



City of Dallas

Competitive Bid Threshold Increase & Code Alignment

**City Council Briefing
October 1, 2025**

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Purpose



- Provide an update on procurement threshold changes from the 89th Texas Legislature
- Review current contract authorization thresholds
- Analyze contract activity and impact of potential changes to contract authorization thresholds
- Present proposed changes to Chapter 2 of the Dallas City Code





89th Texas Legislature



SB 1173 - Overview

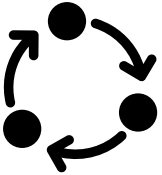



- Doubled the competitive bidding threshold for municipalities, counties, school districts, and other local governments from \$50,000 to **\$100,000**
 - Formal Solicitations are only required if an expenditure exceeds \$100,000
 - Expanded HUB requirements for purchases between \$3,000 and \$100,000
- First increase to the statutory threshold since 2007
- Allowed adoption of new threshold after **September 1, 2025**



SB 1173 – Potential Impact



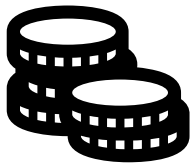
| | |
|--|--|
|  Streamlined Operations | <ul style="list-style-type: none">• Reduces volume of contracts requiring formal procurement (advertisement, public openings, etc.)• Increases efficiency for departments• Enhances responsiveness to urgent needs |
|  Strategic Procurement | <ul style="list-style-type: none">• Focuses on high-risk/high-value procurements• Shifts operations from transactional to strategic procurement• Supports innovation and pilot programs |

SB 1173 – Potential Impact



Small Business Engagement

- Supports unbundling efforts to create smaller, more accessible contract opportunities
- Simplified process reduces delays and improves cash flow for small businesses
- Increased access to opportunities
- Reduces the financial burden on small businesses to participate in the formal procurement process



Fiscal Impact

- No mandated fiscal impact
- Reduces administrative costs
- Shifts focus to contracts with higher risk and visibility
- Accounts for inflation and rising costs of goods and services



Change Orders – No Legislative Change



- SB1173 did not change the existing requirements for Change Orders
 - Change orders to a general goods and services contract of <\$50,000 may be approved administratively.
 - Change orders to a facility construction contract of <\$100,000 may be approved administratively.
 - No contract may be increased or decreased by more than 25% of the original contract.





Contract Authorization Thresholds



City Council Contract Threshold



- **Chapter XXII. Public Contracts** of the Dallas City Charter gives the City Council authorization to delegate contract authority
- The amount below which City Council approval is not required, may not change more than once every 2 years

Competitively Bid
Contracts
>\$100,000

Competitively Bid
Contract
Change Orders
>\$50,000

Construction
Change Orders
>\$100,000

ID/IQ
Contracts

Supplemental
Agreements
>\$50,000

Ratifications
>\$100,000

ILA/ Cooperative
Agreements
>\$100,000

Professional/
Personal/ Planning
Service Contracts
>\$100,000

WRR-FM
Expenditures
>\$50,000



Administrative Contract Threshold



- **Chapter 2, Section 2-30** of the Dallas City Code authorizes the City Manager to approve certain contracts via Administrative Action
- The City Manager's threshold for goods, services, and construction is currently \$100,000
 - Double the current competitive bid threshold (\$50,000)

| Year | AA Threshold |
|----------|--------------|
| Pre-2012 | \$25,000 |
| 2012 | \$50,000 |
| 2018 | \$70,000 |
| 2021 | \$100,000 |



Other Contract Thresholds – Economic Incentives



- In January 2023 City Council amended the City of Dallas' Economic Development Policy to allow for certain incentives to be awarded via Administrative Action:
 - As-of-right tax abatements for certain projects in Target Areas
 - Incentive offers valued at or below **\$1 million** for projects in Target Areas
- A quarterly memo summarizes incentives awarded via Administrative Action



Other Contract Thresholds – JOC Task Orders



- Job Order Contracting is an alternate procurement method used for maintenance, repair, alteration, renovation, remediation, or minor construction at a facility
- Per Chapter 2269 of the Local Government Code:
 - Job, Tasks or Purchase Orders under a Job Order Contract **exceeding \$500,000** must be approved by City Council
- This authority allows for efficient delivery of projects without requiring separate Council action as long as the total contract amount remains within the master contract's appropriated funds.



Contract Review Thresholds



- The Procurement Strike Team reviewed council actions to identify potential threshold changes that would *reduce* the process time, while *minimally affecting* the total dollars reviewed and awarded by City Council.
- The Child Poverty Action Lab (CPAL) provided an analysis of the City's contract thresholds to ensure:
 - Efficiency – speed of acquisition and avoidance of delays
 - Oversight – accountability and public trust
- Staff applied the methodology to FY 2024 contract activity.

