



**Item No. {{item.number}}**  
**Town of Atherton**

**CITY COUNCIL STAFF REPORT – CONSENT AGENDA**

**TO: HONORABLE MAYOR AND CITY COUNCIL**

**FROM: GEORGE RODERICKS, CITY MANAGER**

**DATE: JUNE 21, 2023**

**SUBJECT: ADOPT RESOLUTION 23-XX UPDATING THE PURCHASING LIMITS AS REQUIRED BY ATHERTON MUNICIPAL CODE CHAPTER 3.16**

**RECOMMENDATION**

It is recommended that the Council approve the attached Resolution revising purchasing policy amount limits as required in Chapter 3.16 of the Atherton Municipal Code.

**BACKGROUND**

The Town often contracts with firms and individuals for developing and maintaining infrastructure and operations. The Town adopted its current purchasing system, Chapter 3.16 of the Atherton Municipal Code, in 1994 and updated it in 2012, 2014, and 2015 to keep pace with economic changes and add clarity to the Code. The purpose of the purchasing system is to establish efficient procedures for the purchase of goods and supplies, equipment, professional and nonprofessional services to ensure of lowest possible cost with quality needed and transparency.

Purchasing limits are set to allow for greater efficiency within the purchasing procedures. Ensuring that those limits keep pace with economic changers results in enhanced efficiency and allows us to effectively maintain infrastructure and operations and provide services to the community in a timely fashion. If the amounts are set too low, staff can encounter timing issues that prevent the timely purchase of goods, supplies and services, such as repairs, small professional services, or technology improvements.

When costs exceed the City Manager’s approval authority, staff is required to follow the formal requests for proposal process. This process requires that all requests be approved at a City Council meeting following a post for formal bidding, review and interview of bidders, and award a final contract. The formal process requires additional staff time and resources, can cause project delay, and ultimately, may not result in a lower cost – rather, it could cause the Town to lose the benefit of the economy of the original quote.

The Town’s purchasing ordinance provides that no purchases shall be allowed for any goods and supplies, equipment, materials, or services unless there exists an unencumbered appropriation in

the adopted budget. Essentially, if the purchase or service was not accounted for within the current year's budget, it cannot take place without prior City Council authorization and a budget appropriation.

Absent a "sole source vendor" situation, when making a purchase there are three processes staff follows – open market, informal, and formal. The limits differ for "goods and supplies, equipment, and non-professional services" and "professional services."

## **ANALYSIS**

### **Goods and Supplies, Equipment, and Non-Professional Services**

The open market process amounts to obtaining an informal quote (preferably written) for the purchase of goods and supplies, equipment, materials, and non-professional services. Essentially, staff uses the open market process when purchasing office supplies, small furnishings, and other small equipment. We will check Staples, Office Depot, Costco, and other vendors for these types of purchases. The limit for the open market process is \$5,000. *Staff is not recommending an adjustment to this limit.*

The informal process is a little more regimented. Here, staff solicits quotes via a written or telephonic request. Purchases are based on at least three informal written proposals. The City Clerk must retain a copy of the bids for two years and they are available for public inspection. Staff selects the best qualified vendor as defined by the Code using such criteria as best value, ability to perform, ability to provide, trustworthiness, capacity, experience, etc. The limits for the informal process are between \$5,000 and \$30,000. *Staff is recommending that the upper limit be increased to \$40,000. No purchases may be made unless they are accounted for within the current year adopted budget.*

The formal process requires the publication of a formal Request for Bid, Notice Inviting Bids, Published Notice, formal and witnessed Bid Openings, and Council award to the lowest responsive and responsible bidder. The limit for the formal process is anything greater than \$30,000. *Staff is recommending that the limit be set to anything greater than \$40,000.*

### **Professional Services**

Professional services are defined as those provided by a person or firm engaged in a profession based on a generally recognized special knowledge or skill, including but not limited to, the professions of accountant, attorney, artist, architect, engineer, environmental consultant, dentist, physician, training or educational consultant, or survey. The processes remain the same – open market, informal, and formal.

The open market process amounts to obtaining an informal quote (preferably written) for the service. The limit for the open market process is \$5,000. *Staff is recommending that the limit be increased to \$10,000.*

The informal process is based on three informal (written) proposals for the service. The limits for the informal process are between \$5,000 and \$25,000. *Staff is recommending that the upper limit*

*be increased to \$50,000. No service may be engaged unless it is accounted for within the current year adopted budget.*

The formal process requires the publication of a formal Request for Proposal, Notice Inviting Proposals, Published Notice, formal and witnessed Openings, and Council award to the firm based on qualifications, experience and responsiveness. The limit for the formal process is anything greater than \$25,000. *Staff is recommending that the limit be set to anything greater than \$50,000.*

*Staff does not recommend any changes to the Public Works contracting limits as they are consistent with the State's Uniform Public Works Construction Cost Accounting schedule.*

**FISCAL IMPACT**

None.

**Reference Comparisons**

<b>City/Town</b>	<b>Goods/Supplies</b>	<b>Professional Services</b>
Hillsborough	\$30,000	\$30,000
Los Altos Hills	\$100,000	\$100,000
Belmont	\$50,000	\$50,000
Brisbane	\$200,000	\$200,000
San Mateo	\$100,000	\$100,000
South San Francisco	\$150,000	\$150,000
Tiburon	\$40,000	\$50,000
Woodside	\$20,000	\$10,000
<b>Atherton (Current)</b>	<b>\$5,000-\$30,000</b>	<b>\$5,000-\$25,000</b>
<b>Atherton (Recommended)</b>	<b>\$5,000-\$40,000</b>	<b>\$10,000-\$50,000</b>

**GOAL ALIGNMENT**

This Report and its contents are in alignment with the following Council Policy Goals:

- Goal Area A – Maintain Fiscal Responsibility
- Goal Area F – Be Forward-Thinking, Well-Managed, and Well-Planned

**POLICY FOCUS**

The City Manager signature authority allows the City Manager to manage operations in a timely and efficient manner and is budget dependent. Policy issues for Council discussion is whether to increase the signature limit.

**PUBLIC NOTICE**

Public notification was achieved by posting the agenda, with this agenda item being listed, at least 72 hours prior to the meeting in print and electronically. Information about the project is also disseminated via the Town's electronic News Flash and Atherton Online. There are approximately 1,200 subscribers to the Town's electronic News Flash publications. Subscribers include residents as well as stakeholders –to include, but be not limited to, media outlets, school districts, Menlo Park Fire Protection District, service provides (water, power, and sewer), and regional elected officials.

**COMMISSION/COMMITTEE FEEDBACK/REFERRAL**

This item has not been before a Town Committee or Commission

**ATTACHMENTS**

1. Resolution 23-XX