

## **COUNCIL AGENDA REPORT**

**TO:** Mayor and City Council

**FROM:** Rebecca Campbell, Director of Finance

**DATE:** June 17, 2025

**SUBJECT: Adoption of a Resolution Approving Amendments to the Purchasing Guidelines Manual**

Description:

The City Council will consider adopting a Resolution amending the Purchasing Guidelines Manual effective July 1, 2025.

Environmental Notice: The activity is not a "Project" as defined under Section 15378 of the California Environmental Quality Act State Guidelines; therefore, pursuant to State Guidelines Section 15060(c)(3) no environmental review is required.

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**RECOMMENDATION:**

Adopt a Resolution approving amendments to the City's Purchasing Guidelines Manual to take effect July 1, 2025.

**BACKGROUND:**

The City of Santa Maria's Purchasing Guidelines Manual were adopted in accordance with Santa Maria Municipal Code (SMMC) Section 3-4.12 in 2018. The Purchasing Guidelines Manual brings together common purchasing procedures and practices, formal purchasing procedures, and the California Uniform Public Construction Cost Accounting Act, all into a concise, easily understood document. This policy update request relates to elevating the purchasing approval limit levels to address the significant increase in the cost of goods and services in the last six years.

**DISCUSSION:**

The Purchasing Guidelines Manual contains sections that detail bidding procedures, consultant contract authority, open market purchase procedures, formal contract procedures, federally funded procurement procedures, and payment procedures.

The combination of the Purchasing Guidelines Manual and Chapter 3-4 of the SMMC are designed to provide City departments with guidance, procedures, and formal policies when purchasing goods and/or services. For the construction of "public projects," the city uses a combination of Chapter 8-16 of the SMMC and the California Uniform Public Construction Cost Accounting Act.

Federally funded projects are subject to additional requirements. The Purchasing Guidelines Manual specifically outlines these requirements to ensure compliance with these standards.

The Purchasing Guidelines manual should be perceived as a dynamic document that will likely change as City personnel find more effective and efficient ways to accomplish tasks and achieve goals. Accordingly, periodic changes to these guidelines will be issued to ensure that the City attains maximum efficiency and effectiveness in management of day-to-day operations and remains in compliance with accepted standards.

The changes reflect elevating the purchasing approval limit levels to address the significant increase in the cost of goods and services in the last six years. This policy update changes the threshold requirements in accordance with the California Uniform Public Construction Cost Accounting Act, and the United States Office of Management and Budget (OMB) published 2 CFR 200, Uniform Administrative Requirements, Cost Principles and Audit Guidance for Federal Awards in 2024.

In summary, the changes to the threshold requirement are summarized in the table below:

**PURCHASING THRESHOLDS COMPARISON**

				2018 Purchasing Policy		Proposed 2025 New Thresholds	
				Threshold	Approval Authority	Threshold	Approval Authority
Non Public Works	A) General Purchases B) Maintenance Repair and Service Contracts C) Professional Services Contracts	No Contract / PO		under \$1,000	Dept	under \$5,000	
		Contracts	Prudent Judgement, comparative pricing	\$1,000 - \$10,000	Dept Director	\$5,000 - \$15,000	Dept Director, or designee
		Open Market Contracts / Informal Bid	3 written quotes/proposals	\$10,001 - \$74,999	Dept Director	\$15,000 - \$50,000	Dept Director
						\$50,000 - \$100,000	City Manager
		Formal Bid	Formal Bid/RFP required. If not in Budger, City Manager approval to seek bids, City Council	\$75,000 - more	City Council	\$100,000 - \$175,000	City Manager
\$175,000 - more	City Council						
Public Works		No Bid		under \$45,000	Dept Director	under \$75,000	Dept Director
		Informal Bid	subject to Sec22034 of the Act, CA Uniform CCAC Sec 22036	\$45,001 - \$75,000	City Purchasing Authority, Director of PW, City Engineer	\$75,000 - \$220,000	City Manager
		Formal Bid		\$75,001 - more	City Council	\$220,000 - more	City Council

In addition, the changes to the threshold requirement for federally funded procurements are updated in accordance with the United States OMB published 2 CFR 200, Uniform Administrative Requirements, Cost Principles and Audit Guidance for Federal Awards in 2024. They are updated in the attached Purchasing Guidelines Manual.

This City will be transitioning to a new Financial Enterprise Resource Planning (ERP) system for procurements on July 1, 2025. Updating this policy will align with the system transition in a timely manner.

Impact to the Community

This change will improve the efficiency for tasks related to purchasing and procurements which will save time for operations, projects, and programs for the Community.

ATTACHMENT(S)

- A. Resolution
- B. Redline Version of Purchasing Guidelines Manual
- C. Clean Version of Purchasing Guidelines Manual