

Management Committee

For the Metropolitan Council meeting of October 16, 2013

Subject: Authorize Changes to the Council's Expenditures Policy – Raise the Micro Purchase Procurement Level and Increase the Regional Administrator's Delegated Signature Authority

Proposed Action

That the Metropolitan Council authorize the increase of the Micro Purchase level from \$2,500 to \$5,000 and increase the Regional Administrator's Delegated Signature Authority from \$250,000 to \$500,000 for all purchases of budgeted goods and services. In addition, authorize the Regional Administrator to award construction contracts where:

- (a) The value of the contract does not exceed \$2,500,000;
- (b) The construction project was included in the Council-adopted capital budget;
- (c) The cost of the project is less than the Engineer's Estimate plus 10% and/ or a review of the Engineers Estimate is evaluated to determine why it is over the 10% with management concurrence; and
- (d) Sufficient funds are available in the capital budget to complete the project

Summary of Committee Discussion/Questions

Committee Member Rodriguez asked what other's across the state/nation have set their micro purchase level at. Gutzmann explained that it is really all over the board. Some are at \$500, the federal government is at \$3,000, the State just increased theirs to \$5,000.

Staff Gutzmann explained in the first two quarters of 2013 the Council acted on 27 procurements/contracts and if this change would have been in place they would have seen 12. Gutzmann went on to explain that the quarterly report will be modified to include a section on \$250,001 to \$500,000 to clearly identify procurements within that range.

Management Committee

Meeting date: September 25, 2013

For the Metropolitan Council meeting of October 16, 2013

Subject: Changes to the Council's Expenditures Policy – Raise the Micro Purchase Procurement Level and Increase the Regional Administrator's Delegated Signature Authority.

District(s), Member(s): All

Policy/Legal Reference: 3-3 - Expenditures

Staff Prepared/Presented: Micky Gutzmann, Director Council Contracts and Procurement, 651-602-1741

Division/Department: Contracts and Procurement

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- (g) The cost of the project is less than the Engineer's Estimate plus 10% and/ or a review of the Engineers Estimate is evaluated to determine why it is over the 10% with management concurrence; and
- (h) Sufficient funds are available in the capital budget to complete the project.

Background

The Regional Administrator's Delegated Signature Authority to approve awards for all purchases of budgeted goods and services was last increased in August of 1999 when it was raised from \$100,000 to \$250,000.

Rationale

Market trends and increased costs of goods and services indicate that raising the authorized signature limits is warranted.

Procurement staff will continue to provide the Quarterly Summary of Procurements report previously requested by the Management Committee. The report will be modified from its current format to include all procurements between \$250,000 and \$500,000.

The MN State Department of Administration changed their single bid level (Micro-Purchase level) from \$2,500 to \$5,000 during the 2013 legislative session.

Funding

There is no impact

Known Support / Opposition

Council Senior Staff supports these changes. There is no known opposition.