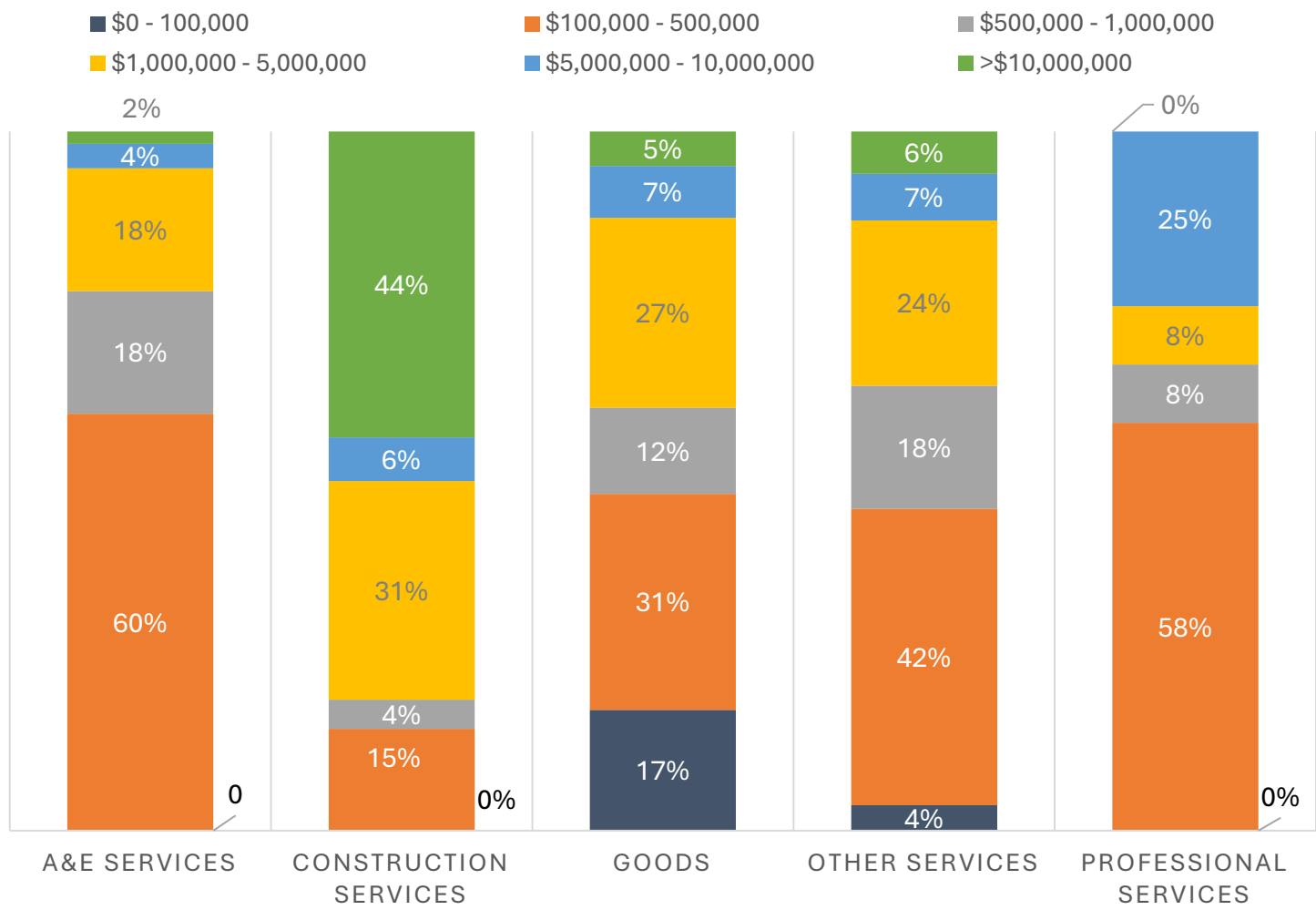


FY 2024 Contract Activity

FY 2024 CITY COUNCIL ACTIONS



% OF TOTAL CONTRACT VOLUME BY CATEGORY



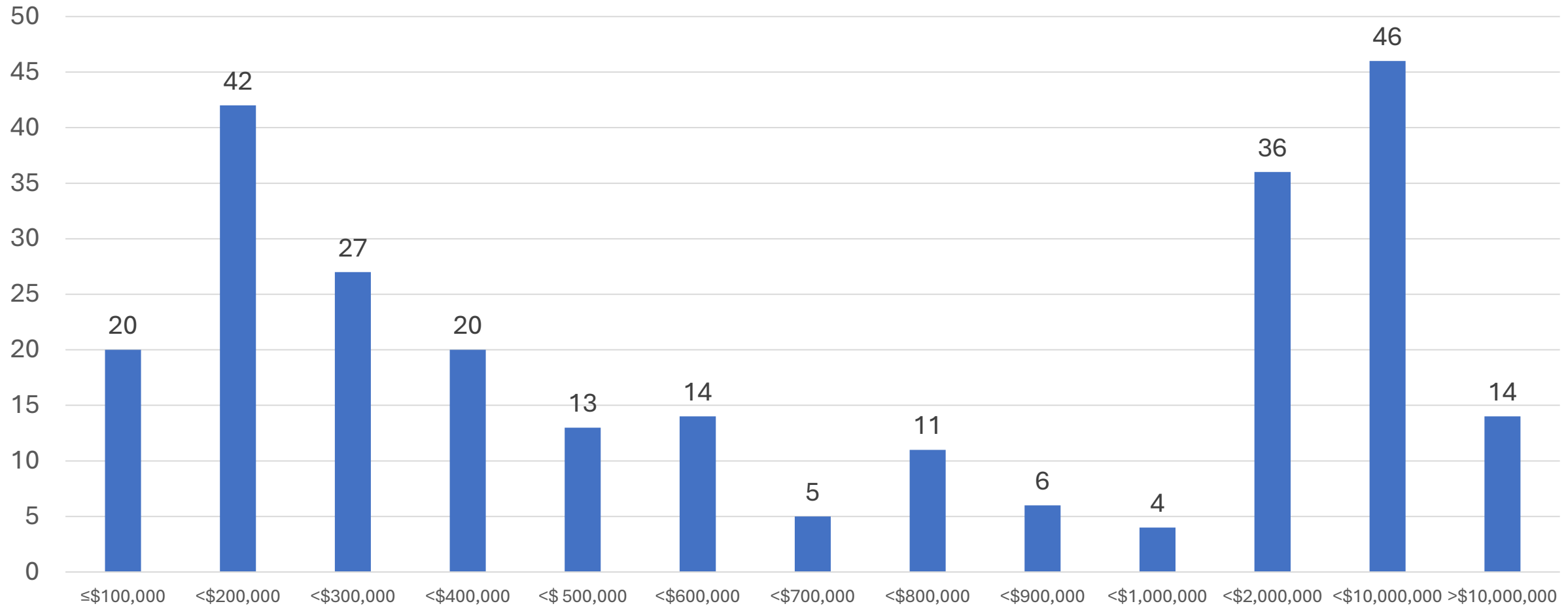
| Category | Definition |
|-----------------------|--|
| A&E Services | Subset of professional services directly tied to construction |
| Construction Services | Services related to building, altering, repairing, or demolishing public facilities or roads |
| Goods | Supplies and materials |
| Other Services | Services not recognized as “professional” |
| Professional Services | Requires specialized knowledge, certification, or license |



FY 2024 CITY COUNCIL ACTIONS – Goods, Professional & Other Services



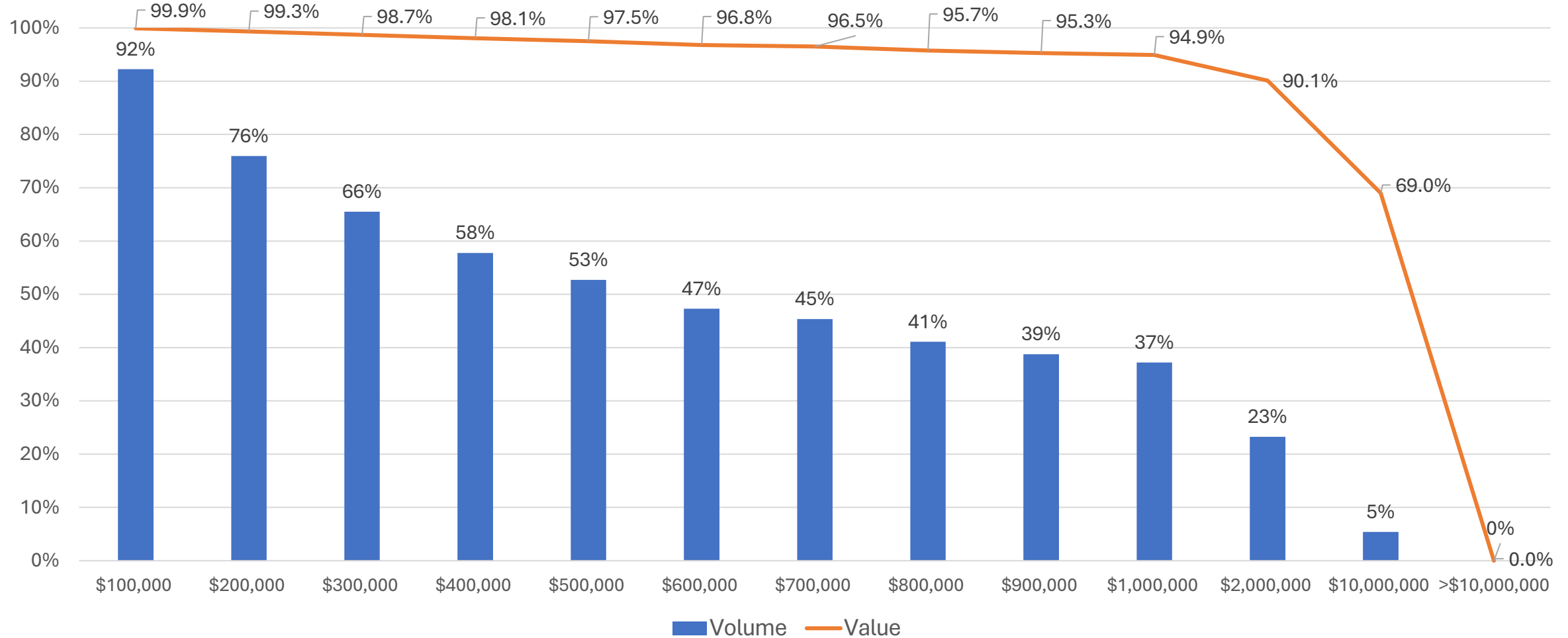
FY 2024 Contracts Awarded



FY 2024 CITY COUNCIL ACTIONS – Goods, Professional & Other Services



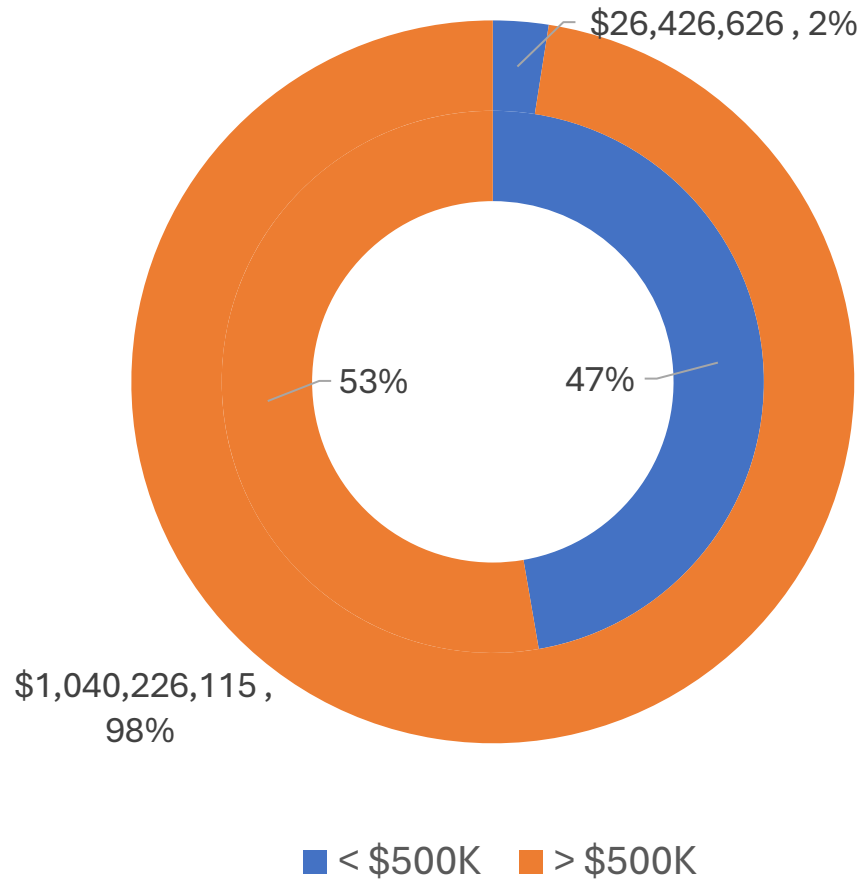
Contract Volume v. Value @ Various Thresholds



FY 2024 CITY COUNCIL ACTIONS – Goods, Professional & Other Services



FY 2024 Contract Volume v. Value @ \$500K Threshold



Typical Contracts:

