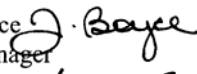



COUNTY OF DURHAM

TO: Mike Ruffin
County Manager PURCHASING DIVISION

FROM: Jacqueline Boyce 
Purchasing Manager

THRU: George Quick 
Finance Director

DATE: November 13, 2007

RE: Purchasing and Contracts Delegated Approval Authority

In accordance with the approved budget document for FY 2007-08, the County Manager may enter into agreements for the purchase of apparatus, supplies, materials, equipment and construction or repair work **not requiring formal bids by law**. Effective July 1, 2007, the formal bid dollar threshold in G.S. 143-129 for **construction and repair work has increased from \$300,000 to \$500,000**. (Note: *This change does not affect the requirements for bonding in Article 3 of Chapter 44A (G.S. 44A-26). Performance and payment bonds are still required for projects over \$300,000, and for each contract over \$50,000*). The current dollar threshold for informal bids by law is \$30,000, which basically means that no competition is required for the purchase of apparatus, supplies, materials, equipment and construction or repair work valued at \$30,000 and below.

In order to be consistent with the current law, the Purchasing Division is recommending that the dollar threshold limits as it relates to the County's bidding process and the approval authority for signing contracts be updated in our purchasing policies and procedures. We are also recommending that the delegated approval authority to the Department Heads for signing contracts be increased from \$20,000 to \$30,000.

The updated contract approval authorities would read as follows:

Contract Authority of the County Manager:

- Form and execute grant agreements within budget appropriations;
- Execute leases up to \$15,000 for normal and routine business within budget appropriations (County as Tenant only);
- Enter into consultant, professional, maintenance or other service agreements up to \$40,000;
- Approve annual renewals for service and maintenance contracts and leases. Renewals include contracts for the same services or leased spaced;
- Purchase of apparatus, supplies, materials or equipment and construction or repair work **not requiring formal bids by law (goods <\$89,999 and construction <\$499,999)**;
- Reject any and all bids and re-advertise to receive bids;
- Waive any bonds or deposits, or performance and payment bonds requirements when authorized or permitted by applicable law;
- Execute all contracts where a non-standard contract is used.

Contract Authority of the Department Head:

- Approve all contracts and purchases within budget appropriations (except grant agreements and leases) up to \$30,000.

Contract Authority of the Board of County Commissioners:

- Approve all Formal Bids
 - \$90,000 and above for apparatus, supplies, materials, and equipment
 - \$500,000 and above for construction and repair work
 - \$40,000 for services
- Transfers between funds and transfer from contingency account;
- To execute leases greater than \$15,000 for normal and routine business within budgeted appropriation and all Leases of County Property (where County is Landlord).

The updated dollar threshold for the solicitation of bids would read as follows:

Formal Bids:

- Construction or repair contracts – formal bids solicited by Purchasing \$500,000 and above
- Purchase of apparatus, supplies, materials, and equipment – formal bids solicited by Purchasing \$90,000 and above
- Service Contracts (except architect, engineering, surveying) – formal bids (RFP) solicited by Purchasing \$40,000 and above

Informal Bids:

- Construction or repair contracts – informal bids solicited by Purchasing between \$30,001 and \$499,999
- Purchase of apparatus, supplies, materials, and equipment – informal bids solicited by Purchasing between \$30,001 and \$89,999
- Service Contracts (except architect, engineering, surveying) –informal bids (RFP) solicited by Purchasing between \$30,001 and \$39,999

Selection of Architect, Engineer or Surveyor:

- “Best qualified” selection process by Purchasing for all contracts unless exempted
- Board required to exempt if less than \$30,000
- Board has sole discretion to exempt on case-by-case basis if \$30,000 and above

No competition required:

- No competition required on bids less than \$30,000 (**with the exception of Fixed Assets – tangible items valued at \$5,000 and above**)
- Although not required, User Departments are encouraged to solicit quotes for price competitiveness when possible.

The attached Section 6 Approval Authority of the Purchasing Contract Manual has been revised to reflect the County Manager’s approval authority and the delegated authority given to the Department Heads as stated above. Also attached is the County’s revised policy on the dollar threshold required for soliciting quotes. If you are in agreement with these changes, please indicate your approval by signing below. **A copy of this memo and the attachments will be distributed to all Department Heads and Departmental Purchasing Liaisons to become effective immediately.**

Attachments

Approved By: Mike Ruffin, County Manager

Signature: Mike Ruffin Date: 11-20-2007