REPORT

DATE: March 6, 2008

TO: Regional Council and Administration Committee

FROM: Honorable Paula Lantz, Chair of the Contracts Subcommittee

SUBJECT: Increase the Informal Contract Threshold

EXECUTIVE DIRECTOR'S APPROVAL:

RECOMMENDED ACTION:

Approve Increasing the Informal Contract Threshold from $25,000 to $50,000.

BACKGROUND:

At the January 31, 2008 Contracts Subcommittee meeting, the subcommittee discussed the following potential strategies for increasing competition for SCAG's contracting opportunities:

1. Continuing vendor outreach efforts, specifically attending various tradeshows and registering new potential suppliers into SCAG's bid notification system.
2. Continuing to conduct follow up surveys when SGAG receives less than 2 bids to determine why potential bidders did not bid.
3. Contacting local Chambers of Commerce, **a)** to inquire about the possibility of advertising SCAG's contracting opportunities on the Chambers' respective websites, **b)** to increase the visibility of SCAG's contracting opportunities, and **c)** increase the potential pool of bidders.
4. Increasing the informal contracting threshold (the threshold used to determine whether or not a purchase will require more than 3 bids) from $25,000 to $50,000.

The subcommittee directed staff to continue to employ the first and second strategies previously mentioned. The subcommittee also directed staff to pursue the third strategy, and the 4th strategy if it is approved by the Administration and Regional Council. The subcommittee directed staff to report back to the subcommittee about all four strategies on a monthly basis.

Regarding the fourth strategy, the subcommittee noted that although FHWA/FTA and Caltrans allow a threshold of up to $100K, SCAG had previously elected a $25,000 informal bidding threshold, based on recommendations of the May 2000 Best Practices report. Since the conditions that existed at the time of the report no longer existed, the Committee approved recommending the threshold be raised, to be in line with other state & local contracting entities.

Therefore, the subcommittee made and approved a recommendation to increase the informal bidding threshold from $25,000 to $50,000.

FISCAL IMPACT:

There is no fiscal impact related to this matter.

Reviewed by: _____
Division Manager

Reviewed by: _____
Chief Financial Officer