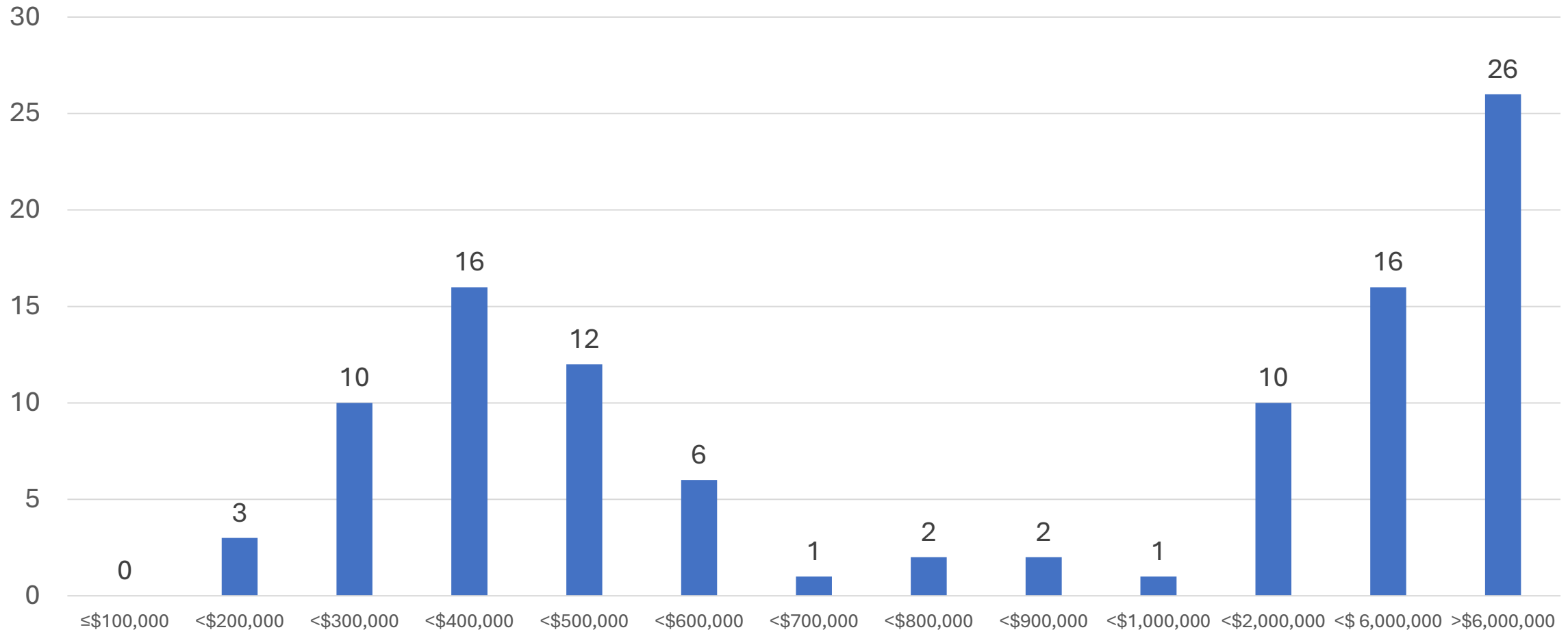
- Vehicle equipment & parts
- Emergency response supplies
- Utility accessories & parts
- Maintenance Services
- Software



FY 2024 CITY COUNCIL ACTIONS – Architecture, Engineering & Construction Services



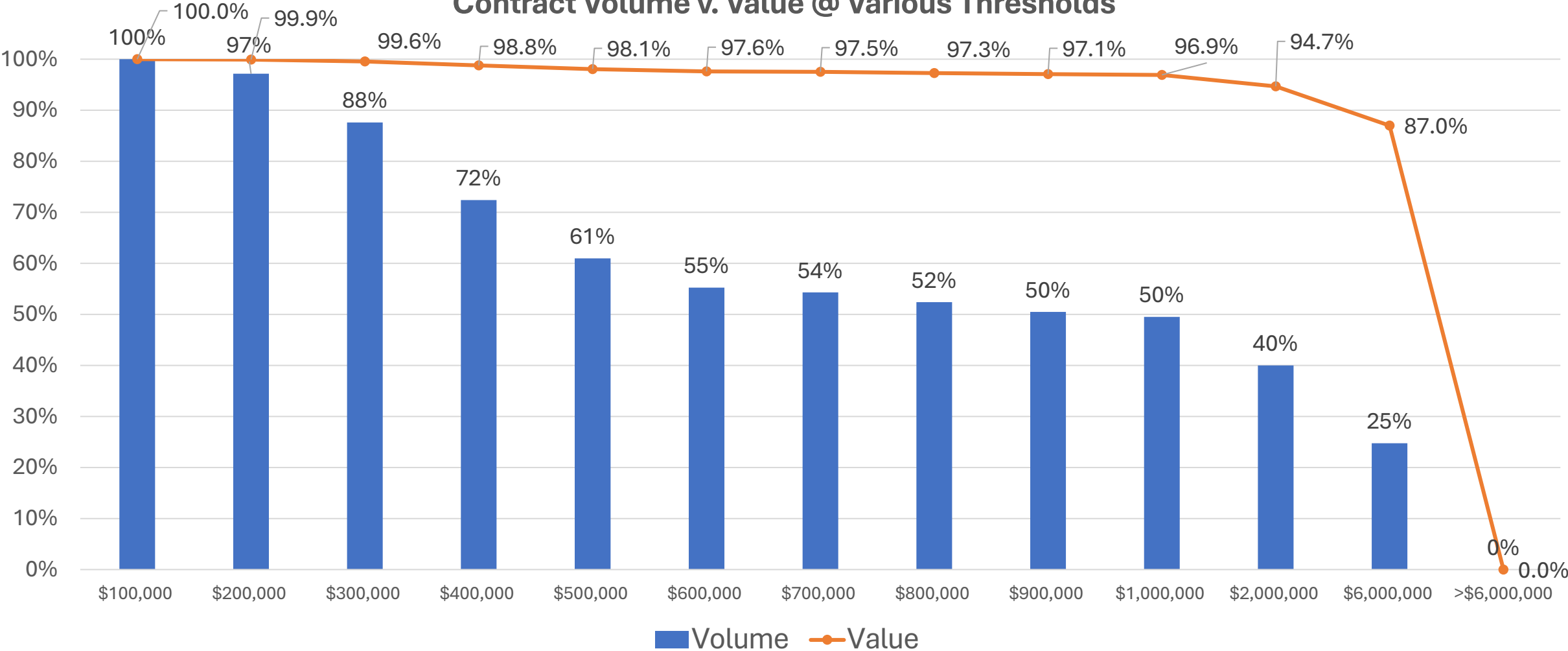
FY 2024 Contracts Awarded



FY 2024 CITY COUNCIL ACTION – AEC



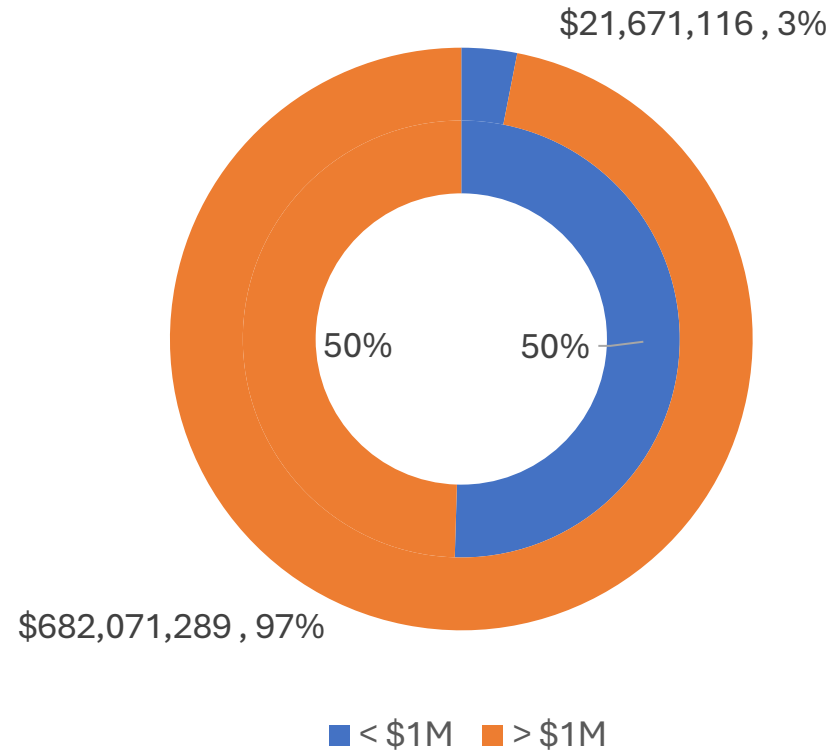
Contract Volume v. Value @ Various Thresholds



FY 2024 CITY COUNCIL ACTION – AEC



FY 2024 Contract Volume v. Value @ \$1M Threshold



Typical Contracts:

- Playground & Parks Infrastructure
- Street & Utility Maintenance
- Site Preparation & Design
- Engineering Services





Administrative Contract Threshold

Administrative Actions align with the City's efforts to ***operate at the speed of business*** by significantly reducing the procurement timeline



| Threshold | Intake | Solicitation | Award | Total Time |
|-----------------------|---------|--------------|----------|------------|
| City Council Agenda | 3 Weeks | 9 Weeks | 13 Weeks | 25 Weeks |
| Administrative Action | 3 Weeks | 9 Weeks | 4 Weeks | 16 Weeks |



