FROM: Derek Johnson, City Manager  
Brigitte Elke, Finance Director  
Prepared By: Natalie Harnett, Principal Budget Analyst  
Matt Horn, City Engineer

SUBJECT: A RESOLUTION AUTHORIZING THE USE OF FY2018-19 UNDESIGNATED FUND BALANCE FOR ONE-TIME BUDGET ALLOCATIONS AND A RESOLUTION FORMALLY ADOPTING THE FEDERAL EMERGENCY AND FEDERAL GRANT PROCUREMENT PROCEDURES.

RECOMMENDATION

1. Approve Resolution (Attachment A) adopting changes to the FY2019-20 budget which includes 2019-20 budget adjustments for all Funds, authorizes the one-time payment of $4.2 million toward unfunded CalPERS liabilities, $1.4 million to fund a pension trust fund, and restricts $885,270 in fund balance for the FY2020-21 budget, and;
2. Approve one full-time equivalent (FTE) position in support of the reorganization of Community Service departments; and
3. Review recommended changes to the Capital Improvement Plan.
4. Approve a resolution (Attachment C) formally adopting the federal emergency and federal grant procurement procedures in place since February 1, 2019.

DISCUSSION

On March 17, 2020, the City Council will receive a presentation from its independent auditor regarding the City of San Luis Obispo’s (City) fiscal year (FY) 2018-19 results and reviewed the Comprehensive Annual Financial Report (CAFR) for the same year. Part of this review are the City’s policy reserve levels and any balance above those levels. According to the CAFR, the City ended the last fiscal year with the following fund balance:
The chart illustrates that the City is able to fully fund its 20% operating reserve including the Revenue Stabilization Reserve and the restricted funding for the Section 115 Pension Trust Fund. After accounting for ongoing contractual obligations and the Development Review designation, $6,185,574 remain in unassigned fund balance. However, the City Council has previously directed that available funding will be prioritized to pay-down the City’s pension liability and $4.2 million are earmarked for this purpose. This leaves $1,985,574 for possible appropriation.

In accordance with City Charter\(^1\), the City Council may amend or supplement the budget at any time after its adoption by the majority vote of the Council members. Additionally, the City’s budget policies allow for excess fund balance above policy reserve levels to be used for one-time, non-recurring expenditures. Accordingly, staff recommends the appropriation of one-time savings above required reserve levels from FY 2018-19 to be allocated to one-time expenditures that were unanticipated at the adoption of the 2019-21 Financial Plan but needed for optimum work program deliverables. Detailed descriptions of the requests are provided in Attachment A (Exhibits A-F).

### Approval of Positions

As part of the 2019-21 Financial Plan Operating Program Enhancements, $225,000 was approved as an ongoing resource to support the Organization of the Future. The reorganization included the creation of an Assistant City Manager Position to manage the Community Services departments (Public Works, Parks & Recreation, Utilities, Transit, and Parking). While the funding was added to the budget for the Assistant City Manager, the FTE was not added.

Due to the vacancies in the positions of first the Parks & Recreation Director and subsequently the Public Works Director, the position count was not needed. However, the City has concluded that a Public Works Director is needed and is now trying to fill the position. In order to continue the implemented structure, the approval of an additional FTE is necessary. There is no funding associated with this recommendation as all needed budget allocations were approved with the 2019-21 Financial Plan.

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\(^1\) Section 804. Adoption of the Budget

After the conclusion of the public hearing the Council shall further consider the proposed budget and make any revisions thereof that it may deem advisable and thereafter it shall adopt the budget with revisions, if any. Upon final adoption, the budget shall be in effect for the ensuing fiscal year. From the effective date of the budget, the several amounts stated therein as proposed expenditures shall be and become appropriated to the various departments or activities therein described. All appropriations shall lapse at the end of the fiscal year to the extent that they shall not have been expended or lawfully encumbered. At any meeting after the adoption of the budget, the Council may amend or supplement the budget by motion adopted by a majority vote of the Council.
2019-20 Capital Improvement Plan – Recommended changes in appropriation
On February 18, 2020, Council received its 2019-20 Mid-Year Budget Review report. The purpose of that report was to update City Council and the community on City work programs, workload and performance measures, and changes in financial positions. An update on the status of the Capital Improvement Plan (CIP) was also provided. Significant progress on CIP has been made for the City’s Utilities Department as well as the 2019 Paving and multiple bridge replacements including El Capitan Pedestrian Bridge and Meadow Park Pedestrian Bridges. A list of completed Capital Projects is included in Attachment B.

