



# Agenda Item

## Orange City Council

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**Item #:** 11.1.

12/9/2025

**File #:** 25-0655

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**TO:** Honorable Mayor and Members of the City Council

**FROM:** Jarad Hildenbrand, City Manager

### 1. SUBJECT

Introduction and First Reading of Ordinance No. 20-25 amending various sections of Chapter 3.08 of the Orange Municipal Code relating to the City's purchasing system.

### 2. SUMMARY

Orange Municipal Code Chapter 3.08 governs the City's purchasing system and processes. Much of Chapter 3.08 was last amended in 1999, including the varying purchasing thresholds. With costs increasing significantly over the past 25 years, Ordinance No. 20-25 modernizes the City's purchasing system by increasing select purchasing thresholds.

### 3. RECOMMENDED ACTION

Introduce and conduct First Reading of Ordinance No. 20-25. An Ordinance of the City Council of the City of Orange amending various sections of Orange Municipal Code Chapter 3.08.

### 4. FISCAL IMPACT

None.

### 5. STRATEGIC PLAN GOALS

Goal 2: Enhance Economic Development and Achieve Fiscal Sustainability.

### 6. DISCUSSION AND BACKGROUND

Orange Municipal Code Chapter 3.08 governs the City's purchasing system and covers several procurement matters including, but not limited to:

- The establishment of a centralized purchasing division.
- Addresses conflict of interest matters.
- Processes to enter professional services agreements.
- The process to purchase materials, supplies, and equipment.
- The procurement process for Public Works projects.
- Bidding procedures; and
- Purchasing processes during emergencies.

With some exceptions, Chapter 3.08 provisions were adopted in July 1999. While the language in

many of these sections is still relevant, the amount thresholds listed in Chapter 3.08 are relatively low given the City's size and scope of services coupled with substantial cost increases since 1999. In drawing from Bureau of Labor Statistics' reported Consumer Price Index since September 1999 for All Urban Consumers in the Los Angeles-Long Beach-Anaheim area (CPI), prices have more than doubled. Additionally, the California Construction Cost Index shows that construction costs have increased by 26% since November 2021.

Like other municipalities, the City's purchasing system accomplishes two overarching goals. First, it ensures transparency and integrity in the City's procurement process. This is achieved through conflict-of-interest provisions, public bidding requirements, ensuring oversight through a centralized purchasing division, and requiring City Council approval for qualifying purchases or contracts. Second, the City's purchasing system promotes efficiency, in part, by allowing City staff to administratively approve certain purchases and contracts that fall below specific dollar amounts.

In addressing the latter point, the City has not revisited many Chapter 3.08-dollar amount thresholds in over 20 years. With goods and services substantially more than they were in 1999, staff must often follow more arduous purchasing requirements on routine operating expenditures.

To streamline operations and better align the City's purchasing system with surrounding agencies, staff recommend the adoption of Ordinance No. 20-25. This Ordinance adds language addressing 1) vendor limits on a per department and fiscal year basis; 2) standard language that prohibits staff from splitting projects to circumvent the City's purchasing requirements; 3) new purchasing procedures during emergencies; and 4) increases to the existing dollar amount thresholds, including:

- Increasing the requirement for written purchase orders from \$5,000 to \$15,000.
- Allowing informal bid procedures for materials, supplies, and equipment with a value of less than \$100,000; and
- Increasing the City Manager signing authority from \$30,000 to \$100,000.

Regarding the last bullet point, increasing the City Manager signing authority establishes a cap that is more than triple the existing amount. Although a considerable adjustment, it reflects the substantial cost increases that have occurred over the past 25 years and generally places Orange on par with other agencies with populations exceeding 100,000.

Recognizing this increase would create a large gap between the proposed City Manager signing authority and other thresholds, staff went through and made conservative increases relative to the potential City Manager signing authority. Where the proposed City Manager signing authority is more than triple the existing amount, all other recommendations represent a threefold increase (e.g., increasing the written purchase order threshold from \$5,000 to \$15,000).

Overall, by increasing the existing dollar amount thresholds, the City can bring Orange in line with other similarly situated cities while affording staff the opportunity to more swiftly maintain City operations. All purchases will continue to be open to public disclosure, which will become even more accessible with the City's launch of its Open Finance dashboard in 2026.

## 7. ATTACHMENTS

- Ordinance No. 20-25
- Ordinance No. 20-25 - Redline