



CITY OF SALINAS

COUNCIL STAFF REPORT

DATE: **APRIL 30, 2019**

DEPARTMENT: **FINANCE DEPARTMENT**

FROM: **MATT N. PRESSEY, CPA, FINANCE DIRECTOR**

TITLE: **FINANCIAL POLICIES – PURCHASING REQUIREMENTS FOR FEDERAL GRANTS**

RECOMMENDED MOTION:

A motion to approve a resolution approving adding purchasing requirement for Federal grants to the City's Financial Policies.

RECOMMENDATION:

Staff recommends that the City Council approve a resolution approving adding purchasing requirements for Federal grants to the City's Financial Policies.

EXECUTIVE SUMMARY:

To maintain compliance with the Federal grant requirements of 2 CFR Part 200 – “Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards”, the City must update its financial policies.

BACKGROUND:

The US Office of Management of Budget (OMB) issued comprehensive grant reform rules titled “Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.” With that issuance, there were important updates made to specific areas of the Uniform Guidance. Procurement is one of the areas that had significant changes. The attached 5 page addition to the City Financial Policies is required help ensure compliance with the new requirements. The financial policies of the City are typically reviewed and updated as part of the City's annual budget but in this case, staff is requesting adoption now rather than with the adoption of the annual budget.

There are six sections of the new requirement that apply to the City and the new policy needs to reflect these new requirements:

1. General Procurement Standards

- The City shall maintain a contract administration system which ensures contractors perform in accordance with the terms, conditions and specifications of their contracts or purchase orders
- No Conflict of Interest
- Avoid acquisition of unnecessary or duplicative items
- Encourage intergovernmental agreements
- Encourage use of Federal excess and surplus property
- Encourage use of value engineering clauses
- Bid to only responsible contractors
- Maintain records
- Restrictions on time and materials type contract including price ceiling
- Rules on settlement of all contractual and administrative issues

2. Competition

- Full and open competition

3. Methods of procurement to be followed

- Must use one of the following methods of procurement:
 - Procurement by micro-purchases
 - Procurement by small purchase procedures
 - Procurement by sealed bids (formal advertising)
 - Procurement by competitive proposals
 - Procurement by noncompetitive proposals

4. Contracting with small and minority businesses, women's business enterprises, and labor surplus area firms.

- Must take all necessary affirmative steps to assure that minority businesses, women's business enterprises, and labor surplus area firms are used when possible

5. Contract cost and price.

- Must perform a cost or price analysis

6. Federal awarding agency or pass-through entity review

- Must make available technical specification on proposed procurement

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).

STRATEGIC PLAN INITIATIVE:

This approval will help meet the City Council's Strategic Plan goal of Effective, Sustainable Government.

DEPARTMENTAL COORDINATION:

The Finance Department has worked with the Legal department on these policies.

FISCAL AND SUSTAINABILITY IMPACT:

Implementing these new policies will allow the City to continue to receive federal funding.

ATTACHMENTS:

1. Resolution – Purchasing – Requirements for Federal Grants
2. Addition to the Financial Policies: Purchasing – Requirements for Federal Grants