The City’s Capital budget is prepared over a multi-year period and focuses on maintenance of existing facilities as well as new projects to advance Major City Goals and adopted Plans. Some CIP projects come up quickly as they may have to address failing/failed infrastructure (e.g. El Capitan Bridge) or when new information is obtained, and projects must be accelerated (e.g. safety project due to failing equipment) or deferred to fund other priority projects. The adopted CIP serves as a portfolio of projects for a budgetary cycle. Each individual project prior to construction must go through further Council and/or City Manager (depending upon fiscal impacts) review. This typically involves Council issuing requests to authorize a project for bidding and awarding contracts for construction. During that process further budget and project specification adjustments occur.

Unprecedented Escalation in Construction Costs
Currently, the construction industry is facing unprecedented uncertainty in costs, labor supply, and conditions. Multiple City projects have come in well above engineers’ estimates and have had to be rebid and/or returned to Council for further funding allocations. The costs of materials are escalating far more rapidly than forecasted cost adjustment indices. Construction labor shortages are unprecedented, and some projects have received no bids. Global uncertainty in the finance markets and the world in general due to stock volatility have created further instability in this industry. The impacts of this instability are that some reprioritization of projects must occur so that the City can have successful capital projects through the end of this two-year Financial Plan and stay within our budget. This results in shortfalls in other project areas and given limited funds deferral to the next cycle.

Cost of Construction Escalation and Adjusted Capital Budget
Staff is currently completing a comprehensive review of all general fund CIP projects within the context of the uncertainties and volatility noted above. At this time, because the City has experienced over-realized revenues, unprecedented construction costs, and project timing constraints, there are projects that are being considered for reprioritization, deferral, and funding augmentation. The results and recommendations of this analysis will be presented to the Revenue Enhancement Oversight Committee (REOC) on March 18, 2020 and forwarded to Council for consideration on April 7, 2020 as part of the consent calendar. The purpose for including this discussion is to provide the Council with a comprehensive perspective of City finances and the relationship to the CIP.
Fiscal Year 2019-20 and 2020-21 Budget Changes
Based on the availability of fund balance above policy reserve levels from FY 18-19, staff recommends allocating one-time resources to expenditure budgets that will span over the remainder of the Financial Plan. Staff recommends allocating the funds for both years because many of the requests are for multi-year staffing contracts or needs and the City’s fiscal health response plan will place further strains on FY2020-21. Staff recommends that Council adopt the following budget amendments needed for this fiscal year and restrict $885,270 of fund balance for appropriation with the FY2020-21 budget. Staff expects few, if any, additional significant operating budget changes to be presented with the supplemental budget as forecasts are highly volatile, particularly within the unknown impacts on consumer spending related to COVID-19. A summary of the requests for funding from fund balance above policy reserve levels for all major funds is provided below:

<table>
<thead>
<tr>
<th>Fund</th>
<th>Adopt as budget amendments to Fiscal Year 2019-20 Budget</th>
<th>Restrict fund balance for incorporation in the 2020-21 Budget Appropriation</th>
<th>Total²</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Fund</td>
<td>$1,100,304</td>
<td>$885,270</td>
<td>$1,985,574</td>
</tr>
<tr>
<td>Water Fund</td>
<td>$238,775</td>
<td>$37,351</td>
<td>$276,126</td>
</tr>
<tr>
<td>Sewer Fund</td>
<td>$13,775</td>
<td>$37,351</td>
<td>$51,126</td>
</tr>
<tr>
<td>Parking Fund</td>
<td>$106,175</td>
<td>$16,742</td>
<td>$122,917</td>
</tr>
<tr>
<td>Transit Fund</td>
<td>$2,375</td>
<td>$6,440</td>
<td>$8,815</td>
</tr>
<tr>
<td>Public Art Fund</td>
<td>$400,000 (Capital)</td>
<td>$400,000</td>
<td>$400,000</td>
</tr>
</tbody>
</table>

Policy Context
The City’s Charter under Section 804 allows City Council to amend or supplement the budget by motion adopted by majority vote of the council.

Formal Adoption of Federal Procedures
At the beginning of 2019, in relation to the City’s Water Resource Recovery Facility project, changes were drafted for City procurement standards in order to be compliant with federal standards when federal funds are procured. The resolution proposed (Attachment C) outlines the standards required for compliance. The City implemented the changes as of February 1, 2019 and approving the resolution will formally adopt the standards that have been followed since that time.

Public Engagement
This report is published in advance of the public Council meetings and it will be heard at the Council meeting as a business item. The public will have an opportunity to comment prior and during the hearing on this item.

² Attachment A provides details of the proposed budget adjustments.
CONCURRENCE

The City’s Financial Plan Steering Committee concurs with the recommendations included in this report.

ENVIRONMENTAL REVIEW

The California Environmental Quality Act does not apply to the recommended action in this report, because the action does not constitute a “Project” under CEQA Guidelines Sec. 15378.

