City Manager

VIA: David Erb, Finance Director

FROM: Earl Whitaker, Purchasing Manager

DATE: October 20, 2025

SUBJECT: **Approval of Revised Policy Statement 3.0 Finance - Section V - Purchasing to Update Language, Raise the Dollar Threshold for Approvals by the City Council and Delegate Approval Authority for the City Manager, or Her Designee, and Clarify Bonding Requirements.**

BACKGROUND

City Policy 3.0-Finance, Section V-Purchasing, approved by City Council, establishes the guidelines for procurement. Purchasing is proposing a revision to the policy to include updated language that raises the dollar threshold for approvals by the City Council and delegated approval authority for the City Manager, or her designee. Additionally, the revision will clarify bonding requirements in alignment with Texas Government Code Chapter 2253. Currently, the approval threshold for Council is set at \$50,000 or more, and bonding requirements are not clearly defined, existing only as directives rather than formal policy. The current threshold was first established in 2007.

ANALYSIS

To enhance the efficiency of our purchasing processes, we propose revising the policy to require City Council approval for purchases or contracts with a one-time or anticipated annual expenditure of \$100,000 or more. For expenditures below this threshold, approval authority would be delegated to the City Manager or her designee. Since 2007, the prices of goods and services have risen on average 4.63% annually, meaning the original \$50,000 threshold is equivalent to approximately \$112,923 today. If this policy had been in place over the past year, 17 items, representing roughly 30% of those presented to City Council, would have fallen below the \$100,000 threshold and been approved by the City Manager or her designee. Under Texas Local Government Code Section 252.021(a), cities are authorized to delegate purchasing authority to the City Manager for contracts below the threshold established by the governing body. Peer cities such as Garland, Allen, Frisco, Irving, and Plano have already established Council approval thresholds at \$100,000.

Additionally, the proposed revision formally incorporates bonding requirements consistent with Texas Government Code Chapter 2253, ensuring bonds are required where mandated by law without imposing unnecessary requirements on smaller projects.

This policy revision streamlines processes and enable departments to procure products and services more efficiently, while reducing procedural burdens.

CITY STAFF'S RECOMMENDATION

That the City Council approve the revised policy as set forth in the caption above.