Potential Benefits



- **Faster Delivery of Goods and Services**
 - Departments receive goods and services sooner, improving responsiveness to community and operational needs
- **Increased Operational Efficiency**
 - Less time on administrative tasks means more focus on strategic sourcing
- **Cost Savings**
 - Quicker awards lock in pricing and reduce exposure to market changes
- **Improved Vendor Experience**
 - Shorter timelines attract more competition, especially from small and local businesses



Potential Risks & Mitigation Strategies



Risk

Reduced Oversight

Transparency Concerns

Lack of Controls

Potential Abuse



Mitigation

Provide Monthly Council report on Administrative Actions

Continue to post Administrative Actions publicly

Conduct periodic internal audits

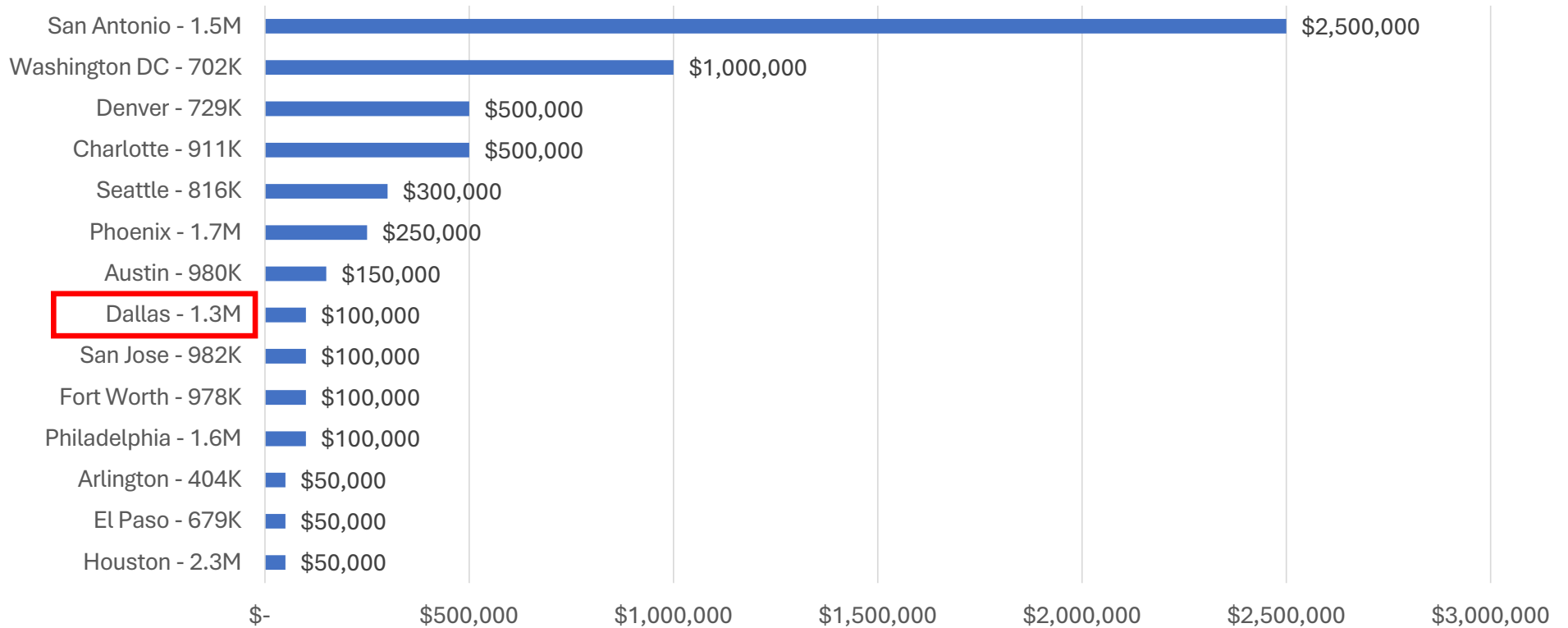
Document compliance reviews



Benchmarking



Council Approval Threshold



Benchmarking – San Antonio



- City Council approved ordinance in January 2025 authorizing the City Manager or designee to approve and execute:
 - Contracts of **any value** for fleet and acquisitions funded in the annual adopted budget;
 - Contracts **<\$1M** for architecture and engineering, construction, and professional and other services; and
 - Contracts **<\$2.5M** for goods and supplies
- The City estimates that the threshold change reduced the number of City Council approvals by 93%, while still providing oversight for 86% of all contract value awarded.



Proposed Chapter 2 Amendments

Proposed Chapter 2 Amendments



- Amend Chapter 2, “Administration,” of the Dallas City Code by amending Sections 2-30, 2-31, 2-32 to:
 - Raise the thresholds for when a City contracts must be competitively bid from **\$50,000** to **\$100,000**, as allowed by state law; and
 - Increase the threshold for certain administrative actions and contracts from **\$100,000** to:
 - \$_____ for Goods, Professional and Other Services
 - \$_____ for Construction and A&E Services



Proposed Chapter 2 Amendments



- Impact of proposed amendments:
 - Speeds up procurement timelines, delivery good and services faster
 - Improve vendor experience and increase competition
 - Align Dallas with State Law and Peer Cities
- Council will continue to review and approve
 - Contracts above the administrative action threshold
 - Change orders exceeding the legal threshold
 - Indefinite delivery and indefinite quantity contracts
 - Procurements with high-visibility or significant community impact
 - Procurement oversight reports



Next Steps



NEXT STEPS



- City Council consideration of an ordinance amending Chapter 2 on October 8th
- Update internal policies and procedures and train staff
- Create and implement reporting process to ensure accountability and transparency



QUESTIONS?



City of Dallas

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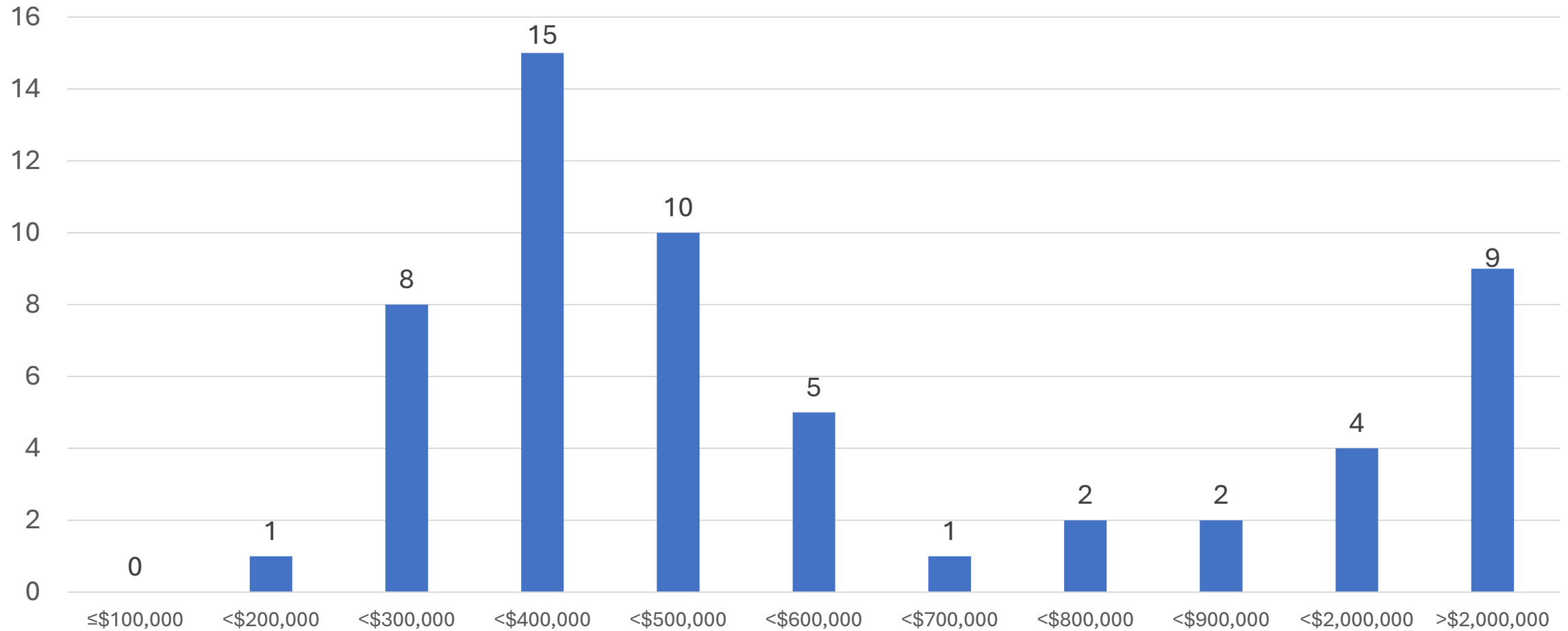
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APPENDIX – Contract Activity By Category

