



City Council Agenda Item Staff Report

CITY OF SAN BRUNO

DATE: February 13, 2024

TO: Honorable Mayor and Members of the City Council

FROM: Alex D. McIntyre, City Manager

PREPARED BY: Nick Pegueros, Chief Financial Officer

SUBJECT: Consider Adoption of a Resolution Establishing an Award of Contract Policy and Approving Standard Form Agreements

BACKGROUND:

San Bruno Municipal Code (SBMC) Chapter 2.44 establishes a purchasing system for the efficient acquisition of supplies, services, equipment, and technology at the lowest possible cost commensurate with the quality needed, to exercise positive financial control over purchases, to define authority for the purchasing function clearly and to assure the quality of purchases. Consistent with Chapter 2.44, the City Manager has issued an administrative purchasing procedure to guide the daily operations of the procurement function. City Council last considered the City Manager's signing authority by adopting Resolution No. 2019-08, setting the signing authority at \$75,000.

DISCUSSION:

As provided under SBMC Section 2.44.010, the City Council authorizes the expenditure of city funds in accordance with the approved City budget appropriations and the established level of city services. Under the current Administrative Purchasing policy, expenditure of funds over \$75,000 requires authorization from the City Council via Resolution. The consequence of this administrative requirement is that City staff return to the Council for authorization to execute contracts over \$75,000 even though the item was approved in the adopted budget.

To streamline this process, the award of contract policy, Exhibit A to Attachment 1, incorporates the following primary amendments:

- **Authorize the City Manager to execute standard form agreements for budgeted expenditures and public projects under \$250,000.** Section 2.44.010 establishes, "Approval of city budget appropriations by the city council authorizes the expenditure of city funds in accordance with that appropriation and the established level of city services." The recommended policy authorizes the City Manager to execute standard form agreements that expend budget appropriations over their signing authority under the following conditions:
 - City staff follows the bid requirements outlined in Table 1 of Exhibit A to Attachment 1; and
 - City Council appropriated the operating expenditure in the annual budget or subsequent budget amendments (for public projects less than \$250,000); and

- The selected vendor agrees to sign the applicable standard form agreement, Exhibits B or C, as applicable, to Attachment 1.
- **One-time and Annual Adjustment of the City Manager's Signing Authority Based on Inflation.** The City may realize cost benefits by executing a multi-year agreement. In such instances, staff has interpreted the City Manager's signing authority to be the number of years covered by an agreement, e.g., five years, multiplied by the City Manager's signing authority, \$75,000. The recommendation is to retain the City Manager's authority to execute multi-year agreements up to their adjusted signing authority if the vendor agrees to the City's standard form agreement. The recommendation also provides a one-time adjustment to the City Manager's signing authority from \$75,000 to the inflation-adjusted amount of \$92,000 commencing on policy adoption and through June 30, 2025. Beginning July 1, 2025, the recommendation is to adjust the City Manager's signing authority each July 1 based on the annual change in the Construction Cost Index (CCI), as reported by Engineering News Record (ENR) for the preceding December.

As with the current administrative procedures and the Municipal Code, the following are exempt from both the bidding and standard form agreement requirements:

- Cooperative purchasing agreements, emergency procedures purchases, and sole/single source purchases, in accordance with San Bruno Municipal Code Chapter 2.44.
- Utilities; personnel and benefit expenditures (e.g., medical premiums, retirement contributions, workers' compensation insurance premiums, staff backfill, etc.); and routine non-service-related purchases such as furniture, equipment, and vehicles where only a purchase order is required.

Additionally, expenditures incurred as part of a development application where the applicant agrees to reimburse costs incurred to process their application are exempt from signing authority requirements when using a standard form agreement.

The proposed amendments strive to simplify the procurement process, making it more responsive to the City's operational needs while introducing efficiency measures. The City Council adopted budget and standard form agreements serve as internal controls. This strategy aligns with the goal of maintaining a streamlined and effective administrative operation while adhering to the fiscal and operational guidelines established by the City Council and outlined in SBMC Section 2.44.010.

Current Administrative Purchasing Procedures

Former City Manager Grogan issued administrative procedure 20-1 "purchasing procedures" on June 9, 2020, Attachment 2, to direct the City's purchasing function. City Council did not adopt the administrative procedure. If the City Council approves the recommendation, City staff will update the administrative procedure to conform with the award of contract policy.

FISCAL IMPACT:

The streamlined purchasing and contracting process is expected to reduce the time staff devoted to City Council staff reports for multiple purchases over the course of the fiscal year.

ENVIRONMENTAL IMPACT:

The action is not a project subject to CEQA. City Council's action is not considered a "Project" per CEQA Guidelines and therefore no further environmental analysis is required.

RECOMMENDATION:

Consider Adoption of a Resolution Establishing an Award of Contract Policy and Approving Standard Form Agreements.

ALTERNATIVES:

1. Retain current signing authority, requiring City Council approval of all contracts over \$75,000.
2. Adjust the City Manager's signing authority as recommended in the policy to \$92,000 with annual adjustments by the ENR CCI, effective upon policy adoption.
3. Increase or decrease the recommended City Manager's signing authority of \$250,000 for public projects.

ATTACHMENTS:

1. Resolution
2. Administrative Procedure 20-1 "Purchasing Procedures"