



Staff Report

AGENDA ITEM REPORT

DATE: August 25, 2025

SUBMITTED BY: Brittni Nanson, Finance

ITEM TYPE: Resolutions

AGENDA SECTION: CONSIDERATION OF AND ACTION ON

SUBJECT: Resolution R2025-43 Revising the City's Purchasing Policy to Reflect the New Competitive Bidding Threshold of \$100,000 as Authorized by the Texas Legislature in S.B. 1173 (89th Session)

BACKGROUND: During the 89th Texas Legislative Session, the Legislature passed S.B. 1173, which takes effect on September 1, 2025. This legislation increases the threshold at which cities must engage in competitive procurement processes from \$50,000 to \$100,000. The Legislature has not adjusted this threshold since 2007, when it was raised from \$25,000 to \$50,000.

Under current law, most city expenditures of \$50,000 or more require the use of a competitive bidding or proposal process. However, with inflation and the rising costs of goods and services, this threshold has become outdated. The result has been an inefficient procurement process for what are now considered small to mid-scale purchases.

By raising the threshold to \$100,000, the State has provided cities with greater flexibility, reduced administrative costs, and improved efficiency in day-to-day operations, while still maintaining transparency and accountability for larger purchases.

Additionally, the bill increases the expenditure range that requires contacting at least two historically underutilized businesses (HUBs) on a rotating basis. Currently, the requirement applies to expenditures between \$3,000 and \$50,000. Effective September 1, 2025, it will apply to expenditures between \$3,000 and \$100,000.

To comply with this statutory change and align City policy with state law, staff recommends revising the City's Fiscal Policies and Procedures so that:

City Council approval will be required for purchases exceeding \$100,000 (previously \$50,000).

The HUB contact requirement will apply to expenditures between \$3,000 and \$100,000.

Adopting this resolution will ensure the City of El Campo remains in compliance with state law and benefits from the streamlined purchasing process authorized by S.B. 1173.

Financial Impact: None.

SUGGESTED ACTION:

Staff Recommendation: Approve the resolution revising the City of El Campo Fiscal Policies and Procedures to reflect the new competitive bidding threshold and HUB requirements effective September 1, 2025.

ATTACHMENTS:

[Resolution No. 2025-43 Purchasing Policy Amendment for Council Approval Threshold.pdf](#)
[El Campo Policies and Procedures - Proposed 8.25.2025.pdf](#)