

# CITY OF HIGH POINT

## AGENDA ITEM



### **Title: Resolution To Change Purchasing Policy**

**From:** Erik Conti, Purchasing Manager

**Meeting Date:** May 6, 2019

**Public Hearing:** N/A

**Advertising Date /  
Advertised By:** N/A

**Attachments:** Resolution  
Statutes

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### **PURPOSE:**

To Amend the City of High Point Purchasing Policy.

### **BACKGROUND:**

The City desires to promote competitive procurement practices which provide equal access for all vendors to compete for business with the City. At this the High Point Purchasing Office is Proposing the following amendment to the Purchasing Policies and Procedures Manual:

1. Increase micro purchasing threshold from \$4,999 to \$9,999.
2. Remove the three (3) bids requirement for projects under \$500,000.
3. Remove the three (3) bids requirement for commodity purchases.

### **BUDGET IMPACT:**

N/A

### **RECOMMENDATION / ACTION REQUESTED:**

Council is requested to adopt a Resolution to Change the Purchasing Policy as identified above.

## **RESOLUTION TO CHANGE PURCHASING POLICY**

**WHEREAS**, the City desires to maintain efficient and effective procurement practices which provide for economical operations; and,

**WHEREAS**, the City desires to promote competitive procurement practices which provide equal access for all vendors to compete for business with the City; and,

**WHEREAS**, to promote effective, efficient and competitive procurement practices City-wide, a City of High Point Purchasing Policy and Procedures Manual was developed and adopted by the City Council in December 2015; and,

**NOW THEREFORE BE IT RESOLVED that:**

To ensure compliance with this policy and to promote efficient operations, the City Manager shall cause to be established and cause to be amended from time to time as required by Council action state or federal law, or operational efficiencies, to this Manual.

### **PROPOSED AMENDMENT TO THE PURCHASING POLICIES AND PROCEDURES MANUAL**

1. Increase micro purchasing threshold from \$4,999 to \$9,999.
2. Remove the three (3) bids requirement for projects under \$500,000.
3. Remove the three (3) bids requirement for commodity purchases.

This Resolution adopted this \_\_\_\_ day of \_\_\_\_\_, 2019.

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**Jay W. Wagner, Mayor**

**ATTEST:**

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**Lisa B. Vierling, City Clerk**

## Randy McCaslin

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**From:** Erik Conti  
**Sent:** Wednesday, May 01, 2019 9:21 AM  
**To:** Bobby Fitzjohn; Randy McCaslin; Eric Olmedo  
**Subject:** Bid Requirement Resolution Recommendations

Gentlemen,

The following are the list of items/policies that Purchasing wishes to recommend for amendment in the City's purchasing guidelines since they are presently more restrictive than statutorily required and or utilized by the Uniform Guidance requirements for Grant funding.

- We wish to increase the City's micro purchasing threshold from \$4,999 to \$9,999 so that three quotes will no longer be required in this range. The new range from \$10,000 to \$29,999 would still require three quotes but the recommended change would provide more flexibility to the departments in the micro purchase range. This elevation of micro purchase has been instigated by the new Uniform Guidance requirements which has been increased from \$3,500 to \$10,000 and it would be much simpler for the City to follow this guideline for all micro purchases moving forward. **Micro purchase limits are at our discretion and are not outlined by statute.**
- Presently, the City policy requires three (3) bids on all construction projects in the \$30,000 and above category. Statutorily, three (3) bids are only required for construction projects in the \$500,000 and above range. Purchasing recommends that we change the current City policy for construction that requires three (3) at \$30,000 and above to \$500,000 and above to only requiring one bid in this range. **NC Statute only requires one bid (G.S. 143-129). Any project above the \$500,000 threshold will still require three (3) bids.**
- Presently, the City Policy requires three (3) bids on all commodity purchase bids in the informal range of \$30,000 to \$89,999 and **NC statute requires only one (1).** Purchasing wishes to remove the 3 bid requirement in this range. **(G.S. 143-131)**
- Presently, the City Policy requires three (3) bids on all commodity purchase bids in the formal range of \$90,000 and above and **NC statute requires only one (1).** Purchasing wishes to remove the 3 bid requirement in this range as well. **(G.S. 143-129)**

We are pulling some information together to substantiate and justify our recommendations and I will be prepared to attend the finance committee meeting to answer any questions. My only request is to present first if at all possible so that I am able to depart by 3:30 please. If you are all in agreement, I will prepare the resolution required for council.

