



## Legislation Text

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File #: 21-4491, Version: 1

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**ITEM: RESOLUTION NO. R2021-40 (APPROVING AN INCREASE TO THE VILLAGE'S PURCHASING THRESHOLDS FOR FORMAL SOLICITATIONS AND COUNCIL APPROVAL)**

**A RESOLUTION OF WELLINGTON'S COUNCIL APPROVING AN INCREASE TO THE VILLAGE'S PURCHASING THRESHOLDS FOR FORMAL SOLICITATIONS AND COUNCIL APPROVAL FROM \$25,000 TO \$65,000; AND PROVIDING AN EFFECTIVE DATE.**

**REQUEST:** Approval of Resolution No. R2021-40 increasing the Village Purchasing Thresholds for Formal Solicitations and Council approval from \$25,000 to \$65,000.

**EXPLANATION:** In 2004, the Village Council adopted the Purchasing Manual, which included Purchasing thresholds for formal bids and Council approval at \$25,000. The Purchasing Manual was revised and adopted in 2014, and Purchasing thresholds for formal solicitations and Council approval remained the same at \$25,000.

Due to significant spikes in the cost of commodities, services, and construction, staff recommends increasing the Purchasing threshold for formal solicitations and Council approval from \$25,000 to \$65,000.

According to Associated General Contractors of America (AGC) "The construction industry is in the midst of a period of exceptionally steep and fast-rising costs for a variety of materials, compounded by major supply chain disruptions". Between April 2020 and February 2021, the Producer Price Index (PPI) has demonstrated significant increases for commodities as summarized below:

Commodity	% Increase April 2020 - Feb 2021
Polyvinyl Chloride (PVC)	270%
Diesel Fuel	114%
Lumber and Plywood	62%
Copper and Brass	37%
Steel Mill Products	20%

A major concern regarding increases in the cost of labor and material is the Village's ability to award grants for home repairs through the Community Development Block Grant (CDBG) and the Great Neighborhood Grants program. The cost of home rehabilitations that would typically fall below the \$25,000 threshold limit, now far exceed that amount. By increasing the threshold limit to \$65,000, home rehabilitation projects, through either grant program, could continue without the need for formal solicitations and prior Council approval (three written quotes and Village Manager approval required).

In order to ensure the proposed Purchasing thresholds of \$65,000 are comparable with other similar government agencies, staff surveyed other municipalities in the Palm Beach County area as summarized below:

<b>Agency</b>	<b>Formal Solicitation Commodities /Construction</b>	<b>Council/Board Approval</b>
Village of Wellington	\$25,000	\$25,000
Village of Royal Palm Beach	\$20,000	\$50,000
City of Boca Raton	\$50,000/\$100,000	\$100,000
City of Delray Beach	\$65,000	\$65,000
City of Lake Worth Beach	\$50,000	\$50,000
City of Palm Beach Gardens	\$65,000	\$65,000
City of West Palm Beach	\$50,000/\$100,000	Items not budgeted
Town of Jupiter	\$100,000	\$50,000

Based on the results of the survey, the Village's existing Purchasing thresholds for formal solicitations and Council approval (\$25,000) are significantly lower than neighboring municipalities. In addition, the existing Village thresholds have remained the same since 2004.

During the period October 1, 2019 through September 30, 2020, the Village issued a total of 78 Purchase Orders totaling \$3,258,092.80, which would no longer require formal solicitations and Council approval, under the proposed threshold limits. However, under the proposed limits, all such purchases shall require a minimum of three written quotes and Village Manager approval.

Staff recommends increasing the Purchasing thresholds for formal solicitations and Council approval from \$25,000 to \$65,000, effective from the date of approval. The proposed Purchasing threshold approval matrix, which details threshold dollar amounts, the procurement method required, and authorization levels, is attached.

**BUDGET AMENDMENT REQUIRED:** NO

**PUBLIC HEARING:** NO **QUASI-JUDICIAL:**

**FIRST READING:** **SECOND READING:**

**LEGAL SUFFICIENCY:** YES

**FISCAL IMPACT:** No Fiscal impact.

**WELLINGTON FUNDAMENTAL:** Responsive Government

**RECOMMENDATION:** Approval of Resolution No. R2021-40 increasing the Village Purchasing Thresholds for Formal Solicitations and Council approval from \$25,000 to \$65,000.