

DATE: January 30, 2024

TO: Council Finance Committee

FROM: Derek Rampone, Finance and Administrative Services Director
Ann Mehta, Purchasing and Support Services Manager

SUBJECT: **Proposed Changes to Council Policy A-10, Authorization to Execute City Contracts and Agreements and Increase Certain Limited Appropriations**

RECOMMENDATION

Review, provide feedback, and approve the recommended revisions to Council Policy A-10, Authorization to Execute City Contracts and Agreements and Increase Certain Limited Appropriations (Council Policy A-10).

BACKGROUND

Council Policy A-10 is the general policy for the authorization to execute City contracts and agreements.

While various updates have been made to certain sections of the Policy over the years, the last substantive revision to the Policy was made on December 10, 2010. Revisions are necessary to account for the impact of inflation over time and to ensure that the City is applying the best contracting policies.

This item was presented to the Council Finance Committee (CFC) on December 6, 2023.

DISCUSSION

Staff has reviewed Council Policy A-10, as well as information from neighboring cities in Santa Clara County, cities of similar size, and from federal and state governments. Attached are a redlined version of the Policy and Exhibit A (Attachment 1), a version of the Policy as it would appear when adopted (Attachment 2), and a version of Exhibit A to Policy A-10 as it would appear when adopted (Attachment 3) with recommended administrative efficiency improvements for the CFC's discussion.

The major changes recommended for consideration include increasing the threshold for formal Council approval from \$100,000 to \$250,000 with yearly adjustment in accordance with the April

Consumer Price Index for Urban Consumers (CPI-U) for San Francisco-Oakland-San Jose. Additionally, the revisions clarify ambiguities as to which City officer is delegated authority to approve certain types of less-common agreements as well as clarify the types of contracts and agreements that are approved by Council.

Attachment 4 provides a survey of thresholds of other municipalities as well as federal and state thresholds required for formal authorization. With the exception of City of Milpitas and City of Santa Clara who track the cumulative amount of the contract, appropriation limits are tracked annually by the other agencies similar to current practice at City of Mountain View.

Summarized data from the survey for the closest and most similar cities to the City of Mountain View are listed in the table below.

City	Population	Public Works		Material Equipment Supplies (MES)		General Services		Professional Services	
		Council	City Manager	Council	City Manager	Council	City Manager	Council	City Manager
City of Palo Alto	66,680	>\$250,000	<\$250,000	>\$250,000	<\$250,000	>\$85,000	<\$85,000	>\$85,000	<\$85,000
City of Cupertino	58,622	>\$200,000	<\$200,000	>\$200,000	<\$200,000	>\$200,000	<\$200,000	>\$200,000	<\$200,000
City of Gilroy	58,101	>\$200,000	<\$200,000	>\$100,000	<\$100,000	>\$100,000	<\$100,000	>\$100,000	<\$100,000
City of Milpitas	79,066	>\$200,000	<\$200,000	>\$100,000	<\$100,000	>\$100,000	<\$100,000	>\$100,000	<\$100,000
City of Santa Clara	127,151	>\$250,000	<\$250,000	>\$250,000	<\$250,000	>\$250,000	<\$250,000	>\$250,000	<\$250,000
City of Sunnyvale	152,258	>\$250,000	<\$250,000	>\$250,000	<\$250,000	>\$250,000	<\$250,000	>\$250,000	<\$250,000
City of Mountain View (Current)	81,516	>\$100,000	<\$100,000	>\$100,000	<\$100,000	>\$100,000	<\$100,000	>\$100,000	<\$100,000
City of Mountain View (Proposed)	81,516	>\$250,000	<\$250,000	>\$250,000	<\$250,000	>\$250,000	<\$250,000	>\$250,000	<\$250,000

Approval of the recommended revisions to the Policy thresholds will increase the amounts to keep pace with inflation and remain in alignment with other Bay Area jurisdictions as well as entities such as the Federal government and the State of California.

Additionally, the recommendations will help clarify current procedures and practices as well as gain efficiencies by reducing the volume of items that require formal City Council action while not compromising important values underlying City Council decision-making processes, such as transparency and competitiveness for contracts. As a reminder, the City uses online bidding platforms for maximum transparency in competitive bidding, which are linked on the City website.

ADDITIONAL INFORMATION AND ACTION

At the December 6, 2023 CFC meeting, additional changes to the Policy were discussed. These changes are summarized below and included in Attachment 1:

- Section II.B.1.a of Attachment 1 was updated to remove “with terms of less than one year.”
- Section II.B.1.b of Attachment 1 was updated to include guidance on consecutive contracts or agreements with the same vendor.
- Item No. 3 in Exhibit A was updated to “CM Formal Bid” from “CM **or** Formal Bid.”
- Item No. 4 in Exhibit A was updated to refer to Council Policy H-1 for all dollar amount thresholds.
- Category 3 in the Definitions section of Appendix A was updated to “included in Categories 6 and 9” from “following Categories 7 and 10.”
- Category 12 in the Definitions section of Appendix A was updated to “Categories 10 or 11” from “Nos. 11 or 12.”
- The citation section of Appendix A was updated to remove the duplicate reference that stated: “This amount shall increase annually at the beginning of each fiscal year by the April Consumer Price Index for Urban Consumers (CPI-U)for San Francisco-Oakland-San Jose (or its successor index) as published by the U.S. Department of Labor or its successor index agency, rounded to the nearest thousand; but in no event shall the amount decrease.”

In addition to the changes described above, minor cleanup of formatting and grammar was also performed.

After the December 6 CFC meeting, it was determined that staff needed clarification regarding the tracking of agreement amounts.

Current Practice

For most standard contracts funded by the operating budget, the City currently uses the total dollar amount of all active contracts or agreements by vendor, broken down by fiscal year, fund, and department, to determine the applicable required authorization.

Proposed Updates

Staff is proposing that the total dollar amount of each standard contract or agreement funded by the operating budget, regardless of fiscal year, fund, or department, be used to determine the applicable authorization (see Sections II.B.1.a and II.B.1.b of Attachment 1). Contracts or agreements that are entered into in consecutive fiscal years, with the same vendor, and with no break in term, shall be considered as one contract or agreement when determining the applicable required authorization.

For professional, specialized, or legal services required for legal representation, staff is proposing that the total dollar amount of the contract or agreement, by department, be used to determine the applicable required authorization (see Section II.B.1.c of Attachment 1).

For capital improvement project contracts or agreements, staff is proposing that the applicable required authorization is determined on a project-life basis, by vendor, regardless of the term (see Section II.B.1.d of Attachment 1).

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- Attachments:
1. Redlined Version of Council Policy A-10 and Exhibit A
 2. Council Policy A-10 (as it would appear when adopted)
 3. Exhibit A to Council Policy A-10 (as it would appear when adopted)
 4. Signature Authority and Formal Bid Limits Survey