



**CITY OF SALINAS
COUNCIL STAFF REPORT**

DATE: NOVEMBER 19, 2024

DEPARTMENT: FINANCE

FROM: SELINA ANDREWS, FINANCE DIRECTOR
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TITLE: ORDINANCE AMENDING CHAPTER 12 (FINANCE), ARTICLE III, SECTION 2 REGARDING PURCHASING AUTHORITY

RECOMMENDED MOTION:

A motion to adopt an Ordinance amending Article III of Chapter 12 of the Salinas Municipal Code related to the delegation of purchasing authority to the City Manager.

EXECUTIVE SUMMARY:

The proposed Purchasing Ordinance updates and concurrent Purchasing Policy revision provide updated thresholds, and memorializes City purchasing procedures, such as appropriate level of purchasing authority and procurement methods. Additionally, the proposed updates add important guidelines to bring the City into compliance with evolving regulations while incorporating best practices without compromising important values underlying City Council decision-making processes, such as transparency and competitiveness for contracts.

BACKGROUND:

On August 16, 2016, City Council adopted an ordinance amending Sections 12-21, 12-22, 12-27, and 12-28.020 of the City's Municipal Code to (1) add a public works formal bid purchasing threshold automatically adjusted by the consumer cost index on an annual basis, (2) include a definition for public works purchases, (3) adopt a best interest exception/alternative; and (4) adjust the general purpose purchasing threshold.

On November 12, 2024, staff presented the proposed Ordinance revisions regarding purchasing authority for general purchases and public works purchases to the Finance Committee. The discussions regarding the revisions were generally positive with one member seeking to ensure that appropriate levels of transparency would still be maintained. Ultimately, the Finance Committee provided direction to bring staff's recommended changes to the full City Council.

ANALYSIS:

Since the last Purchasing Ordinance adoption staff has faced obstacles and inefficiencies while operating under the current purchasing Ordinance. Staff reviewed purchasing authority

information from cities of various sizes, and from federal and state governments and is presenting its recommendation to increase the City’s purchasing appropriation thresholds to establish efficient procedures for the purchase of goods and services at the lowest possible cost commensurate with quality needed, to exercise positive financial control over purchases, and clearly define authority for the purchasing function.

In addition to the recommendation to amend the Ordinance, staff is working on revising its Purchasing Policy (Policy), which has not had substantive revisions since 1978. The Policy revisions will memorialize current contract and agreement practices, modernize annual inflation increases to authorization thresholds, and align authorization levels with other jurisdictions that are similar in size and population to the City.

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 annual April Consumer Price Index for Urban Consumers (CPI-U) for the San Francisco-Oakland-Hayward, CA areas. In addition to operational efficiencies (i.e., more projects and purchases would be done quicker), the revisions in conjunction with revising the Policy 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. As a reminder, the City utilizes an online bidding platform for maximum transparency in competitive bidding and is linked on the City’s website.

Summarized data from the survey for smaller and larger cities is listed in the table below and is referenced as Attachment 2 – Survey of Signature Authorities.

Attachment 2 - Survey of Signature Authorities										
City	Population	Public Works		Material Equipment		General Services		Professional Services		Last Updated Amounts
		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	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 Fremont	227,514	>\$200,000	<\$200,000	>\$100,000	<\$100,000	>\$100,000	<\$100,000	>\$100,000	<\$100,000	7/12/2011 (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 Napa	78,818	>\$200,000	<\$100,000	>\$200,000	<\$200,000	>\$200,000	<\$200,000	>\$200,000	<\$200,000	1/1/2009
City of Redwood City	81,643	>\$100,000	<\$100,000	>\$100,000	<\$100,000	>\$100,000	<\$100,000	>\$100,000	<\$100,000	5/4/2020
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
City of San Jose	983,489	>\$1,000,000	<\$1,000,000	>\$250,000	<\$250,000	>\$250,000	<\$250,000	>\$250,000	<\$250,000	11/16/2023
City of Sacramento	525,041	>\$250,000	<\$250,000	>\$250,000	<\$250,000	>\$250,000	<\$250,000	>\$250,000	<\$250,000	2020

CEQA CONSIDERATION:

Not a Project. The City of Salinas has determined that the proposed action is not a project as defined by the California Environmental Quality Act (CEQA) (CEQA Guidelines Section 15378). In addition, CEQA Guidelines Section 15061 includes the general rule that CEQA applies only to activities which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. Because the proposed action and this matter have no potential to cause any effect on the environment, or because it falls

within a category of activities excluded as projects pursuant to CEQA Guidelines section 15378, this matter is not a project. Because the matter does not cause a direct or foreseeable indirect physical change on or in the environment, this matter is not a project. Any subsequent discretionary projects resulting from this action will be assessed for CEQA applicability.

CALIFORNIA GOVERNMENT CODE §84308 APPLIES:

No.

STRATEGIC PLAN INITIATIVE:

Revising the appropriations limit meets the Council Goal of Operational Efficiencies.

DEPARTMENTAL COORDINATION:

This staff report was coordinated with the Finance Department, City Attorney’s Office, and the City Manager’s Office.

FISCAL AND SUSTAINABILITY 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.

Fund	Appropriation	Appropriation Name	Total Appropriation	Amount for recommendation	FY 24-25 Operating Budget Page	Last Budget Action (Date, Resolution)
n/a	n/a	n/a	n/a	n/a	n/a	n/a

ATTACHMENTS:

1. Ordinance
2. Survey of Signature Authorities