FY 2024 CITY COUNCIL ACTION – A&E



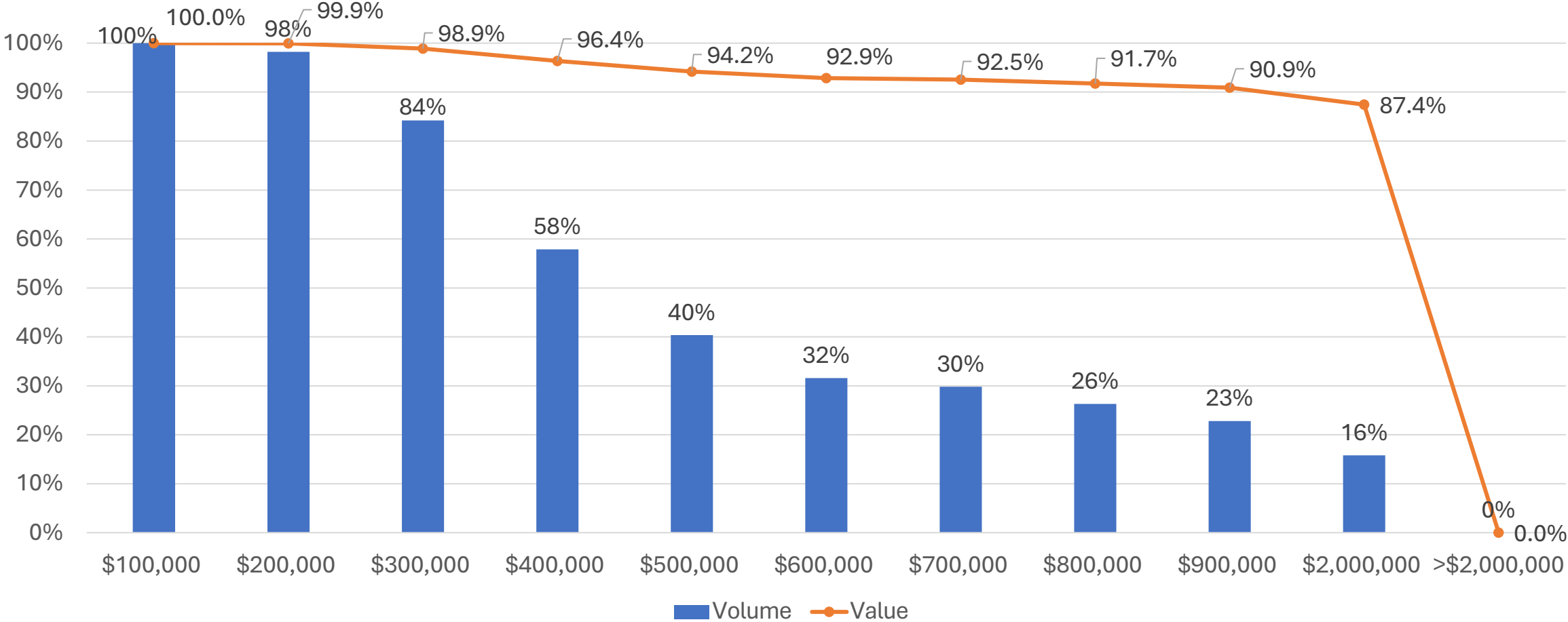
FY 2024 Contract Awarded



FY 2024 CITY COUNCIL ACTION – A&E



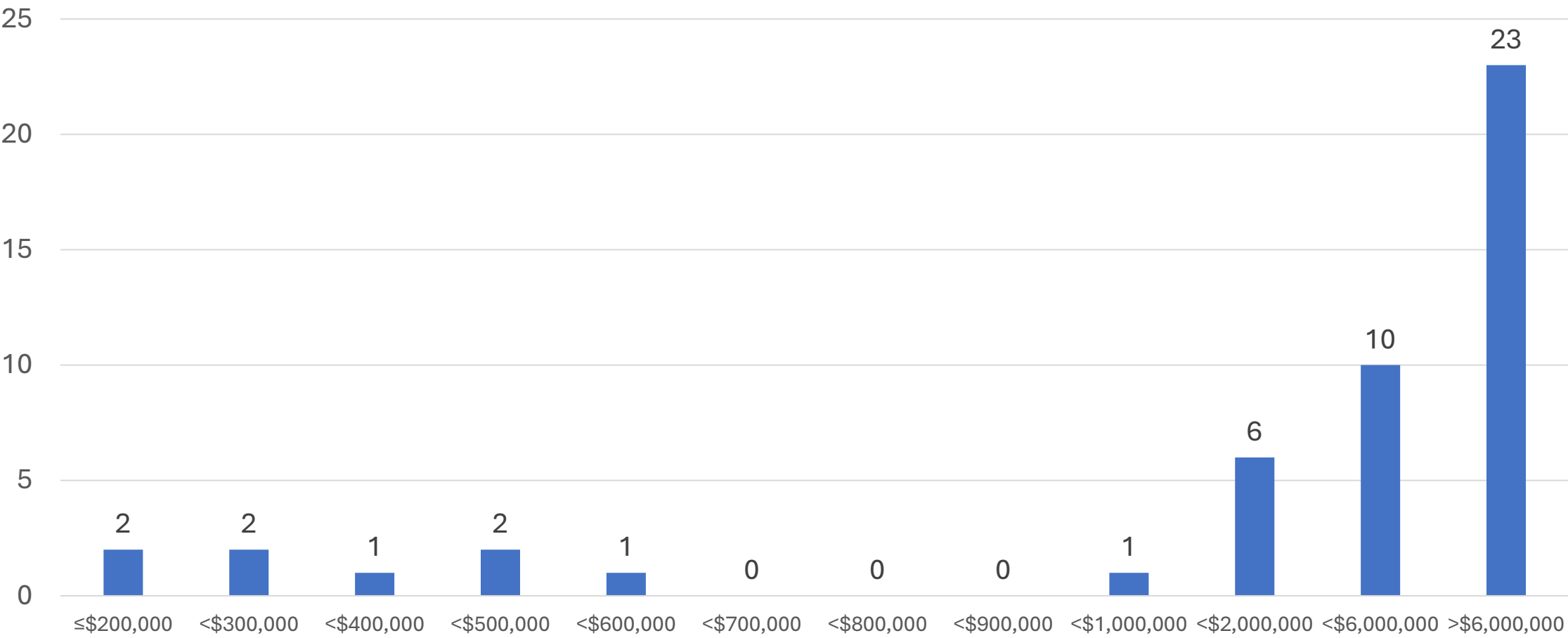
Contract Volume v. Value @ Various Thresholds



