



## COUNCIL FINANCE COMMITTEE

# MINUTES

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SPECIAL MEETING—TUESDAY, JANUARY 30, 2024  
ATRIUM CONFERENCE ROOM AT CITY HALL, 500 CASTRO STREET  
9:00 A.M.

1. **CALL TO ORDER**

Chair Matichak called the meeting to order at 9:00 a.m.

2. **ROLL CALL**

**Present:** Committee members Lucas Ramirez, Emily Ramos, and Chair Lisa Matichak.

**Absent:** None.

3. **MINUTES APPROVAL**

**Motion—M/S** Ramirez/Ramos—Carried 3-0—To approve the minutes for the Special Meeting of December 6, 2023.

4. **ORAL COMMUNICATIONS FROM THE PUBLIC—None.**

5. **UNFINISHED BUSINESS**

5.1 **PROPOSED CHANGES TO COUNCIL POLICY A-10, AUTHORIZATION TO EXECUTE CITY CONTRACTS AND AGREEMENTS**

This item was presented by Finance and Administrative Services Department Director Derek Rampone.

Mr. Rampone discussed that subsequent to the agenda and attachments being posted, staff had further discussions with staff from other departments, and there were some concerns with potential impacts if the policy were to be updated as currently recommended. In order to increase efficiencies, satisfy potential concerns of the Council Finance Committee and City Council with awarding of contracts and agreements, and maintain the City's high level of procurement and contracting procedures, staff was recommending additional modifications to the policy.

Discussion was held on Category 9 in Exhibit A, Instructor Agreements. This category was originally stricken from the updated policy but is now proposed to remain. Staff from the Community Services Department (CSD) discussed the potential impact on staff and the City Council if this category were to be stricken.

Further discussion ensued on the number of agreements and dollar amounts of agreements that currently fall under Category 9. Staff stated there are currently 32 active vendors that CSD contracts with to provide classes and camps for City programs, as listed in the City's Activity Guide and the dollar amounts can range from \$5,000 or \$10,000 per year for new instructors and go up to \$99,000 per year for the seasoned instructors. Staff further explained that dollar amounts vary based off the success and the demand of the programs that are being provided and often if a session performed better than anticipated, CSD may have to end the agreement to add more funds to provide additional services for the remainder of the fiscal year.

It was also clarified that the current process has been successful and efficient historically, and there is no desire by staff to change the current process or authorization levels.

Committee Member Ramirez inquired if more time was needed to discuss impacts on all departments.

Mr. Rampone clarified that after receiving further input from departments, working with the City Attorney's Office, and working with the major users of Policy A-10 that he is comfortable proceeding.

Committee Member Ramos asked if this includes vendors who provide the City with various summer programs and asked if none of the decision-making had gone to Council before.

Staff responded that the original wording for Category 9 is how it currently is with having department head and City Manager approval. Category 9 definition was then read by Ann Mehta, Purchasing and Support Services Manager.

As a result of the discussion, the Committee provided the following direction on changes to the policy, including Exhibit A:

- Clarify which contracts or agreements would use annual dollar value, broken down by department, to determine the authorization level required.

- Clarify that the first Consumer Price Index (CPI) increase would be effective on July 1, 2025, using the April 2025 CPI amount.
- Clarify in Section D, No. 3 that any amendment to increase the dollar amount of a contract or agreement would require Council approval if it exceeds the applicable authorization level in the policy that is in effect at the time of the proposed amendment.
- Add a section that requires a quarterly informational report to be received by the City Council that lists specific types of Purchase Orders issued in the prior quarter that would have normally been approved by Council if the authorization levels had not increased. City Attorney's Office to provide language on excluding agreements that are legally required to remain confidential.
- Clarify that the authorization level is "Greater than \$250,000".
- Reinstate Category 9 "Recreation Program Contracts".

**Motion**—M/S Ramirez/Chair—Carried 3-0—To approve proposed changes to Council Policy A-10, Authorization to Execute City Contracts and Agreements.

## 6. NEW BUSINESS

### 6.1 APPROVAL OF THE PROPOSAL EVALUATION AND SELECTION CRITERIA IN THE REQUEST FOR PROPOSALS FOR AUDIT SERVICES, IN ACCORDANCE WITH COUNCIL POLICY B-6, SELECTION OF THE EXTERNAL, INDEPENDENT AUDITOR

This item was presented by Finance and Administrative Services Department Director Derek Rampone.

Mr. Rampone discussed the timing to procure the City's audit services. He discussed that the City has had the same audit firm for eight years and now is the time to issue a Request for Proposals (RFP). Part of the requirements of issuing the RFP in accordance with Council Policy B-6 is that the CFC review the evaluation criteria of which the firm will be graded on. Once the firms have been narrowed down, staff will come back to this Committee for the Committee and staff to conduct interviews.

The first step of the process is to issue the RFP. Staff would like to receive direction and feedback from the Committee on the evaluation criteria that is being proposed, which starts on Page 15 of 18, Section O of the RFP. Staff is proposing

to have a points system, as listed on Page 16, that includes the firm's credentials, staff credentials, the firm's audit approach, cost, and how responsive the firm is to the RFP.

The Committee agreed on the evaluation criteria proposed and directed staff to issue the RFP, with the following updates:

1. Include a question on artificial intelligence and if/how the firm proposes to use it.
2. Legal review of Section 15 – Nondiscrimination, in the sample contract language.

**7. COMMITTEE/STAFF COMMENTS, QUESTIONS, COMMITTEE REPORTS**

- A request was made for a single audit presentation to be made by the audit firm.

**8. ADJOURNMENT**

The meeting was adjourned at 10:06 a.m.

These Minutes are hereby submitted for approval by Victoria Labrador, Recording Secretary.

Approved on \_\_\_\_\_.

~~VL/4/FIN~~

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