FISCAL IMPACT

Budgeted: Yes  Budget Year: 2019-20  
Funding Identified: Yes

Fiscal Analysis:

The requests as detailed below will be funded from unassigned fund balance above policy reserve levels for the General Fund and four Enterprise Funds.

TABLE 1 – General Fund (Attachment A-Exhibit A)

<table>
<thead>
<tr>
<th>Requests for Appropriation of FY 2018-19 One-Time Savings</th>
<th>FY 19-20</th>
<th>FY20-21</th>
</tr>
</thead>
<tbody>
<tr>
<td>1  Youth Services Staffing Crisis</td>
<td>$17,000</td>
<td>$68,000</td>
</tr>
<tr>
<td>2  Police – Public Events/ Marches</td>
<td>$100,000</td>
<td>$150,000</td>
</tr>
<tr>
<td>3  CDD Tech Support for All-Electric Building Contractors</td>
<td>$25,000</td>
<td>$50,000</td>
</tr>
<tr>
<td>4  Contract Legal Analyst/Office Manager</td>
<td>$25,000</td>
<td>$102,000</td>
</tr>
<tr>
<td>5  Trash and Recycling Staff (Contract)</td>
<td>$40,000</td>
<td></td>
</tr>
<tr>
<td>6  2020 Election Costs</td>
<td></td>
<td>$67,752</td>
</tr>
<tr>
<td>7  MOTION Project Funding</td>
<td>$58,900</td>
<td>$159,706</td>
</tr>
<tr>
<td>8  Communications &amp; Engagement Manager (1.5 Year Contract)</td>
<td>$94,191</td>
<td>$144,854</td>
</tr>
<tr>
<td>9  Additional Legal Support</td>
<td>$187,194</td>
<td>$102,957</td>
</tr>
<tr>
<td>10 Property Tax Allocation Splitting Model</td>
<td>$25,000</td>
<td></td>
</tr>
<tr>
<td>11 Capital Reserve Replenishment for Security Improvements</td>
<td>$380,000</td>
<td></td>
</tr>
<tr>
<td>12 Additional Funding to Capital Reserve</td>
<td>$213,020</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$1,100,304</strong></td>
<td><strong>$885,270</strong></td>
</tr>
</tbody>
</table>

TABLE 2 – Water Fund (Attachment A-Exhibit B)

<table>
<thead>
<tr>
<th>Requests for Appropriation of Undesignated Fund Balance</th>
<th>FY 19-20</th>
<th>FY 20-21</th>
</tr>
</thead>
<tbody>
<tr>
<td>1  Springbrook Software Version Update</td>
<td>$25,000</td>
<td></td>
</tr>
<tr>
<td>2  Water Rights Attorney</td>
<td>$200,000</td>
<td></td>
</tr>
<tr>
<td>3  MOTION Project Funding</td>
<td>$13,775</td>
<td>$37,351</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$238,775</strong></td>
<td><strong>$37,351</strong></td>
</tr>
</tbody>
</table>

3 The 2019-20 Budget has $500,000 allocated to Capital Reserve, assuming available fund balance at FY 19-20 Year End. This request will bring the allocation up to $713,020.
TABLE 3 – Sewer Fund (Attachment A-Exhibit C)

<table>
<thead>
<tr>
<th>Requests for Appropriation of Undesignated Fund Balance</th>
<th>FY 19-20</th>
<th>FY 20-21</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 MOTION Project Funding</td>
<td>$13,775</td>
<td>$37,351</td>
</tr>
<tr>
<td>TOTAL</td>
<td>$13,775</td>
<td>$37,351</td>
</tr>
</tbody>
</table>

TABLE 4 – Parking Fund (Attachment A-Exhibit D)

<table>
<thead>
<tr>
<th>Requests for Appropriation of Undesignated Fund Balance</th>
<th>FY 19-20</th>
<th>FY 20-21</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Parking and Access Management Plan Update</td>
<td>$100,000</td>
<td></td>
</tr>
<tr>
<td>2 MOTION Project Funding</td>
<td>$6,175</td>
<td>$16,742</td>
</tr>
<tr>
<td>TOTAL</td>
<td>$106,175</td>
<td>$16,742</td>
</tr>
</tbody>
</table>

TABLE 5 – Transit Fund (Attachment A-Exhibit E)

<table>
<thead>
<tr>
<th>Requests for Appropriation of Undesignated Fund Balance</th>
<th>FY 19-20</th>
<th>FY 20-21</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 MOTION Project Funding</td>
<td>$2,375</td>
<td>$6,440</td>
</tr>
<tr>
<td>TOTAL</td>
<td>$2,375</td>
<td>$6,440</td>
</tr>
</tbody>
</table>

