Finance Department
100 N Appleton St
Appleton, WI 54911
p: 920-832-6442
f: 920-832-6317

CITY OF APPLETON

MEMORANDUM

Date: July 20, 2026

To: Chairperson Denise Fenton and Members of the Finance Committee

CC: Mayor Woodford, Jenifer Huss, Purchasing Manager

From: Jennifer L. Messerschmidt, Director of Finance

Subject: ACTION ITEM - Procurement and Contract Management Policy Update

Purpose

The attached revisions to the Procurement and Contract Management Policy are presented for Finance Committee review and recommendation to the Common Council.

The proposed amendments represent the first comprehensive update to the City's purchasing thresholds in several years. The revisions are intended to accomplish two primary objectives:

1. Update the policy to reflect changes in Wisconsin Statutes governing municipal procurement and public construction bidding requirements.
2. Modernize the City's purchasing and approval thresholds to better align with current market conditions, inflationary impacts, and the significantly higher cost of goods and services since the policy was last substantially revised in 2015.

These changes preserve the City's commitment to sound financial stewardship, competitive procurement, transparency, and appropriate internal controls while providing departments with purchasing procedures that are more practical and reflective of today's purchasing environment.

Summary of Proposed Revisions

The proposed amendments include the following significant policy changes:

Purchasing Thresholds

The policy updates the purchasing thresholds used to determine the level of competition and approvals required for purchases. The revised thresholds increase the dollar limits for informal purchasing, verbal and written quotations, formal quotations, and Common Council approval. These changes recognize the increased cost of goods and services while maintaining appropriate procurement controls and competitive purchasing practices.

Public Construction Thresholds

The policy updates the public construction bidding threshold to reflect the current Wisconsin statutory requirement requiring competitive bidding for qualifying public construction projects with an estimated cost of $50,000 or greater.

Sole Source Procurement

The sole source provisions have been revised to correspond with the updated purchasing thresholds and include additional documentation requirements. Departments will now be required to document the justification for sole source purchases and retain the supporting documentation electronically within the City's financial management system. These revisions strengthen internal controls while maintaining flexibility when legitimate sole source situations exist.

Procurement Card Purchases

The procurement card section has been updated to increase the recommended purchasing limits and clarify that purchases exceeding the procurement card threshold remain subject to the competitive quotation requirements contained in the policy.

Change Order Authority

The department-level approval authority for construction change orders has been adjusted to reflect current project costs while maintaining Committee and Common Council oversight for larger or budget-impacting changes.

Disposition of Surplus Property

The policy updates the approval thresholds for the sale and disposal of surplus property to reflect current asset values and reduce unnecessary administrative actions for low-value items while maintaining Finance Committee and Council oversight for higher-value disposals.

Owner Direct Purchasing

The minimum anticipated sales tax savings necessary to justify owner direct purchasing has been increased to better reflect current project costs and administrative effort.

Records Retention

The document retention section has been clarified to specify that procurement records are to be maintained both by the originating department and electronically within the City's financial management system in accordance with established retention schedules.

Fiscal and Operational Impact

The proposed revisions are administrative in nature and do not require additional budget appropriations. The updated thresholds are expected to improve procurement efficiency by reducing unnecessary administrative processes for lower-dollar purchases while preserving appropriate oversight, competition, and accountability for larger procurements.

Recommendation

The Finance Department recommends approval of the proposed Procurement and Contract Management Policy revisions as presented. The updated policy reflects current Wisconsin statutory requirements, incorporates enhanced documentation and record retention practices, modernizes purchasing thresholds to account for current market conditions, and maintains the City's strong framework for fiscal responsibility and procurement oversight.