FY 2024 CITY COUNCIL ACTION – Construction



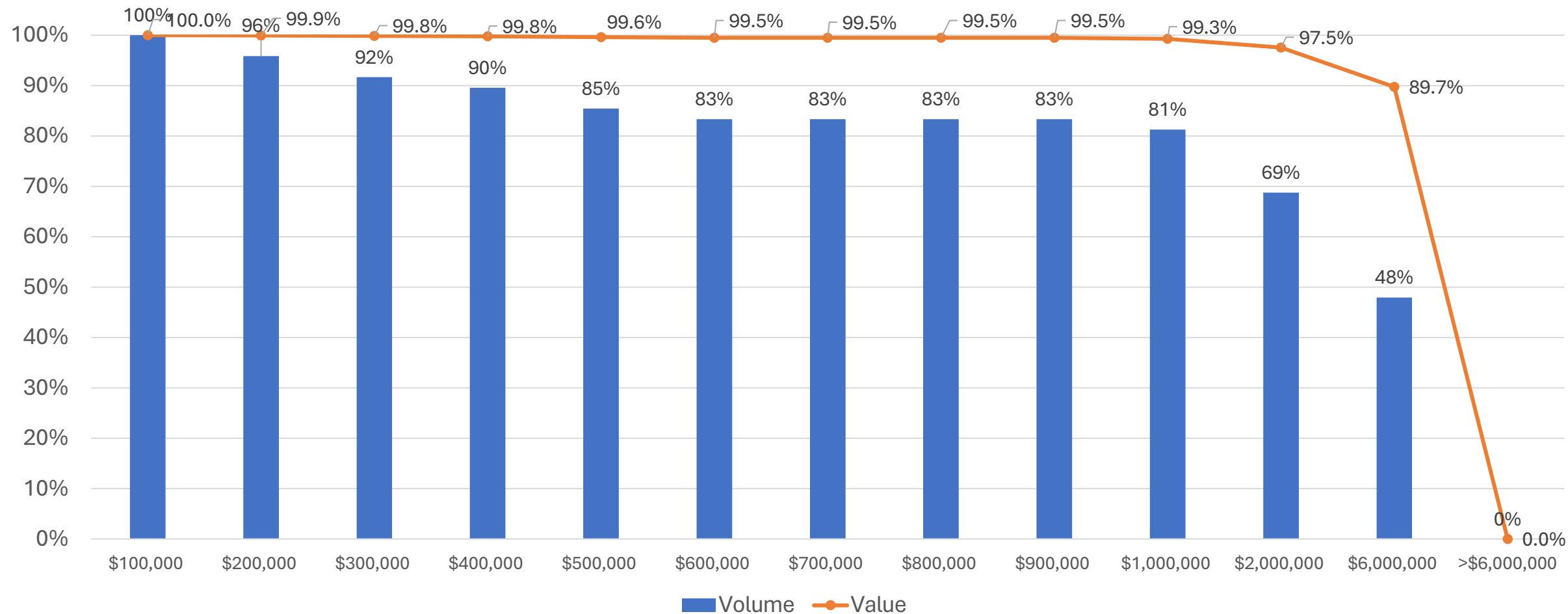
FY 2024 Contracts Awarded



FY 2024 CITY COUNCIL ACTION – Construction



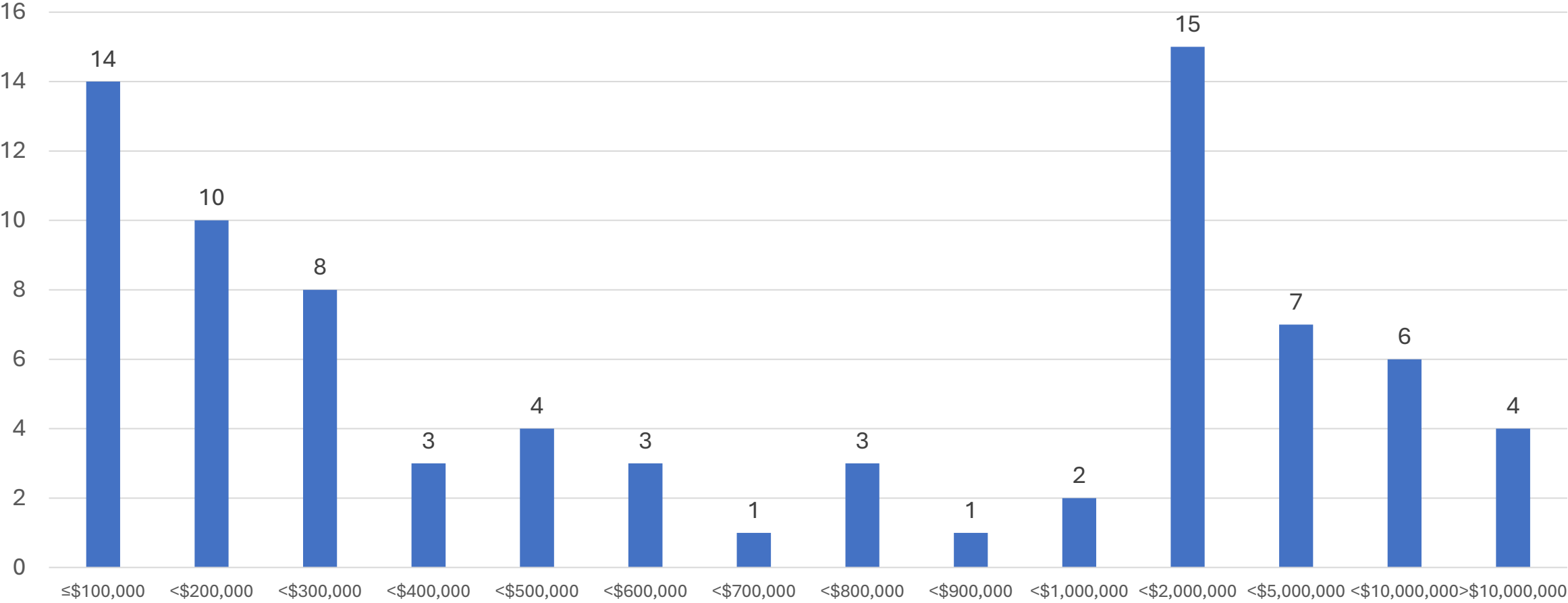
Contract Volume v. Value @ Various Thresholds



FY 2024 CITY COUNCIL ACTIONS – Goods



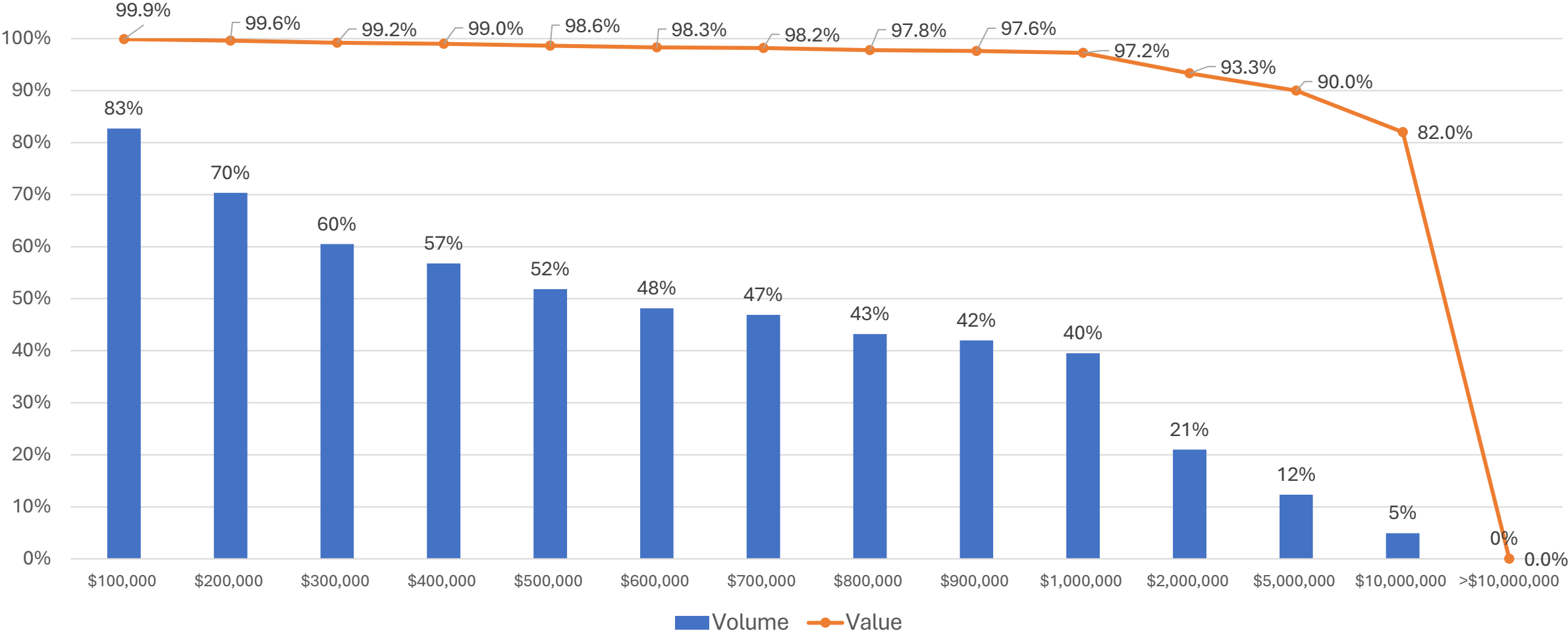
FY 2024 Contracts Awarded



FY 2024 CITY COUNCIL ACTIONS – Goods



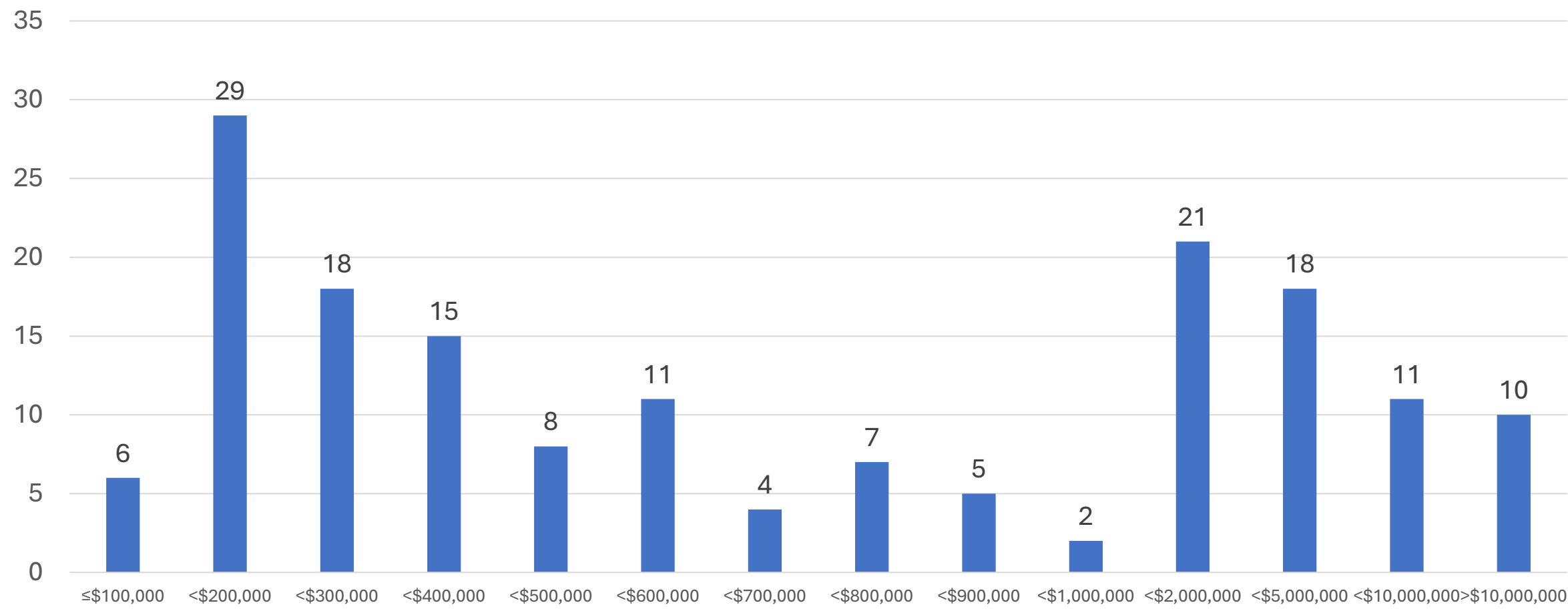
Contract Volume v. Value @ Various Thresholds



