



COUNCIL REPORT

DATE: March 26, 2024

CATEGORY: Consent

DEPT.: Finance and Administrative Services

TITLE: **Modifications to Council Policy A-10, Authorization to Execute City Contracts and Agreements**

RECOMMENDATION

Adopt a Resolution of the City Council of the City of Mountain View Amending City Council Policy A-10, Authorization to Execute City Contracts and Agreements, to be read in title only, further reading waived (Attachment 1 to the Council report).

BACKGROUND

Council Policy A-10 (“Policy”) serves as Council’s authorization to execute City contracts and agreements that fall within the parameters of the Policy. Exhibit A to Council Policy A-10 provides the specificity as to the authorizations provided to certain City officials to sign the specified City contracts and agreements listed. 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 the City is applying the best and most efficient contracting policies.

On December 6, 2023, the Council Finance Committee (CFC) met and provided direction regarding proposed revisions to Council Policy A-10. Another CFC meeting was held on January 30, 2024, where further discussion was held, clarification provided, and the CFC provided direction on recommended changes to Council Policy A-10. The recommended changes are being proposed to memorialize current contract and agreement practices, modernize the Policy to include annual inflation increases to authorization thresholds, and to align authorization levels with other Bay Area jurisdictions that are similar in size and operations to the City.

The recommended updates to Council Policy A-10 and Exhibit A are included as redlined versions in Attachment 2 to this report. Clean versions of Council Policy A-10 and Exhibit A, as they would appear when adopted, are included in Attachment 3.

ANALYSIS

The major changes recommended for consideration include increasing the threshold for formal Council approval from \$100,000 to \$250,000 with annual adjustment in accordance with the April Consumer Price Index for Urban Consumers (CPI-U) for San Francisco-Oakland-San Jose beginning in July 2025. Additionally, the revisions clarify ambiguities as to which City official is delegated authority to approve certain types of agreements as well as clarify the types of contracts and agreements that are approved by Council.

Staff conducted a survey of approval authorization amounts of other municipalities as well as federal and state thresholds required for formal authorization. Except for the City of Milpitas and the City of Santa Clara, who track the cumulative amount of the contract, appropriation limits are tracked annually by the other agencies. This is similar to the current practice at the City of Mountain View. For most standard contracts funded by the operating budget, the City currently uses the total annual dollar amount of each contract, broken down by department, to determine the applicable required authorization.

Summarized data from the survey for the closest and most similar cities to the City of Mountain View are listed in the table below. The complete survey of other agencies is included as Attachment 4.

City	Population	Public Works		Material Equipment Supplies (MES)*		General Services**		Professional Services		Last Updated Amounts
		Council	City Manager	Council	City Manager	Council	City Manager	Council	City Manager	
City of Mountain View	83,600	>\$100,000	<\$100,000	Delegated to City Manager	>\$100,000	Delegated to City Manager	>\$100,000	>\$100,000	<\$100,000	12/10/2010
City of Palo Alto	66,680	>\$250,000	<\$250,000	>\$250,000	<\$250,000	>\$85,000	<\$85,000	>\$85,000	<\$85,000	4/6/2020
City of Cupertino	58,622	>\$200,000	<\$200,000	>\$200,000	<\$200,000	>\$200,000	<\$200,000	>\$200,000	<\$200,000	2002 (CUPCCAA)
City of Gilroy	58,101	>\$200,000	<\$200,000	>\$100,000	<\$100,000	>\$100,000	<\$100,000	>\$100,000	<\$100,000	4/3/2023
City of Milpitas	79,066	>\$200,000	<\$200,000	>\$100,000	<\$100,000	>\$100,000	<\$100,000	>\$100,000	<\$100,000	8/20/2019 (CUPCCAA)
City of Santa Clara	127,151	>\$250,000	<\$250,000	>\$250,000	<\$250,000	>\$250,000	<\$250,000	>\$250,000	<\$250,000	9/13/2022
City of Sunnyvale	152,258	>\$250,000	<\$250,000	>\$250,000	<\$250,000	>\$250,000	<\$250,000	>\$250,000	<\$250,000	12/8/2020

* Examples include PCs, laptops, IT equipment, phones furniture, pool chemical, AED Devices, copy machines, sign supplies, and warehouse supplies - pipes, fittings, batteries.

** Examples include the following services: landscaping, janitorial, window washing, key lock, glass repairs, painting, carpet cleaning, and printing.

Approval of the recommended revisions to the Policy’s thresholds will increase the amounts to keep pace with inflation and remain in alignment with other Bay Area jurisdictions.

Additionally, the recommended revisions 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 utilizes online bidding platforms for maximum transparency in competitive bidding which are linked on the City’s website.

In addition, as part of the City's annual financial audit, which is conducted by a third-party independent certified public accounting firm, internal controls related to procurement and payments to vendors are reviewed and tested. Our latest audit report for the fiscal year ended June 30, 2023 was a clean audit report with no findings.

FISCAL IMPACT

Although there is no fiscal impact directly associated with approval of the recommendation, fewer City Council reports would be required to be prepared by staff, increasing operational efficiencies and allowing staff time to be focused on other City priorities.

ALTERNATIVES

1. Decline to amend Council Policy A-10, maintaining current authorization levels.
2. Provide other direction on updates to Council Policy A-10.

PUBLIC NOTICING—Agenda posting.

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- Attachments:
1. Resolution
 2. Existing Council Policy A-10 and Exhibit A (redlined)
 3. Council Policy A-10 and Exhibit A (updated)
 4. Survey of Signature Authorities