

COUNCIL ACTION FORM

SUBJECT: PROPOSED REVISION TO PURCHASING POLICY

BACKGROUND:

On October 23, 2012 the City Council approved a revision to the City purchasing policy to follow the State of Iowa statutory limits set by the Horizontal and Vertical Bid Threshold subcommittees. The changes to the bid thresholds become effective January 1 of the year following when the adjustment is made by the subcommittee.

Currently the City's bid threshold is based on the 2012 threshold and was set by the City Council when it revised the purchasing policy on October 23, 2012. The current thresholds for 2012 are \$67,000 for horizontal construction and \$125,000 for vertical construction.

Proposed revisions are listed below for 2013:

Year Effective	Threshold	Horizontal Infrastructure Cities > 50,000 population	Vertical Infrastructure Cities > 50,000 population
2013	Competitive bid	\$70,000	\$130,000
2013	Competitive Quote	N/A	\$ 72,000

Increasing the bid threshold will allow smaller projects to be bid without the need for a bid bond or publishing a public notice to bidders, thus eliminating these costs to the project. The performance bond will remain a requirement at \$25,000 and the specifications and drawings will be required to be stamped by a registered architect, engineer or landscape architect if the project is determined to be a public improvement, regardless of the estimated value of the work.

ALTERNATIVES:

1. Approve revision to the purchasing policy effective January 1, 2013. Purchasing staff will immediately begin notifying users on policy revision upon Council approval.
2. Do not approve revision to the purchasing policies.

MANAGER'S RECOMMENDED ACTION:

The proposed revision to the purchasing policy reflects new statutory limits and current practices on construction projects for public entities. These revisions will improve the City's efficiency of the procurement process and administration of construction projects.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1, thereby approving the revision to the purchasing policy effective January 1, 2013.