FY 2024 CITY COUNCIL ACTIONS – Other Services



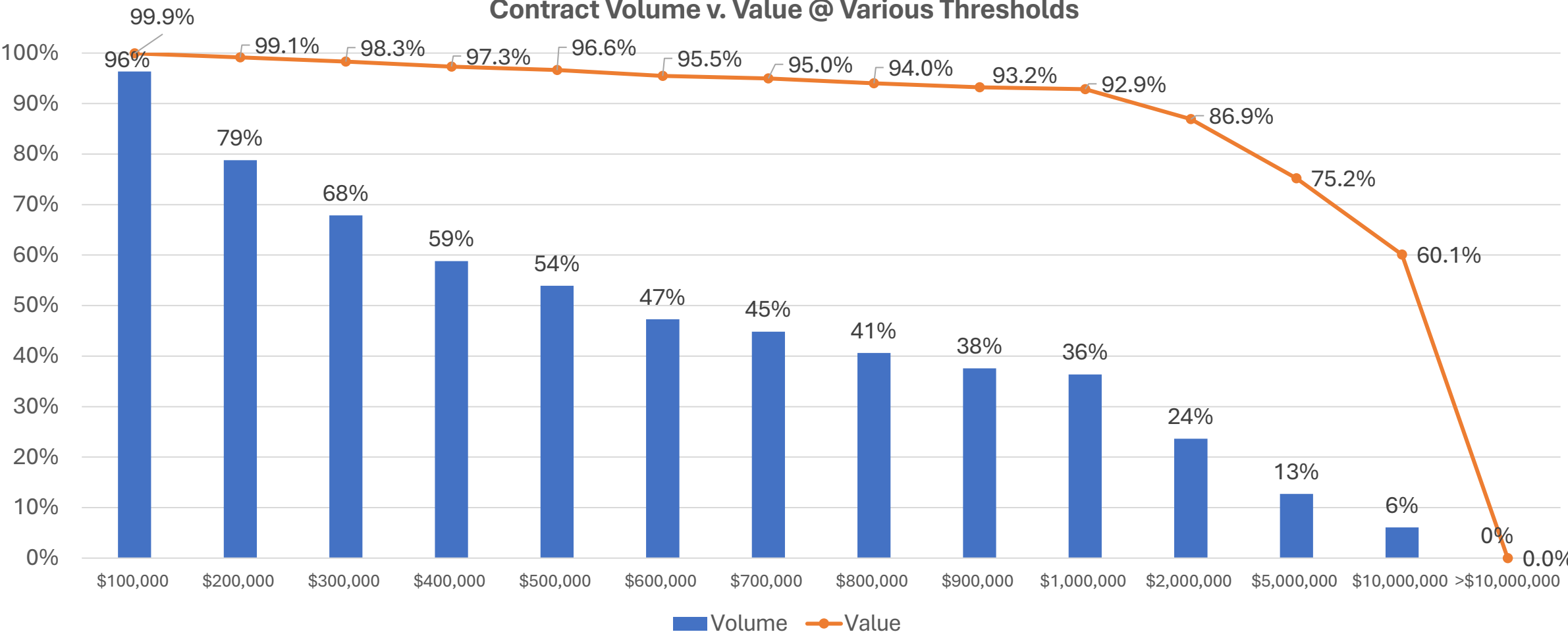
FY 2024 Contracts Awarded



FY 2024 CITY COUNCIL ACTIONS – Other Services



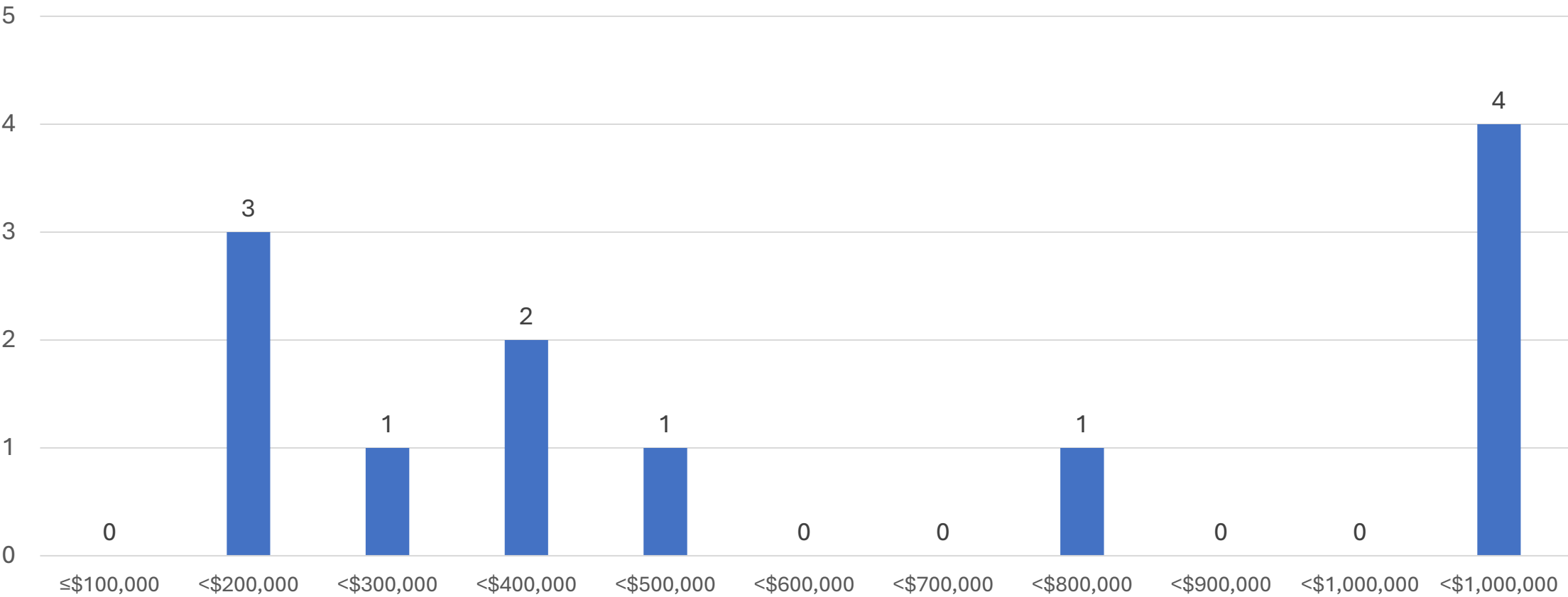
Contract Volume v. Value @ Various Thresholds



FY 2024 CITY COUNCIL ACTIONS – Professional Services



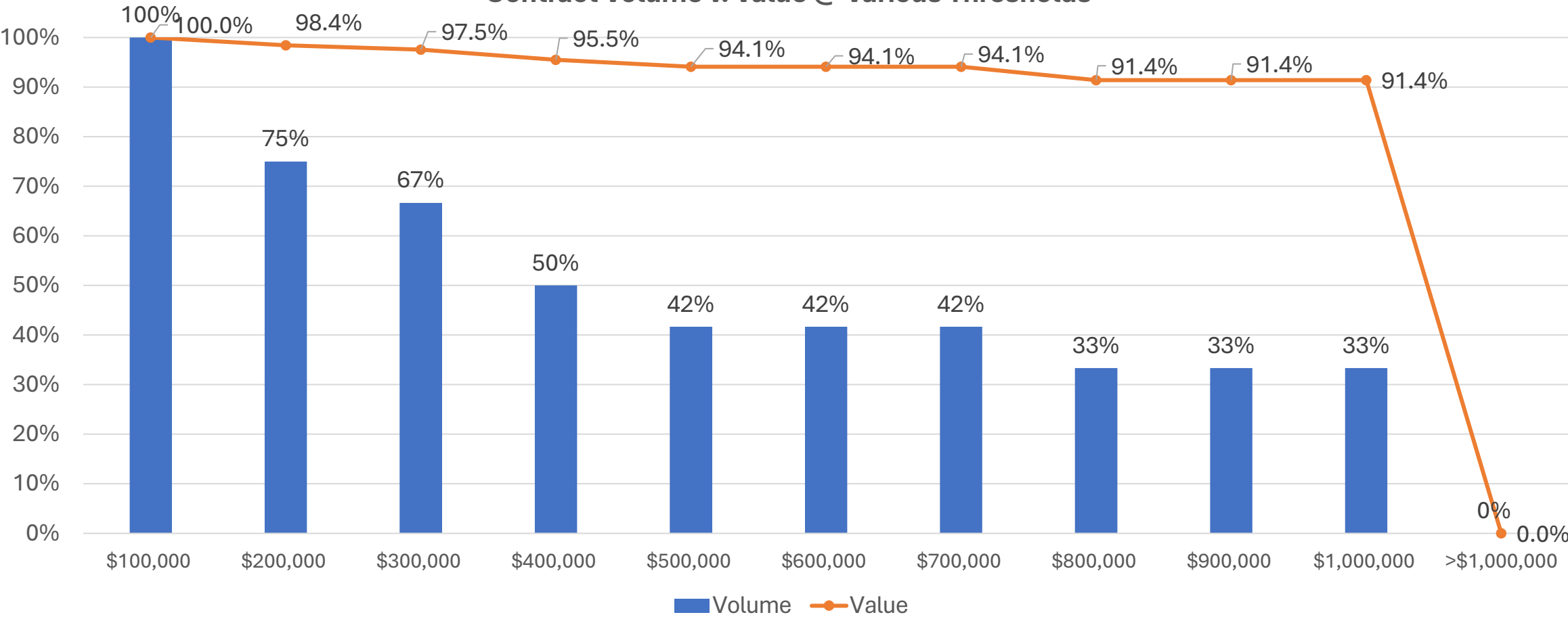
FY 2024 Contracts Awarded



FY 2024 CITY COUNCIL ACTIONS – Professional Services



Contract Volume v. Value @ Various Thresholds



APPENDIX – CPAL BRIEF

CPAL Issue Brief:

Analyzing the City of Dallas' Procurement Threshold

Background:

At the request of the Dallas City Manager, the Child Poverty Action Lab (CPAL) worked with city staff to examine the municipal procurement process and identify potential opportunities for process improvement.

