



Council Agenda Report

From: Thomas Frutchey, City Manager

Subject: City Manager's Purchasing Authority

Date: December 5, 2017

Facts

1. Section 6.04.120 of the Paso Robles Municipal Code (PRMC) identifies as the City Manager as the City's purchasing authority (PRMC 6.04.120), with certain defined powers and duties.
2. Title 6 gives the City Manager broad authority over the purchase of supplies, equipment, services, and public works projects, subject to the statewide Public Contract Code, specific provisions and limitations in Title 6, and the Council's adopted Financial and Purchasing Policies.
3. PRMC Section 6.04.160 requires City Council approval for agreements for professional or specialized services over \$20,000.
4. In addition, the Purchasing Procedures attached to the City's Fiscal Policy requires City Council approval of any purchase order over \$20,000. This has not changed since 2001, and possibly much earlier than that.
5. Over time, costs have increased; having to bring small contracts and purchase orders to City Council for approval delays the initiation of certain necessary work that would otherwise be considered routine and/or non-controversial, and can create inefficiencies.
6. A review of Council agendas for the past several years reveals that no small project or purchase recommended by the City Manager has been denied by the City Council. Virtually every one has been approved on Consent, as they are routine or otherwise non-controversial.
7. Setting a dollar limit within the PRMC means that it can be changed only by ordinance, which requires two readings and 30 days after second reading to become effective. The proposed ordinance would allow the City Council to revise the limit by resolution, which can take effect immediately upon adoption.
8. An informal survey of other cities reveals a great range in limits. In general, the limits correspond to budget size. A limit of \$35,000 would be consistent with the practice in many other cities of our approximate size, as well as many cities significantly smaller. It is, as well, consistent with the intent of the Council when it adopted the current limit in 1992 or earlier.
9. If the proposed ordinance is approved, staff will present proposed revisions to the Fiscal Policy and its attachments that will include a proposed \$35,000 limit on the City Manager's contract authority, as well as a periodic review of that limit, based on the Consumer Price Index, to prevent the approved value from again becoming out of date, in order to avoid repeating what has previously taken place.

Options

1. Take no action;
2. Amend the current limit, to the recommended value or an alternative value;
3. Provide alternative direction.

Analysis and Conclusions

There is no right or wrong limit. The appropriate limit is one that achieves the best balance of administrative efficiency with the Council and public's need for oversight and trust.

The City's budget naturally grows over time. A dollar limit that made sense in the past makes increasingly less sense now that the budget is close to \$100,000,000 in total.

The proposed approach will allow the City Council to set a dollar limit on the City Manager's contracting authority by resolution, which is a more efficient process than the current provision, which requires the adoption of an ordinance to change the limit. When the ordinance is brought back for second reading and approval, the Council will also be asked to approve a resolution approving the revised Fiscal Policy.

Fiscal Impact

None.

Recommendation

1. Introduce and hold first reading of an ordinance that amends Paso Robles Municipal Code Section 6.04.160, allowing the City Council to establish by resolution the maximum limit for professional and specialized services agreements that can be approved by the City Manager.
2. Provide the City Manager with conceptual direction to: propose amendments to the Fiscal Policy and its attachments that would increase the limit from \$20,000 to \$35,000 and, once implemented, monitor the purchases that no longer need Council approval for one year, keeping the Council apprised and reviewing the results with the Council at the end of that pilot period.

Attachments

1. Ordinance XXXX N.S.

ORDINANCE NO. XXXX N.S.
AN ORDINANCE OF THE CITY OF EL PASO DE ROBLES
AMENDING PASO ROBLES MUNICIPAL CODE TITLE 6.16 TO
AUTHORIZE CITY MANAGER TO APPROVE AGREEMENTS FOR PROFESSIONAL OR
SPECIALIZED SERVICES OF UP TO \$35,000

RECITALS

WHEREAS, Section 6.04.120 of the Paso Robles Municipal Code (PRMC) identifies as the City Manager as the City's purchasing authority with certain specified powers and duties; and

WHEREAS, Section 6.04.160 requires City Council approval for agreements for professional or specialized services over \$20,000; and

WHEREAS, the Purchasing Procedures attachment to the City's Fiscal Policy requires City Council approval of any purchase order over \$20,000; and

WHEREAS, the current limits have made the award of fairly routine and non-controversial contracts and the approval of purchase orders less efficient as costs have increased since the current limits were adopted; and

WHEREAS, allowing the City Council to establish the limit on the City Manager's purchasing authority by resolution, rather than by ordinance, would allow the City to respond more nimbly to changing circumstances over time; and

Whereas, in the enactment of this ordinance, the City followed the California Environmental Quality Act (CEQA) Guidelines adopted by the State of California and published in the California Code of Regulations, Title 14, Section 15000, et seq. Amendment of PRMC Title 6.16 does not constitute a "project" as that term is defined by CEQA.

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF PASO ROBLES:

SECTION 1. The foregoing recitals are adopted by the City Council as though set forth in full.

SECTION 2. The text of the Paso Robles Municipal Code set forth in existing Title 6 *Purchasing* shall be changed by the deletion of all text shown in ~~strikeout text~~ and the addition of all text shown is bold, italic, underscored text (***bold, italic, underscored text***), as follows:

6.04.160 - Authority to hire consultants.

The restrictions and provisions of this chapter shall not apply to contracts involving the acquisition of professional or specialized services such as, but not limited to, those rendered by architects, attorneys, engineers, programmers, economists and other specialized consultants. Selection for such services will be made on the basis of qualifications and approved by the city council whenever the cost of the work to be performed is greater than ~~twenty thousand dollars~~ ***the amount established by the City Council by resolution in the City's Purchasing Procedures.***

SECTION 3. Severability. If any provision, section, paragraph, sentence, clause, or phrase of this ordinance, or any part thereof, or the application thereof to any person or circumstance is for any reason held to be invalid or unconstitutional by a court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this Ordinance, or any part thereof, or its application to other persons or

circumstances. The City Council hereby declares that it would have passed and adopted each provision, section, paragraph, subparagraph, sentence, clause, or phrase thereof, irrespective of the fact that any one or more sections, paragraphs, subparagraphs, sentences, clauses, or phrases, or the application thereof to any person or circumstance, be declared invalid or unconstitutional.

SECTION 4. Implementation. The City Manager is directed to perform all necessary City acts to implement this Ordinance.

SECTION 5. Effective Date. This Ordinance shall be in full force and effect 30 days after its passage and adoption, as provided by Government Code section 36397.

SECTION 6. Publication. The City Clerk shall certify to the passage of this Ordinance by the City Council of the City of El Paso de Robles, California, and cause the Ordinance to be published once within 15 days after passage in a newspaper of general circulation published and circulated in the City, in accordance with Government Code section 36933.

PASSED AND ADOPTED BY THE COUNCIL OF THE CITY OF PASO ROBLES this ___ day of _____, 2017, by the following vote:

AYES:

NOES:

ABSENT:

APPROVED:

Steven W. Martin, Mayor

ATTEST:

Kristen L. Buxkemper, Deputy City Clerk