

LEGISLATIVE DIGEST

[Administrative Code - Contracting Minimum Competitive Amount and Threshold Amount]

Ordinance amending the Administrative Code to update the Minimum Competitive Amount and Threshold Amount for contracting to reflect recent consumer price index increases; update the Local Business Enterprise size criteria amounts to reflect recent consumer price index increases; align the consumer price index increases with the fiscal year; and add “Delegated Purchasing Amount” as a defined term in the Administrative Code.

Existing Law

The City’s Administrative Code sets certain dollar threshold amounts which impact how the City procures and contracts for goods and services including construction work. These thresholds also determine what local preference program elements may apply to that procurement or contract. To allow for changes in inflation and the time value of money, these threshold amounts are increased by the Controller, by operation of law, based on changes in the consumer price index January 1st every five years. On January 1, 2025 the controller increased the “minimum competitive amount,” “threshold amount,” and Local Business Enterprise (LBE) business size criteria.

Under Chapter 21 of the Administrative Code, the Purchaser has authority to delegate certain signature and purchasing authority to departments to purchase certain commodities and general services. As of July 1, 2024, this amount was set at \$20,000.

Under Chapter 6 of the Administrative Code (construction contracting), certain departments are allowed to contract for public works or improvements less than or equal to \$10,000 with no competitive solicitation required.

Similarly, Chapter 14B (LBE Program) elements are only applicable to contracts above \$10,000.

Amendments to Current Law

This ordinance would codify the Controller’s January 1, 2025 increases to the “minimum competitive amount,” “threshold amount,” and LBE business size criteria limits in the administrative code. The purpose of this update is to minimize confusion by ensuring that the code reflects the currently applicable threshold amounts.

The ordinance would change the date for future consumer price index increases from January 1st to July 1st to align with the beginning of the fiscal year.

FILE NO. 250508

This ordinance would create a new defined term, “delegated purchasing amount,” set at the Purchaser’s current \$20,000 threshold, and align terms across the entire Administrative Code. The ordinance would increase the Chapter 14B and Chapter 6 minimum thresholds from \$10,000 to \$20,000.

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