



CITY OF CONCORD

New Hampshire's Main Street™

Purchasing

Douglas B. Ross
Purchasing Manager

DATE: January 22, 2017

TO: Honorable Mayor and Members of the City Council
Thomas J. Aspell, Jr., City Manager

FROM: Doug Ross, Purchasing Manager

RE: Amendments to Purchasing Ordinance

Recommendation:

Accept this report and approve the attached changes to the Purchasing Ordinance.

Background:

Currently:

1. Limited purchases are made for items/services costing \$2,000.00 or less.
2. The Purchasing Manager, or authorized Purchasing Agent, shall permit the use of the City purchasing card, by authorized users, when deemed in the City's best interests, in excess of \$2,000.
3. The dollar threshold for competitive solicitations (Invitations for Bids/Requests for Proposals etc.), is \$20,000.01.
4. The dollar limits for standard purchases which, among other things, require at least three (3) written quotes whenever possible, are \$2,000.01 - \$20,000.00.
5. The City Manager may authorize the disposal of any surplus personal property, with a value of \$500.00 or more, by public sale, trade-in or donation to a nonprofit organization, or, if in the City Manager's opinion, the value of such items is less than \$500.00, authorize disposal by the methods identified above or by private sale after the public sale has been posted at least 7 days or at the solid waste transfer station or other appropriate means of disposal.

The Purchasing Manager recommends the following changes be made to the Purchasing Ordinance:

1. Increase the dollar limit for limited purchases to \$5,000.

2. Authorize the Purchasing Manager, or authorized Purchasing Agent, when in the best interests of the City, to permit use of the City purchasing card for purchases in excess of \$5,000.
3. Change the dollar threshold for competitive bidding to \$50,000.01.
4. Subsequently, change the dollar limits for standard purchases to \$5,000.01 - \$50,000.00.
5. Change the disposal of surplus personal property requiring the City Manager's approval to the following categories:
 - a. Items with a value, at the time of purchase, of \$10,000.00 or more and a useful life of 2 years or more;
 - b. Office furniture; and
 - c. Computer hardware.

Discussion:

The recommended changes to the Purchasing Ordinance are requested for the following reasons:

1. Limited Purchases: The Purchasing Manager recommends increasing the dollar limit for limited purchases from \$2,000 to \$5,000 because:
 - a. Several NH municipalities, Dover, Keene, Manchester and Nashua, successfully use a higher limit for these types of purchases than the City of Concord does (see attached); and
 - b. This represents, on average, 1.9% and 1.2% respectively of all annual City purchasing transactions and their total dollar value (see attached).
2. Purchasing Card: The Purchasing Manager recommends that he, or a designated Purchasing Agent, be authorized, when in the best interests of the City, to permit use of the City purchasing card for purchases in excess of \$5,000 because:
 - a. Situations do occur, although infrequently, when the City can save time and money by using the purchasing card for transactions in excess of \$5,000.
3. Competitive Solicitations: The Purchasing Manager recommends increasing the dollar threshold for competitive solicitations from \$20,000.01 to \$50,000.01 because:
 - a. For FY14 – FY16, on average, competitive solicitations between \$20,000.01 - \$50,000.00 consume 15.5% of the time spent by the Purchasing staff on bids and RFPs yet account for only 1.4% of the total dollar value of all competitive solicitations (see attached).
4. Standard Purchases: If the dollar limits/thresholds for limited purchases and competitive solicitations are changed then the dollar limits for standard purchases must be changed from \$2,000.01 - \$20,000.00 to \$5,000.01 - \$50,000.00.
6. Disposal of Surplus Personal Property. The Purchasing Manager recommends these changes to more clearly identify for City staff what surplus personal property needs the City Manager's approval before it can be disposed of.