

**ORANGE COUNTY
BOARD OF COMMISSIONERS**

ACTION AGENDA ITEM ABSTRACT

Meeting Date: April 6, 2010

Action Agenda

Item No. 7-f

SUBJECT: Adjusting the Limits on the Manager's Contracting Authority

DEPARTMENT: County Attorney

PUBLIC HEARING: (Y/N)

No

ATTACHMENT(S):

- (A) Memorandum
- (B) Ordinance Amending the Budget Ordinance

INFORMATION CONTACT:

John Roberts, 245-2318

PURPOSE: To provide the Board of County Commissioners with information regarding the contracting authority of county managers in various North Carolina counties in order to compare that information to Orange County and, if appropriate, adjust the Manager's contracting authority.

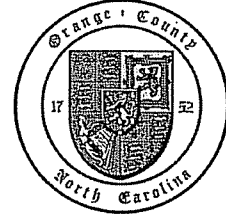
BACKGROUND: Upon the formation of the in-house County Attorney's office, the County Commissioners instructed the Attorney to improve efficiency in the contract routing process. One of the Attorney's initial suggestions was to increase the monetary limits on the Manager's contracting authority. The County Commissioners, through the Budget Ordinance, increased the Manager's contracting authority from \$5,000 to \$25,000 for any type of contract with the exception of Board consultants and instructed the Attorney the \$25,000 limit should remain in effect until the yet to be hired Manager's employment probationary period expired. The new County Manager's probationary period has now expired. Should the Board of Commissioners choose to adjust the Manager's contracting authority, it may do so now through a Budget Ordinance Amendment or it may address the matter in the FY 2010-11 Budget Ordinance.

FINANCIAL IMPACT: None

RECOMMENDATION(S): The Attorney recommends the County Commissioners review the attached information and consider amending the FY 2009-10 Budget Ordinance to adjust the Manager's contracting authority to allow the Manager to sign all contracts up to the North Carolina Statutory bid limits with the exception of Board consultant contracts.

Office of the County
Attorney

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To: Orange County Commissioners
Valerie P. Foushee, Chair
Bernadette Pelissier, Vice Chair
Alice M. Gordon
Pam Hemminger
Barry Jacobs
Mike Nelson
Steve Yuhasz

From: John Roberts
Date: February 26, 2010
Re: Manager's Contracting Authority

Prior to the employ of the current county manager the County Commissioners indicated to me that the monetary limits on the manager's contracting authority, being up to \$25,000.00 for all contracts except Board Consultants, should remain in effect during the probationary period of whomever the County Commissioners hired as the county manager. I was further directed that the manager's authority to sign contracts should be brought back before the County Commissioners for discussion when the new manager's probationary employment period expired.

The reasoning behind a recommendation that the county manager have greater authority to sign contracts is primarily for increased efficiency. The County Commissioners have requested that I implement changes to Orange County's contract review process to improve efficiency. To accomplish that task I have developed a contract routing sheet to accompany all contracts and a contract routing process through which contracts are submitted for signature and review in a predetermined order. I have also drafted contract form templates for various types of contracts, which allow departments to fill in dates, amounts and other information, while leaving the general terms protected from alteration by vendors. The final method that may be employed to improve efficiency in the contract routing process is to increase the signature authority of the manager.

I have requested and received several responses regarding the signature authority of county managers in various counties as it relates to the dollar amount of contracts. Additionally, the Finance Department conducted some research on this issue. The results are as follows:

Cabarrus County—Manager may sign contracts with a dollar value up to \$90,000.

Durham County—Manager may sign contracts for services with a dollar value up to \$90,000 and contracts for goods with a dollar value up to \$40,000.

Gaston County—Manager may sign any contract up to the statutory bid limits and any amount on general services contracts but the County Attorney may exercise an option to request Board approval on any contract deemed controversial or too expensive.*

Iredell County—Manager may sign contracts with a dollar value up to \$90,000.

Mecklenburg County—Manager may sign contracts up to the statutory bid limits and any amount on general services contracts.*

Onslow County—Manager may sign contracts with a dollar value of up to \$100,000 for goods and \$90,000 for services.

Pitt County—Manager may sign all contracts with a dollar value up to \$75,000.

Stanly County—Manager may sign all contracts up to the statutory bid limits and any amount on general services contracts.*

Union County—Manager may sign all contracts with a dollar value up to \$90,000.

* Statutory bid limits are \$90,000 for goods, apparatus and materials and \$500,000 for construction.

Another consideration in adjusting the manager's contracting authority is the expediency with which contracts may be approved and signed. For example, under the current system if a \$70,000 contract needing approval and signature came into the approval process in late June it would be mid August before the contract could be reviewed and approved for signature by the County Commissioners.

CONCLUSION

The above information is for your consideration. In my opinion increasing the manager's contracting authority would improve the efficiency of the contract routing process and would more often ensure the county has contractual protection in an expedient manner. Should you wish to address this matter please let me know and I will request that it be placed on an agenda for your discussion.

**AN ORDINANCE AMENDING
THE ORANGE COUNTY FISCAL YEAR 2009-10 BUDGET
ORDINANCE**

WHEREAS, the Board of County Commissioners have requested the County Attorney evaluate the County's contract routing process for deficiencies in efficiency, and

WHEREAS, the County Attorney has implemented numerous changes to the process, which have resulted in improved efficiency, and

WHEREAS, the County Attorney has identified the minimal nature of the County Manager's authority to sign contracts as an area wherein efficiency could be improved by increasing the financial limits of the Manager's authority, and

WHEREAS, the proposed amendment establishes a standard whereby the efficiency of the County's contract routing process may be improved.

BE IT ORDAINED BY THE BOARD OF COMMISSIONERS OF ORANGE COUNTY, NORTH CAROLINA, to hereby amend the Orange County Fiscal Year 2009-10 Budget Ordinance by adding (indicated by underlined language) and deleting (indicated by stricken through language) as follows:

That Section XII be amended as follows:

The County Manager is hereby authorized to execute contractual documents under the following conditions:

- 1) The Manager may execute contracts for construction or repair projects which do not require formal competitive bid procedures and for which the amount to be expended does not exceed \$ 499,999.
- 2) The Manager may execute contracts for general and/or professional services which are within budgeted departmental appropriations, for purchases of apparatus supplies and materials or equipment which are within the budgeted departmental appropriations, and for leases of personal property for a duration of one year or less and within budgeted departmental appropriations for which the amount to be expended does not exceed \$ 89,999.
- 3) The Board of Commissioners reserves solely unto itself the authority to approve and execute contracts with Board Consultants.

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4) _____ Contracts executed by the Manager shall be pre-audited by the Finance Officer and reviewed by the County Attorney to ensure compliance in form and sufficiency with North Carolina law.

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Upon motion of Commissioner _____, seconded by Commissioner _____, the foregoing Fiscal Year 2009-10 Budget Ordinance amendments were adopted this the _____ day of _____, 2010 and shall become effective upon adoption.

Donna Baker, Clerk
Orange County Board of Commissioners