

REVISED

RESOLUTION NO _____

**APPROVAL OF PROCUREMENT AND
EXPENDITURE THRESHOLD REVISIONS**

Item No. **5B**

WHEREAS; the current Louisville Metro Housing Authority's (Authority) Procurement and Expenditure approval thresholds have not been revised or updated in several years; and

WHEREAS; the Department of Housing and Urban Development (HUD) and the Commonwealth of Kentucky (State) have recently revised their Procurement threshold requirements and limits; and

WHEREAS; the Authority historically has adopted the more restrictive Procurement threshold requirements (HUD vs State) to assure compliance with both the HUD and State Procurement requirements; and

WHEREAS; it is the Authority's desire to adopt the State's Procurement threshold requirements and also increase the Authority's expenditure approval thresholds to accommodate the Procurement threshold revision.

NOW, THEREFORE BE IT RESOLVED BY THE LOUISVILLE METRO HOUSING AUTHORITY BOARD OF COMMISSIONERS; that the Authority's Procurement threshold requirements are increased to coincide with the Commonwealth of Kentucky's threshold requirements.

BE IT FURTHER RESOLVED; that the Authority's expenditure approval thresholds are also increased and all respective Procurement and Expenditures revisions will be made to the Authority's Procurement Policy document accordingly.

RESOLUTION BACKGROUND STATEMENT

APPROVAL OF PROCUREMENT AND EXPENDITURE THRESHOLD REVISIONS

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I. STATEMENT OF FACTS:

The Commonwealth of Kentucky and the Department of Housing and Urban Development (HUD) have recently increased their procurement threshold requirements for goods and services. Historically, LMHA has adopted the stricter threshold requirement between the Commonwealth of Kentucky and HUD. In this regard, we have noted below a comparative summary of the current procurement thresholds for LMHA, the Commonwealth of Kentucky, and HUD which indicates the stricter threshold requirement is with the Commonwealth of Kentucky's standards.

<u>PROCUREMENT TYPE</u>	<u>LMHA CURRENT THRESHOLD</u>	<u>KENTUCKY THRESHOLD</u>	<u>HUD THRESHOLD</u>
Micro Purchases- Only one quote required	\$3,000	\$10,000	\$10,000
Small Purchases- Three quotes required	\$3,001-\$20,000	\$10,001-\$30,000	\$10,001-\$250,000
Sealed Bids	Over \$20,000	Over \$30,000	Over \$250,000

LMHA is considering adopting the new Kentucky procurement thresholds which would result in the following changes for procurements:

-Micro Purchases minimum requirements would increase from up to \$3,000 to up to \$10,000. Single pricing quote is required based upon proven and historical competitiveness.

-Small Purchases minimum requirements would increase from \$3,001-\$20,000 to \$10,001-\$30,000. Small Purchases pricing quotes require three competitive quotes.

-Sealed Bids (Requests for Proposals, Invitations for Bids, Requests for Qualifications) would increase from over \$20,000 to over \$30,000.

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I. STATEMENT OF FACTS (cont'd):

Historically, the LMHA Board expenditure approval threshold has been congruent with the procurement threshold for Sealed Bid procurements. In this regard, LMHA is also considering increasing the expenditure approval threshold requirement for the LMHA Board of Commissioners from the current over \$20,000 to the proposed over \$30,000 limit, in addition to other increases for LMHA Staff expenditure approval thresholds. Noted below are all the current LMHA Staff and Board expenditure thresholds and the proposed revisions to each:

	<u>CURRENT</u>	<u>PROPOSED</u>
Property Managers and Supervisors	\$ 1,000	\$ 3,000
Property Managers and Supervisors (with approval from Department Director)	\$ 3,000	\$ 5,000
Directors and Assistant Directors	\$ 5,000	\$10,000
Deputy Executive Director	\$10,000	\$20,000
Executive Director	\$20,000	\$30,000
LMHA Board of Commissioners	Over \$20,000	Over \$30,000

From 2016-present, only 10 Capital Improvements Department Resolutions have been presented to the LMHA Board for approval between the current \$20K threshold and the proposed \$30K threshold (7 for property acquisition/disposition; 1 for annual contract; 1 for Sheppard PCC-Smocketown Family Wellness Center; and 1 for an Energy Audit). It is also estimated that less than five (5) purchases per year occur within the \$20K-\$30K price range from the Authority's Property Management Department. Consequently, the effect to the number of LMHA Board approvals required each year is anticipated to be minimal.

The pertinent changes will also be made to the Authority's Procurement Policy subsequent to the approval by the Authority's Board of Commissioners.

II. ALTERNATIVES:

- A. Approve the proposed increases to the Authority's Procurement and Expenditure thresholds

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II. ALTERNATIVES (cont'd):

- B. Approve a modified iteration of the proposed Procurement and Expenditure thresholds
- C. Do not approve any revisions to the Authority's Procurement and Expenditure thresholds

III. RECOMMENDATION:

Staff recommends Alternative "A"

IV. JUSTIFICATION:

- A. The Authority's current Procurement and Expenditure thresholds have not been revised or updated in several years and do not reflect the current HUD or State's Procurement thresholds.
- B. The proposed revisions to the Authority's Procurement and Expenditure thresholds will allow the Authority's Procurement threshold to be congruent with the Commonwealth of Kentucky's Procurement thresholds.
- C. The proposed revisions to the Procurement and Expenditure thresholds will provide greater flexibility and expediency for LMHA Staff for the purchase of goods and services within the delivery of service to LMHA's residents.
- D. The proposed Procurement and Expenditure threshold revisions were discussed with the Board's Audit Finance committee on December 14, 2021 and were approved for presentation to the LMHA full Board of Commissioners for approval consideration.

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