

SUBJECT: City council delegation of construction contract changes up to \$25,000

COMMITTEE: Urban Affairs — favorable, without amendment

VOTE: 8 ayes — Hill, Bailey, Davila, Ehrhardt, Staples, Thompson, Tillery, Woolley

0 nays

1 absent — Conley

SENATE VOTE: On final passage, February 2 — voice vote

WITNESSES: For — Larry Casto, City of Dallas

Against — None

DIGEST: SB 99 would permit the governing body of a city to authorize a city administrative official to increase or decrease the contract price of a contract acquired through competitive bid by \$25,000, instead of \$15,000. The bill would take effect September 1, 1995.

SUPPORTERS SAY: SB 99 would allow a city council to delegate the authority to a city official to change a contract order by up to \$25,000 instead of the current limit of \$15,000. This change would give cities more flexibility to alter contract costs without the having to get permission of the city council. For example, the higher limit would help the City of Dallas in its dealings with contracts to small businesses.

Current law requires that a change order of more than \$15,000 must be approved by the city council. This process is time-consuming, as much as one to two months in Dallas, and can adversely affect small businesses that could have to take out a loan or shut down operations until the contract increase was approved.

The increase is also needed to keep up with inflation and the rising costs of materials. The \$15,000 limit was set in 1987, eight years ago.

The provision allowing delegation of authority is permissive, and an administrative official could act only with approval of the city council.

**OPPONENTS
SAY:**

The change in the construction change order limit may be unobjectionable, but the entire provision calls attention to the state's micro-management of city government. City council members and mayors are elected officials and should have the authority to delegate approval of contract changes to a city official without legislative approval.