



**Contra
Costa
County**

To: Board of Supervisors
From: INTERNAL OPERATIONS COMMITTEE
Date: June 18, 2019

Subject: INCREASE TO THE PURCHASING AGENT'S AUTHORITY TO PURCHASE SUPPLIES AND
ENGAGE INDEPENDENT CONTRACTORS

RECOMMENDATION(S):

1. AUTHORIZE an increase to the purchasing agent's authority to engage independent contractors from the current policy limit of \$100,000 to the new statutory limit of \$200,000 and extend the same authority to issuance of purchase orders, effective July 1, 2019.
2. DIRECT the County Administrator to update and disseminate County contracting and purchasing policies to reflect the change in administrative thresholds.

FISCAL IMPACT:

Should the Board authorize an increase in the purchasing agent's discretion to engage independent contractors and issue purchase orders, we would expect to achieve efficiencies in the operating departments both in lead time and effort currently required to prepare the estimated 1,100 items (396 sample extrapolated to reflect 33 meetings) annually that fall within the contract thresholds (greater than \$100,000 and less than or equal to \$200,000) for board of supervisors consideration. The Purchasing Division (Public Works) would, conversely, be required to process an additional 1,100 average contracts and purchase orders annually. The Purchasing Services Manager indicates that this additional work can be

☒ APPROVE

☐ OTHER

☒ RECOMMENDATION OF CNTY
ADMINISTRATOR

☒ RECOMMENDATION OF BOARD
COMMITTEE

Action of Board On: **06/18/2019** ☒ APPROVED AS RECOMMENDED ☐ OTHER

Clerks Notes:

VOTE OF SUPERVISORS

AYE: John Gioia, District I Supervisor
Candace Andersen, District II Supervisor
Diane Burgis, District III Supervisor
Karen Mitchoff, District IV Supervisor
Federal D. Glover, District V Supervisor

I hereby certify that this is a true and correct copy of an action taken and entered on the minutes of the Board of Supervisors on the date shown.

ATTESTED: June 18, 2019

David Twa, County Administrator and Clerk of the Board of Supervisors

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(925) 335-1077

By: Stephanie Mello, Deputy

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FISCAL IMPACT: (CONT'D)

current resources of the Purchasing Division, which would receive the contracts and purchase orders from the County Administrator, verify that proper approvals have been secured, scan and tag the contracts, and log the contracts into a database from which basic reports can be generated.

BACKGROUND:

California Government Code §25502.5 (attached) was amended by Senate Bill 1498, effective January 1, 2019, to increase the statutory authority of the purchasing agent to enter into service contracts from a limit of \$100,000 to a limit of \$200,000 for counties with populations of 200,000 or more. County Ordinance Code section 1108-2.215 currently authorizes the Purchasing Agent to enter into service contracts up to the statutory limit of \$200,000. However, County policies and practice have limited this authority, and also authority to issue purchase orders, to aggregate amounts of \$100,000 or less. These policies were last updated in 2007/08.

On April 9, 2019, the Board of Supervisors referred to the Internal Operations Committee an examination of the purchasing agent's authority to engage independent contractors to determine if it would be appropriate to increase that authority from the current limit of \$100,000 to the new statutory limit of \$200,000. The Internal Operations Committee discussed this proposal with staff on June 10, 2019.

The County Administrator is charged with reviewing all contracts and purchase orders for operational necessity, policy compliance, and budgetary impact, and verifying that contracts have received the proper legal review by County Counsel. County Counsel reviews contracts as to their legal form and enforceability. Risk Management may also review certain contracts to verify the adequacy of insurance coverage.

Currently, contracts and purchase orders exceeding \$100,000 are submitted to the Board of Supervisors for approval, as well as any standard form contract with indemnification or insurance provisions that have been significantly modified. At each meeting, the Board of Supervisors takes action on an average of 88 Consent Calendar items that require staff preparation, review, approval, distribution and filing. Preparing an item for Board action adds up to three weeks to the processing time for these items. The volume of routine items produces a compendium of documents that must be reviewed by the Board during the 96-hour period between Friday and Tuesday in order to prepare for a Board meeting.

To provide some context for the Board, staff sampled 12 board meetings from 2018 comprising the highest volume meeting (in terms of numbers of items) in each month during 2018. The total number of all Consent items for the 12 selected meetings was 1,430; across 33 meetings in a year, the Board takes action on an estimated 4,000 Consent items annually. The average volume of the Board's meeting packet was 885 pages. The total number of contracts and purchase orders payable for the 12 select meetings was 600; over the course of a year, the volume is estimated at 1,650 items.

Following is how the 600 contracts/purchase orders payable for the 12 sample meetings broke down in terms of dollar value:

<u>Criteria</u>	<u>Qty</u>	<u>% of Total</u>	<u>Examples</u>
Less than or equal to \$100,000	35	6%	Software as a service, hardware maintenance, consumer incentives, employee services, vehicles, congregate meal services, training
Greater than \$100,000 but less than or equal to \$200,000	396	66%	Institutional supplies, heavy equipment rentals, software licensing & maintenance, janitorial services, residential board and care, social services, consulting services, telecom supplies/parts, administrative services
Greater than \$200,000	<u>169</u>	<u>28%</u>	Medical services and supplies, IT services, social services, temporary staffing, non-emergency transportation, construction/engineering services, legal services, security services
Total	600	100%	

The Internal Operations Committee determined that it would be beneficial and appropriate to increase, consistent with State statute, the purchasing agent's authority to engage independent contractors and issue purchase orders from the current policy limit of \$100,000 up to a limit of \$200,000, keeping the two limits the same to avoid confusion among operating department staff who are charged with purchasing and contracting responsibilities.

Note that regardless of administrative thresholds approved today, any contract that requires the County to insure, defend or indemnify another party or incur a similar obligation or liability will still be submitted to the Board for approval because this type of discretionary decision is reserved to the Board of Supervisors.

ATTACHMENTS

CA Government Code Section 25502.5