



## Council Agenda Correspondence

**DATE:** May 17, 2022

**TO:** Mayor and Council

**FROM:** **Brigitte Elke, Finance Director**

**VIA:** Derek Johnson, City Manager

**SUBJECT:** Item 6b – Update to Financial Management Manual Section 202 – Purchasing Policy

Staff received the following request clarifications, regarding sections to the update and this memorandum serves to clarify questions that have come up for item 6b – Update to Financial Management Manual Purchasing Policy.

Staff would like to also clarify that extensive edits were made to the 2018 Purchasing Policy (Resolution 10888), and staff provided Council with a summary of the changes and a redlined version (Exhibit F) of the changes for review. Unfortunately, staff did not provide the final redline version which is now linked below.

[Redline Changes - Purchasing Policy 2018 v. 2022 Update.docx](#)

Due to the large number of administrative changes made, staff provided a summary of the changes to assist Council in reviewing each modified section. (Agenda report p. 1181)

### **Clarification to Change to Approval Thresholds**

The recommendation is to reduce the applicable purchase types from five (5) to three (3) to increase process and system efficiencies while maintaining fiduciary control. Furthermore, the approval thresholds are recommended as follows:

### APPROVAL THRESHOLDS ‘Professional Services’

Tier	2018	2022
1	Under \$7500 (Services & Consulting) <ul style="list-style-type: none"> <li>PR approved by Fiscal Officer</li> <li>PO approved by Purchasing</li> </ul>	Under \$10,000 <ul style="list-style-type: none"> <li>PR approved by Fiscal Officer</li> <li>PO approved by Purchasing</li> </ul>
2	\$7500-24,999 (Services) \$7500-14,999 (Consulting) <ul style="list-style-type: none"> <li>PR approved by Fiscal Officer</li> <li>PO approved by Purchasing</li> </ul>	\$10,000 – 39,999 <ul style="list-style-type: none"> <li>PR approved by Fiscal Officer</li> <li>PO approved by Purchasing</li> </ul>
3	\$25,000-49,999 (Services) \$15,000-39,999 (Consulting) <ul style="list-style-type: none"> <li>RFP Required</li> <li>PR approved by Fiscal Officer &amp; Dept. Head</li> <li>PO approved by Purchasing</li> </ul>	\$40,000 – 69,999 <ul style="list-style-type: none"> <li>RFP Required</li> <li>PR approved by Fiscal Officer &amp; Dept. Head</li> <li>PO approved by Purchasing</li> </ul>
4	\$50,000-149,999 (Services) \$40,000-99,999 (Consulting) <ul style="list-style-type: none"> <li>RFP Required &amp; City Manager Report</li> <li>PR approved by Fiscal Officer, Dept. Head, Budget, City Mgr.</li> <li>PO approved by Purchasing &amp; Finance Director</li> </ul>	\$70,000 - \$150,000 <ul style="list-style-type: none"> <li>RFP Required &amp; City Manager Report</li> <li>PR approved by Fiscal Officer</li> <li>PO approved by Purchasing</li> </ul>
5	\$150,000 or more (Services) \$100,000 or more (Consulting) <ul style="list-style-type: none"> <li>RFP Required &amp; Council Approval</li> <li>PR approved by Fiscal Officer</li> <li>PO approved by Purchasing</li> </ul>	\$150,000 or more <ul style="list-style-type: none"> <li>RFP Required &amp; Council Approval</li> <li>PR approved by Fiscal Officer</li> <li>PO approved by Purchasing</li> </ul>

### APPROVAL THRESHOLDS Goods

Tier	2018	2022
1	Under \$10,000 <ul style="list-style-type: none"> <li>PR approved by Fiscal Officer</li> <li>PO approved by Purchasing</li> </ul>	Under 10,000 <ul style="list-style-type: none"> <li>PR approved by Fiscal Officer</li> <li>PO approved by Purchasing</li> </ul>
2	\$10,000 – 39,999 <ul style="list-style-type: none"> <li>PR approved by Fiscal Officer</li> <li>PO approved by Purchasing</li> </ul>	\$10,001 – 74,999 <ul style="list-style-type: none"> <li>PR approved by Fiscal Officer</li> <li>PO approved by Purchasing</li> </ul>
3	\$40,000 – 69,999 <ul style="list-style-type: none"> <li>RFP Required</li> <li>PR approved by Fiscal Officer &amp; Dept. Head</li> <li>PO approved by Purchasing</li> </ul>	\$75,000 – 199,999 <ul style="list-style-type: none"> <li>RFP Required</li> <li>PR approved by Fiscal Officer &amp; Dept. Head</li> <li>PO approved by Purchasing</li> </ul>
4	\$70,000 – 199,999 <ul style="list-style-type: none"> <li>RFP Required &amp; City Manager Report</li> <li>PR approved by Fiscal Officer, Dept. Head, Budget, City Mgr.</li> <li>PO approved by Purchasing &amp; Finance Director</li> </ul>	\$200,000 or more <ul style="list-style-type: none"> <li>RFP Required &amp; City Manager Report</li> <li>PR approved by Fiscal Officer</li> <li>PO approved by Purchasing</li> </ul>
5	\$200,000 or more <ul style="list-style-type: none"> <li>RFP Required &amp; Council Approval</li> <li>PR approved by Fiscal Officer</li> <li>PO approved by Purchasing</li> </ul>	

## Thresholds Public Projects Construction

Tier	2018	2022
1	Under \$7500 <ul style="list-style-type: none"> <li>PR approved by Fiscal Officer</li> <li>PO approved by Purchasing</li> </ul>	Under \$15,000 <ul style="list-style-type: none"> <li>PR approved by Fiscal Officer</li> <li>PO approved by Purchasing</li> </ul>
2	\$7500 – 44,999 <ul style="list-style-type: none"> <li>PR approved by Fiscal Officer</li> <li>PO approved by Purchasing</li> </ul>	\$15,001 – 59,999 <ul style="list-style-type: none"> <li>PR approved by Fiscal Officer</li> <li>PO approved by Purchasing</li> </ul>
3	\$45,000 – 175,000 <ul style="list-style-type: none"> <li>RFP Required &amp; City Manager Report</li> <li>PR approved by Fiscal Officer, Dept. Head, Budget, City Mgr.</li> <li>PO approved by Purchasing &amp; Finance Director</li> </ul>	\$60,000 – 199,999 <ul style="list-style-type: none"> <li>RFP Required &amp; City Manager Report</li> <li>PR approved by Fiscal Officer</li> <li>PO approved by Purchasing</li> </ul>
4	\$175,000 or more <ul style="list-style-type: none"> <li>RFP Required &amp; Council Approval</li> <li>PR approved by Fiscal Officer</li> <li>PO approved by Purchasing</li> </ul>	\$200,000 or more <ul style="list-style-type: none"> <li>RFP Required &amp; Council Approval</li> <li>PR approved by Fiscal Officer</li> <li>PO approved by Purchasing</li> </ul>

### **Local Preference**

Based on the information provided in the Council Agenda Report that highlights best practices recommended by professional organizations such as Government Finance Officers Association, International City and County Managers Association, the Council of State Governments, and the National Institute of Government Procurement, staff does not recommend Council adopt a local preference policy beyond what is currently in Municipal Code 3.24.060E

### **Sections Added**

The City Manager directed staff to review the City's contract templates and applicable insurance requirements. This review resulted in the addition of section 255 and 274 to the purchasing policy to provide a comprehensive purchasing guide.

Staff is not asking for Council action on the sections but provided the summary information for this significant addition to the policy that further implements best practices and fiduciary control.