

Charlestown Town Charter Amendment - Annual Adjustment of Purchasing Limits

Article XXVII Purchasing

§ C-103 – Policy

- A. Any purchase of standard supplies, materials, equipment or services for the routine operation of any department or other town agencies shall be made centrally by the Administrator and will comply with the following provisions.
- B. All other purchases unique to any department or other town agency shall be made in compliance with the following provisions, upon written request to the Administrator by the head of the department or other town agency.
- C. For construction purchases:
- i. For amounts which do not exceed three thousand dollars (\$3,000), the purchase shall be considered a small purchase and approved by the purchasing agent without any quotes or bids required by the Town department and/or division seeking the purchase.
 - ii. For amounts which are greater than three thousand dollars (\$3,000) but less than ten thousand dollars (\$10,000), the purchase shall be considered a small purchase and approved by the purchasing agent only after three written quotes have been obtained by the Town department and/or division seeking the purchase.
 - iii. For amounts which are greater than ten thousand dollars (\$10,000), award shall only be made by competitive bidding in accordance with the provisions of Chapter 55 of Title 45 of the General Laws.
 - iv. These stated purchase limits shall be increased or decreased annually hereafter at the same rate as the Boston Regional Consumer Price Index, as per RIGL §45-55-9, as amended.
- D. For all other purchases:
- i. For amounts which do not exceed three thousand dollars (\$3,000), the purchase shall be considered a small purchase and approved by the purchasing agent without any quotes or bids required by the Town department and/or division seeking the purchase.
 - ii. For amounts which are greater than three thousand (\$3,000) but less than five thousand dollars (\$5,000), the purchase shall be considered a small purchase and approved by the purchasing agent only after three written quotes have been obtained by the Town department and/or division seeking the purchase.
 - iii. For amounts greater than five thousand dollars (\$5,000), award shall only be made by competitive bidding in accordance with the provisions of Chapter 55 of Title 45 of the General Laws
 - iv. These stated purchase limits shall be increased or decreased annually hereafter at the same rate as the Boston Regional Consumer Price Index, as per RIGL §45-55-9, as amended.
- E. Where items or services to be purchased, in any amount, through a vendor which has a current Master Price Agreement (MPA) with the State of Rhode Island that can be verified with MPA documentation and MPA number, then the aforementioned purchasing/quotation process is replaced with the requirement of a quote for items or services from the MPA vendor and approval from the department head, verification of funds

from the treasurer and final approval by the Town Administrator. This does not preclude or prohibit competitive bidding.

What are voters being asked to decide?

Whether to allow the Town's purchasing thresholds to be **automatically adjusted each year based on inflation**, as allowed in State Law, rather than remaining fixed in the Charter.

Background

- Current dollar thresholds are **fixed and do not account for inflation**
 - Over time, inflation reduces the value of these limits
 - Adjusting thresholds annually may help maintain **consistency with market costs**
 - Rhode Island law (§ 45-55-9) allows for adjustments tied to the **Boston Regional Consumer Price Index** (This index is set by the U.S. Bureau of Labor Statistics by collecting price data from thousands of businesses to track how prices change over time.)
 - Other municipalities have adopted similar provisions
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Current Requirement

The Charter sets fixed dollar thresholds for purchasing procedures, including:

- **Construction Purchases**
 - Up to \$3,000: No quotes required
 - \$3,000–\$10,000: Three written quotes required
 - Over \$10,000: Competitive bidding required
- **All Other Purchases**
 - Up to \$3,000: No quotes required
 - \$3,000–\$5,000: Three written quotes required
 - Over \$5,000: Competitive bidding required

These dollar amounts are **fixed in the Charter** and do not change over time.

Proposed Change

The amendment would add language stating that:

These purchasing thresholds shall be **increased or decreased annually** based on the **Boston Regional Consumer Price Index**, in accordance with Rhode Island General Laws § 45-55-9.

R.I. Gen Law

§ 45-55-9. Small purchases.

*Procurements, not to exceed an aggregate amount of ten thousand dollars (\$10,000) for construction and five thousand dollars (\$5,000) for all other purchases may be made in accordance with small purchase regulations promulgated by the municipality. **These amounts shall be increased or decreased annually hereafter at the same rate as the Boston Regional Consumer Price Index.** Procurement requirements shall not be artificially divided so as to constitute a small purchase under this section. A municipality*

may further reduce the aggregate purchase amount, as provided for in this section by ordinance.

What Stays the Same

- ✓ The purchasing process (quotes, approvals, bidding) remains unchanged
 - ✓ Competitive bidding requirements remain in place
 - ✓ Oversight by the Purchasing Agent and Town Administrator remains
 - ✓ State law requirements continue to apply
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How Does State Law Apply?

Rhode Island General Laws § 45-55-9 allows municipalities to adjust certain purchasing thresholds based on the **Boston Regional Consumer Price Index (CPI)**.

The proposed amendment would incorporate the State Law allowance into the Town Charter.

What is the Effect of this Amendment?

If approved, the Town's purchasing limits would:

- **Automatically adjust each year** based on inflation
 - Increase or decrease depending on changes in the CPI
 - No longer require a Charter amendment to update dollar thresholds
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Bottom Line

This amendment would:

- Allow purchasing limits to **adjust over time**
- Maintain existing purchasing procedures and oversight
- Align the Charter with **state law provisions**