File #: 16-1145, **Version:** 1

Chief Administrative Office, Procurement and Contracts Division, recommending the Board receive and file two reports on procurement and contracting activity for Fiscal Year 2015/16.

FUNDING: N/A

DEPARTMENT RECOMMENDATION

Chief Administrative Office, Procurement and Contracts Division, recommending the Board receive and file two reports on procurement and contracting activity for Fiscal Year 2015-16.

DISCUSSION / BACKGROUND

Section 3.12.070 of the Purchasing Ordinance requires an annual submission to the Board of Supervisors of a report of procurement and contracting activity. Two reports of Purchasing activity for Fiscal Year 2015-16 are attached: Contracts Executed within Purchasing Agent Authority and Purchase Order Activity.

Contracts Executed within Purchase Agent Authority

California Government Code, beginning with section 25500, authorizes counties to employ purchasing agents and provides for their powers and duties. Government Code section 25502.3 allows the Board of Supervisors to authorize the Purchasing Agent to enter into contracts for services not exceeding $50,000, adjusted annually by the increase in the California Consumer Price Index. The CPI-adjusted authority for FY 2015-16 is $64,061.

County ordinance code section 3.12.060 establishes the office of the Purchasing Agent, which is "headed by the Chief Administrative Officer or his or her designee, hereinafter referred to as "Purchasing Agent."…The Purchasing Agent shall have the powers and duties prescribed for county purchasing agents in Federal and State law, the County Charter and County ordinances, resolutions and policies." Section 3.12.230(B) of the county ordinance code authorizes the Purchasing Agent to execute contracts for services in accordance with the Government Code authority discussed above and sets forth bidding requirements.

Chapter 3.12 of the County ordinance code ("the Purchasing Ordinance") and Board of Supervisors Policy C-17 - Procurement outline the authority that the Board has vested in the Purchasing Agent and sets forth policies and procedures for procuring goods and services for the County.

Contract Processing: The Procurement Policy places responsibility on Department Heads to determine their departmental needs, and they or a designee are authorized to initiate contract requests. Once a need has been identified, the following process begins:

- The department completes a feasibility analysis as the first step in determining whether it is appropriate to contract out a service;
- Human Resources reviews the proposed contract to determine whether there is an obligation to meet and confer with labor groups before the contract can proceed;
- County Counsel reviews the contract for legal compliance;
- Risk Management reviews the contract and insurance certificates for compliance with contract language and County Risk Management requirements;
- Purchasing staff review the contract for compliance with the Charter, Ordinance, and Policy;
- Department Head and Contract Administrator review and sign the agreement;
- Department sends the agreement to the vendor for signature;
- Department submits the agreement to the Purchasing Agent or delegate for final approval;
- Purchasing Agent (or delegate) executes the agreement.

The former CAO designated the Procurement and Contracts Manager as the Purchasing Agent, formerly Sue Hennike and currently Terri Knowlton, giving that individual the authority to sign contracts that did not exceed $64,061. Effective June 21st, 2016, Shawne Corley, Assistant CAO, or Don Ashton, CAO, began to review all service contracts in the amount of $10,000 or greater. These contracts continued to be reviewed for appropriateness and policy adherence by the Procurement and Contracts Manager, however the contract was executed by Shawne Corley or Don Ashton. Effective October 5th, 2016, contracts in the amount of $10,000 or greater are being reviewed by Laura Schwartz, Deputy CAO, who was recently assigned responsibility to oversee the Procurement and Contracts Division of the CAO office.

The report is sorted by department for your review, and shows spending against each contract or amendment as well as the balance available, as of fiscal year-end, or June 30th 2016. The report includes a mix of both general fund and non-general fund contracts; however, system limitations narrow the ability to determine the exact split between funding sources. Service contracts and contract amendments executed within Purchasing Agent authority for FY 2015-16 totaled $3,690,226.

At year-end, the amount expended was $612,237 or 17% of the total contracts executed. This variance between the total contract amount and the amount expended is not unusual. There are several reasons for this. Many contracts are for multiple years and will not be fully expended in the year in which they are executed. To see which contracts are multi-year, refer to the “Expiration” column in the table. In addition, many of these multi-year contracts are for “as needed” services, meaning that the department’s need for the services is unpredictable, but it is advisable to have contracts in place when a need arises in order to avoid delays in service. Examples include Facility Division contracts for plumbing and electrical repairs, as well as Health and Human Services Agency contracts for services to clients such as residential treatment, therapeutic counseling, etc. Additionally, for “as-needed” contracts, available contract dollars are sometimes not fully expended prior to expiration, as many of these contracts are initiated as a safety net should urgent, as-needed services be required. It should also be noted that this report includes contracts that are non-general fund, or funded by outside revenues, such as funding agreements or grants. Contracts executed within Purchasing Agent authority for FY 2015-16 decreased by $2,942,182 or 44% compared to contracts executed in FY 2014-15.

Purchase Order Activity

As per Board Policy C-17, purchase orders must be processed for any purchase greater than $500 for the purchase, rent or lease of supplies, materials, good, furnishings, equipment and other personal property. This report shows the total number and dollar amount of purchase orders by department for Fiscal Year 2015-16.

There were 1,492 purchase orders processed last year, totaling $8,779,727. Although the total number of purchase orders processed is nearly the same as the prior year, the total dollars processed on purchase orders has increased from $7,417,682 in 2014-15 to $8,779,727 in 2015-16. This is attributable primarily to an increase in authorized Transportation, IT and Sheriff department projects.

ALTERNATIVES
N/A

OTHER DEPARTMENT / AGENCY INVOLVEMENT
N/A

CAO RECOMMENDATION
Cheif Administrative Office concurs with the recommendation.

FINANCIAL IMPACT
N/A

CLERK OF THE BOARD FOLLOW UP ACTIONS
N/A

STRATEGIC PLAN COMPONENT
Good Governance

CONTACT
Laura Schwartz, Deputy CAO