



Approve Revisions to SACOG's Procurement Manual and Signing Authority Policy

Consent

**Prepared by:** Loretta Su

**Attachments:** Yes

**Approved by:** James Corless

**Referring Committee:** Policy & Innovation

**1. Issue:**

Staff is recommending revising SACOG's Procurement Manual and Signing Authority to improve regulatory compliance, strengthen internal procedures, and make procurement and contracting more efficient and cost-effective.

**2. Recommendation:**

The Policy & Innovation Committee unanimously recommends that the board: (1) approve proposed revisions to the Procurement Manual to include procurement for software products and increase state threshold for Small Purchase; and (2) approve the proposed revision to the Signing Authority Policy to amend the SACOG's Executive Director's contracting authority up to \$100,000 without consultation with the Policy and Innovation Chair and Vice Chair.

**3. Background/Analysis:**

SACOG primarily is funded by state and federal sources. The regulations associated with those funding sources establish most of the requirements for how SACOG can utilize those funds, including specifics around procurement and contracting. SACOG has developed a unified Procurement Manual that details the underlying requirements, provides staff with detailed procedures, and establishes SACOG's own policies to ensure procurement and contracting are completed in a compliant, cost-effective, and transparent manner. The last update to SACOG's Procurement Manual was adopted by the board in 2019.

Past revisions to the procurement manual and signing authority policy include the following: In 2019, the board delegated authority to the executive director to make administrative updates to the manual, and raised the executive director's signing authority from \$60,000 and up to \$100,000 with consultation with the Policy and Innovation Committee Chair and Vice Chair (Policy & Innovation Committee leadership).

**4. Discussion/Analysis:**

The following is a summary of the proposed substantive revisions to the Procurement Manual and Signing Authority Policy:

**Procurement Manual Revisions and Updates (Attachment A)**

- Adding policies and procedures for procuring software purchases and services to allow for flexibility, minimum disruption of day-to-day operations and costs associated with implementation and training.

This shall apply retroactively to all existing software procured within the last five (5) years and all future procurements of Software by SACOG. These include:

- a. Business operations off-the-shelf software can utilize state and local government procurement and cooperative purchase agreements without competitive procurement.
  - b. Software as a Service (SaaS) and custom software licensed will be procured competitively in accordance with federal and state requirements. Considering the costs associated with implementation and training and disruption of day-to-day operations, procurement of software anticipated to be used indefinitely must consider a minimum of five (5) years of cost with options to renew agreements for up to an additional five-year term for up to a total of ten (10) years.
  - c. Sole Source Software is software that is only available from one source and there are no other vendors or providers that can provide the software that meets SACOG needs or requirements. Sole Source Software can be procured and documented in accordance with existing sole source procurement requirements.
- Revised the state threshold for informal solicitation of software, supplies and equipment (Small Purchase) - raised from \$25,000 to \$250,000 consistent with Federal requirements and State guidelines. Competitive price quotations will still be required for procurements up to \$250,000.
  - Revised the state threshold for informal solicitation of non-A&E services (Small Purchase) - raised from \$5,000 to \$250,000 consistent with Federal requirements and State guidelines. Competitive price quotations will still be required for procurements up to \$100,000 and informal Invitation for Bid (RFB) or Request for Quote (RFQ) process through SACOG web-based procurement portal will be required for procurement between \$100,001 to \$250,000.
  - Minor updates to conform with federal and state requirements and current practices.
  - General organization and format update for easy reference.

#### **Signing Authority Policy (Attachment B)**

Staff is seeking board approval to amend the executive director's contracting authority to \$100,000 without consulting with the Policy & Innovation Committee Chairs. Since 2019, the executive director has been consulting with Policy & Innovation Committee leadership on contract awards between \$60,000 and \$100,000. Over this time, the executive director has approved 317 contracts and contract amendments within his signing authority, with 19 (6 percent) requiring consultation with Policy & Innovation Committee leadership. All 19 contracts have been approved without any concerns from committee leadership. There are two principal reasons that the board delegates signing authority: first, to allow staff to carry out the approved agency budget and work plan under the direction of the executive director, and second, to deliver SACOG's work plan in an efficient manner that does not require a contract to wait for a board action.

Seeking input from committee leadership on these contracts adds an additional step to the process that may not be necessary, and the percentage of contracts up to \$100,000 will likely increase given overall increases in inflation over the past several years. Rather than increase the \$100,000 threshold that requires board approval, staff recommends removing the committee leadership consultation phase. By removing this requirement, it will make procurement and contracting more efficient so staff can focus on project delivery. Staff will continue to provide a report on all contract awards to the Policy and Innovation Committee and Board of Directors on a quarterly basis.

**5. Fiscal Impact/Grant Information:**

There is no fiscal impact.