



# City of San Antonio

## Agenda Memorandum

**File Number:**

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**Agenda Item Number:** 40

**Agenda Date:** January 30, 2025

**In Control:** City Council A Session

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**DEPARTMENT:** Finance Department

**DEPARTMENT HEAD:** Troy Elliott

**COUNCIL DISTRICTS IMPACTED:** Citywide

**SUBJECT:**

Proposed Updates to the Procurement Process

**SUMMARY:**

This ordinance authorizes the acceptance of recommended changes to the procurement process to enhance efficiency and streamline operations. The proposed changes include delegating contracting authority for fleet acquisitions funded in the Annual Budget to the City Manager or their designee, authorizing the City Manager or their designee to contract for amounts less than \$1 million for architecture and engineering, construction, other services, and professional services and providing the City Manager or their designee contracting authority for goods and supplies for amounts less than \$2.5 million.

**BACKGROUND INFORMATION:**

The Finance Department has proposed revisions to the City's procurement processes to reduce timelines and improve efficiency for City procurements. These efficiencies will benefit both the City and the vendors and small businesses seeking contracts from the City. Two briefings were provided to the City Council: an initial B Session briefing on December 11, 2024, and a follow-up B Session briefing incorporating Councilmember feedback on January 15, 2025.

The proposed changes included delegating to the City Manager or Designee the ability to authorize and enter into contracts:

- For fleet acquisitions funded in the annual budget;
- For contracts with amounts less than \$1 million for architecture and engineering, construction, other services, and professional services and;
- For contracts for goods and supplies for amounts less than \$2.5 million.

Based upon analysis by City staff of projected procurements in FY 2025, application of the thresholds would significantly reduce the number of procurements going to City Council for consideration, however, the vast majority of the contract value in these categories would still be approved by City Council. For example, the application of the \$1 million threshold would result in approximately 46% of the number of architecture and engineering, construction, other services and professional services procurements being delegated to the City Manager with an estimated value of \$50 million which represents only 4% of the total estimated value of contracts in these categories. Consequently, 54% of these procurements with an estimated value of \$1.1 billion, or 96% of the total estimated dollar value in these categories would continue to be included on the A-Session agenda for City Council consideration.

For goods and supplies, application of the \$2.5 million threshold would result in approximately 93% of the number of these procurements being delegated to the City Manager with an estimated value of \$24 million, representing only 16% of the estimated dollar value in this category. As such, 7% of the procurements with an estimated value of \$127 million, or 84% of the total dollar value for this category would continue to be included on the agenda for City Council consideration. Also, good and supplies are typically a statutory driven low bid process where specifications and price are the determining factors.

Additionally, for purposes of the aforementioned dollar thresholds by category, the determination will be made based on the value of the solicitation. For example, a solicitation for goods and supplies with multiple vendors with individual contracts less than \$2.5 million but with an aggregate value exceeding \$2.5 million would not be delegated to the City Manager and would proceed for consideration for award by the City Council. The changes would also not be applicable to job order contracts.

If approved, these changes will take effect for contracts presented for approval beginning on April 3, 2025. To ensure transparency, all contracts approved under this delegation will be reported quarterly to the City Council and made publicly available.

Additionally, staff recommended placing high profile on-call and annual contracts directly on the City Council agenda due to their routine nature. This would streamline the process as pre-solicitation and post-solicitation presentations to the Audit Committee would no longer be necessary. This process change would be effective for the February 2025 Audit Committee Meeting.

## **ISSUE:**

These proposed revisions are designed to enhance the efficiency of City procurements by reducing timelines and delegating contract authority as provided above.

**ALTERNATIVES:**

Should these changes not be approved, City staff will continue to follow current policies and procedures when procuring goods and services.

**FISCAL IMPACT:**

No fiscal impact.

**RECOMMENDATION:**

Staff recommends approval of this ordinance.