Thank you for your support on these matters and please let me know if you have any questions.

Erik

ERIK CONTI  
CLGPO

CITY OF HIGH POINT  
PURCHASING MANAGER, FINANCE

211 S Hamilton, Room 215 | High Point, NC 27260



# Dollar Thresholds in North Carolina Public Contracting Statutes

Dollar limits and statutory authority current as of November 1, 2015



Requirement	Threshold	Statute
<b>Formal bidding</b>	<i>(estimated cost of contract)</i>	
Construction or repair contracts	\$500,000 and above	G.S. 143-129
Purchase of apparatus, supplies, materials, and equipment	\$90,000 and above	G.S. 143-129
<b>Informal bidding</b>	<i>(actual cost of contract)</i>	
Construction or repair contracts	\$30,000 to formal limit	G.S. 143-131
Purchase of apparatus, supplies, materials, and equipment	\$30,000 to formal limit	G.S. 143-131
<b>Construction methods authorized for building projects</b>	Over \$300,000 <i>(estimated cost of project)</i>	G.S. 143-128(a1)
Separate Prime		
Single Prime		
Dual Bidding		
Construction Management at Risk (G.S. 143-128.1)		
Design-Build and Design-Build Bridging (G.S. 143-128.1A; G.S. 143-128.1B)		
Public Private Partnership (P3) (G.S. 143-128.1C)		
<b>Historically Underutilized Business (HUB) requirements</b>		
Building construction or repair projects		
– Projects with state funding ( <i>verifiable 10% goal required</i> )	\$100,000 or more	G.S. 143-128.2(a)
– Locally funded projects ( <i>formal HUB requirements</i> )	\$300,000 or more	G.S. 143-128.2(j)
– Projects in informal bidding range ( <i>informal HUB requirements</i> )	\$30,000 to \$500,000*	G.S. 143-131(b)
*Note: Formal HUB requirements should be used for informally bid projects costing between \$300,000 and \$500,000		
<b>Limit on use of own forces (force account work)</b>	<i>(not to exceed)</i>	G.S. 143-135
Construction or repair projects	\$500,000 (total project cost) or \$200,000 (labor only cost)	
<b>Bid bond or deposit</b>		
Construction or repair contracts ( <i>at least 5% of bid amount</i> )	Formal bids (\$500,000 and above)	G.S. 143-129(b)
Purchase contracts	Not required	
<b>Performance/Payment bonds</b>		
Construction or repair contracts ( <i>100% of contract amount</i> )	Each contract over \$50,000 of project costing over \$300,000	G.S. 143-129(c); G.S. 44A-26
Purchase contracts	Not required	
<b>General contractor's license required</b>	\$30,000 and above	G.S. 87-1
Exemption	Force account work ( <i>see above</i> )	
Owner-builder affidavit required	Force account work ( <i>see above</i> )	G.S. 87-14(a)(1)
<b>Use of licensed architect or engineer required</b>		
Nonstructural work	\$300,000 and above	G.S. 133-1.1(a)
Structural repair, additions, or new construction	\$135,000 and above	
Repair work affecting life safety systems	\$100,000 and above	
<b>Selection of architect, engineer, surveyor, construction manager at risk, or design-build contractor</b>		
"Qualification-Based Selection" procedure (QBS)	All contracts unless exempted	G.S. 143-64.31
Exemption authorized	Only projects where estimated fee is less than \$50,000	G.S. 143-64.32