

Tab 3

Metropolitan Water District of Salt Lake & Sandy
Board Meeting Information
Last Update: October 5, 2023

Agenda Item: Consider approval of proposed changes to Policies and Procedures Chapter 6

Objective: Seek board approval on increasing the Small Purchase Limit from \$1,000 to \$2,000

Background: Currently the District's Policy & Procedure regarding small purchases states the following:

6-506 SMALL PURCHASES

(2)(a) Before making a purchase of \$1,000 or less, the District manager responsible for the purchase shall use means which are reasonable under the circumstances to assure that the District is getting good value and reasonable price. A purchase of goods or services for more than \$1,000, but not exceeding \$50,000, may be awarded without a competitive process after the solicitation of price quotations from enough prospective vendors to reasonably ensure that the District received a competitive price. Such solicitations may be made electronically, orally, or in writing.

Currently many items that previously were quoted at less than \$1,000 are now exceeding that threshold. The price increases are related to supply chain issues and inflation. The policy requires that goods and services for more than \$1,000 require the solicitation of multiple quotes.

Some examples of goods that previously cost less than \$1,000 are noted below:

- Paint purchased for a project costs over \$1,000. 5 gallons of paint averages around \$600.
- Mulch and fertilizer when purchased for a project or in bulk now costs over \$1,000
- A lumber order for a small project now costs over \$1,000
- Tires for forklift and vehicles now cost \$1,100 or higher
- Replacement golf cart batteries now cost \$1,200
- Replacement garage door opener now costs \$1,350
- Pumps and Actuators that were under \$1,000 now cost over \$1,000
- Instrumentation probes now cost over \$1,000

The small purchase threshold of \$1,000 has been in place for more than 15 years. Increasing the threshold to \$2,000 will allow goods and services to be purchased without acquiring quotes from multiple vendors. Staff will continue to ensure that the District is getting a good value and reasonable price for all goods and services.

Committee Activity: The Management Advisory Committee discussed this item during the October 3, 2023 meeting and recommended approval by the full board.

Recommendation: Staff seeks approval for the proposed changes to Policies and Procedures Chapter 6.