Within a short period of time, many opportunities to improve processes were uncovered that staff is able to pursue within the existing policy environment. However, we also conducted a deeper analysis of the city's procurement threshold, a policy issue that would require careful consideration from City Council.

Dallas, like other cities, faces an inherent tension between two critical priorities when determining a procurement threshold:

1. **Efficiency** - The speed at which goods and services can be acquired to meet constituent needs, avoid costly delays, and maintain the city's reputation as a reliable business partner to vendors
2. **Oversight** - The proper review of expenditures to ensure accountability, prevent corruption, and maintain public trust in government spending

The following will present our findings on the city's procurement threshold. Our goal is to enable data-informed discussion about how Dallas can balance the competing priorities of efficiency and oversight when determining an optimal procurement threshold level.

Council's Oversight Role and Procurement Timelines

City Council approval is essential for many procurements. The City Council safeguards public trust in government through its oversight role, providing assurance that taxpayer funds are deployed responsibly and ensuring that large expenditures align with broader citywide objectives and constituent priorities. This oversight helps prevent corruption and ensures fair, impartial treatment of all vendors and business partners. The City Council's role in procurement is especially vital when the services are novel, costly, or highly competitive.

Currently, when a City department identifies a need for goods or services over \$50,000, [Texas law](#) mandates a formal procurement process, requiring competitive bidding. If the procurement [exceeds \\$100,000, Dallas City Council approval is required](#).

This City Council approval process often adds **multiple months** to the procurement timeline.

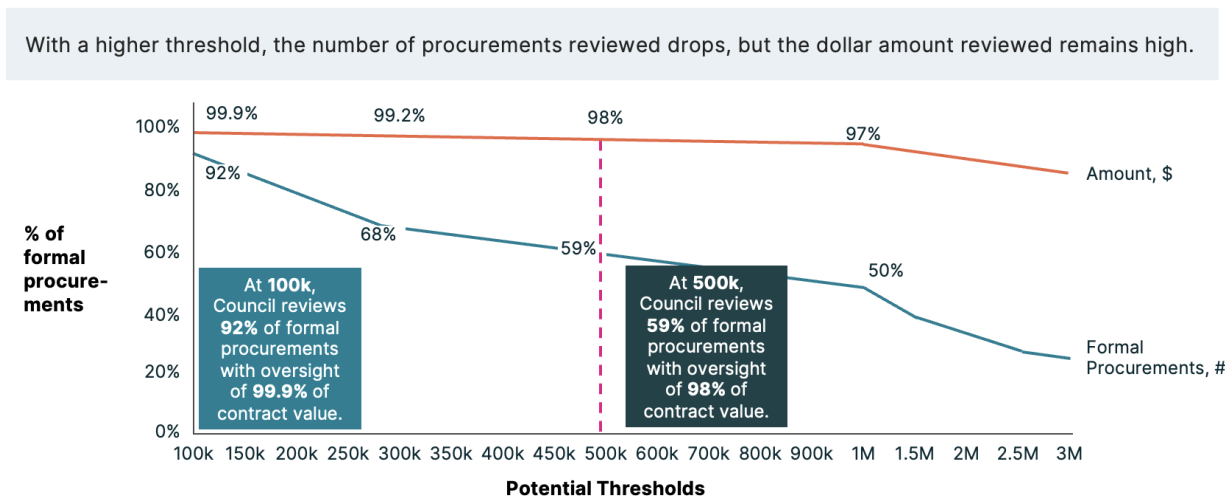
According to staff, this delay occurs because:

- The agenda must be finalized weeks before the scheduled City Council meeting.
- Any delays in final contracting — no matter how minor — can push the approval to the next meeting, further extending the timeline.

Analysis of Dallas' Procurement Threshold: Impact on Council Workload vs. Oversight Coverage

CPAL conducted an analysis of the City Council approval process across both the total number of procurements, and the contract value of those procurements. The analysis uses the Quarterly Forecast Reports published by the [Office of Procurement Services for Q1 2024 to Q4 2024](#). The reports represent Departments' best estimations of their upcoming procurement needs; and only includes forecasted procurements for Goods and Services, not for architecture, engineering, or construction services.

As shown in the graph below, increasing the procurement approval threshold would significantly reduce the number of procurements that City Council reviews, while minimally affecting the total dollar amount reviewed.



At the current approval threshold of \$100k, the **City Council currently reviews 92% of all formal procurements, and 99.9% of all contract value.**

Procurements for more than \$500k cover 98% of all contract value, but only 59% of all formal procurements. This means that the City Council could eliminate delays for 33% of contracts while reducing oversight for only 1.9% of total contract value.

A look at how Dallas' procurement approval threshold compares with other cities

CPAL conducted a cross-city analysis on the ratio between population and review thresholds. City Council procurement approval thresholds vary widely based on city size, governance structure, and history. Across cities, however, the ratio of Dallas' population to its City Council review threshold is high. Dallas' procurement threshold is comparable to cities 1/10th the size, and is substantially lower than many of its peer cities.

The graph below visually demonstrates how Dallas compares to other U.S. cities:



Case Studies: How Other Cities Have Balanced Procurement Efficiency and Oversight

In recent years, many cities – especially in Texas – have raised their City Council review threshold. By delegating more purchasing authority to city managers or staff, these reforms aim to speed up procurement processes, reduce routine council agenda items, and improve service delivery in areas like infrastructure, public safety, and public health. At the same time, these reforms intentionally preserved the City Council's oversight role for almost all contract value.

The case studies below demonstrate the power of similar reforms, and different cities have approached these challenges.

San Antonio, Texas

Reform: Earlier this year, [San Antonio implemented a major charter change](#) raising the city manager's contract approval authority from \$50,000 to \$1,000,000 for professional services and construction contracts, and up to \$2,500,000 for goods and supplies. This reform was spurred by feedback from businesses and city departments that approval-driven delays were driving service delays (e.g. infrastructure projects, public safety equipment).

Impact: The threshold change has removed roughly 240 contracts per year from the City Council Agenda, with little sacrifice to oversight. In terms of City Council workload, the reform reduced the number of formal approvals by 93%, while still providing approval for 86% of all contract value awarded. San Antonio has estimated that the threshold change reduces average contract execution time by an entire month.

Charlotte, North Carolina

Reform: In December 2018, [the Charlotte City Council raised the approval threshold](#) from \$100,000 to \$500,000. This reform was spurred by [a 2017 internal audit](#), which found that the \$100,000- \$500,000 routine “consent agenda” contracts were almost always approved unanimously, yet each stretched the council agenda and [added 4-6 weeks of delay](#) to the average procurement.

Impact: In the first year of implementation (2019), 184 contracts were awarded in the \$100,000 - \$500,000 range, and were executed under the new procurement process. In practice, this reform [removed 49% of all contracts from the City Council's agenda](#), while only affecting 7% of the total dollar value. On average, City officials estimated that this reform [saved 4-6 weeks per contract](#). This translates to faster execution of projects and services, from road repair to lighting to public safety. [The City's internal audit](#) also found that all of these contracts abided by the city's procurement policies, and that controls for manager-approved contracts were effective.

Phoenix, Arizona

Reform: In June 2023, the Phoenix City Council approved increasing the formal procurement threshold from \$100,000 to \$250,000. The city's goal was to reduce administrative burdens and free up Council time for larger, more strategic spending decisions. The original lower threshold had created barriers for smaller local businesses, giving an advantage to larger firms that were better equipped to navigate bureaucratic requirements.

Impact: The city estimates that raising the threshold to \$250,000 will reduce procurement timelines by 2-4 weeks per contract. Additionally, the reform is saving hundreds of annual staff hours spent preparing Council memos, briefings, and approvals.

In parallel, Phoenix implemented random audits of city contracts under \$250,000, ensuring compliance with procurement policies. To date, the audit has not found an impact to fairness, cost-savings, or transparency from the reform.

Next steps:

Should staff decide to recommend that City Council explore adjustments to the procurement threshold, we hope that the data and analysis provided in this brief will be helpful in informing the discussion.