TABLE 6 – Public Art Fund (Attachment A-Exhibit F)

<table>
<thead>
<tr>
<th>Requests for Appropriation of Undesignated Fund Balance</th>
<th>FY 19-20</th>
<th>FY 20-21</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Public Art Allocation to Enhance Garden Alley</td>
<td>$200,000</td>
<td></td>
</tr>
<tr>
<td>2 Public Art Allocation to Anholm Greenway</td>
<td>$200,000</td>
<td></td>
</tr>
<tr>
<td>TOTAL</td>
<td>$400,000</td>
<td></td>
</tr>
</tbody>
</table>

ALTERNATIVES

1. Do not approve of the one-time budget allocations. This alternative because these one-time allocations are mission critical to helping the City achieve its goals and are afforded through unassigned fund balance above policy reserve levels. The allocations for FY2020-21 will assist with critical work programs without further stress on the budget due to the City’s Fiscal Health Response Plan.

2. Modify the proposed one-time allocations and associated budget adjustments.

Attachments:

a - Resolution One Time Budget Amendments

b - Completed Capital Projects

c - Resolution - Fed Emergency and Grant Procurement Procedures
RESOLUTION NO. _____ (2020 SERIES)

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SAN LUIS OBISPO, CALIFORNIA, APPROVING AMENDMENTS TO THE 2019-20 BUDGET ALLOCATION FOR THE GENERAL, WATER, SEWER, PARKING, TRANSIT AND PUBLIC ART FUNDS

WHEREAS, in accordance with the San Luis Obispo City Charter Section 802, the City Manager submitted the 2019-21 Financial Plan to City Council for its review and consideration on June 4, 2019; and

WHEREAS, the City Council approved the 2019-21 Financial Plan and appropriated the 2019-20 budget including operating expenditures, debt service, and capital improvement plan budget; and

WHEREAS, in accordance with the San Luis Obispo City Charter Section 804, at any meeting after the adoption of the budget, the City Council may amend or supplement the budget by motion adopted by a majority vote of the City Council; and

WHEREAS, audited financials show $6.1 million in unassigned general fund balance above required reserve levels from fiscal year 2018-19; and

WHEREAS, the current required reserve levels include a 20% operating reserve, $1 million revenue stabilization reserve, and $1.4 million in restricted funding for the Section 115 Pension Trust Fund; and

WHEREAS, as outlined in the 2019-21 Financial Plan, $4.2 million is recommended to fund an additional down payment to CalPERS against the oldest outstanding pension liability balances; and

WHEREAS, the City Manager is recommending the approval of budget appropriations from the remaining unassigned fund balance for one-time funding as summarized in Exhibits A-F.

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of San Luis Obispo as follows:

SECTION 1. The Finance Director is authorized to make a one-time payment of $4.2 million toward unfunded liabilities in Fiscal Year 2019-20.

SECTION 2. The Finance Director is authorized to make a one-time payment of $1.4 million to fund a pension trust fund in Fiscal Year 2019-20.
SECTION 3. The 2019-20 budget is hereby amended to appropriate $1,100,304 of undesignated General Fund balance to budget, including $213,020 of additional funding to be allocated to Capital Reserve, as specified in Exhibit A.

SECTION 4. The 2019-20 budget is hereby amended to appropriate $238,775 of undesignated Water Fund balance to operating budget, as specified in Exhibit B.

SECTION 5. The 2019-20 budget is hereby amended to appropriate $13,775 of undesignated Sewer Fund balance to operating budget, as specified in Exhibit C.

SECTION 6. The 2019-20 budget is hereby amended to appropriate $106,175 of undesignated Parking Fund balance to operating budget, as specified in Exhibit D.

SECTION 7. The 2019-20 budget is hereby amended to appropriate $2,375 of undesignated Transit Fund balance to operating budget, as specified in Exhibit E.

SECTION 8. The 2019-20 budget is hereby amended to appropriate $400,000 of undesignated Public Art Fund balance to CIP budget, as specified in Exhibit F.

SECTION 9. The 2019-21 Financial Plan is hereby amended to appropriate $885,270 of undesignated General Fund balance to be assigned for one-time budget adjustments during the adoption of the 2020-21 Supplemental Budget, as specified in Exhibit A.

Upon motion of _______________________, seconded by _______________________, and on the following roll call vote:

AYES: _______________________
NOES: _______________________
ABSENT: _______________________

The foregoing resolution was adopted this _____ day of _____________________ 2020.

Mayor Heidi Harmon

ATTEST:

______________________________
Teresa Purrington
City Clerk

APPROVED AS TO FORM:

R ______
J. Christine Dietrick  
City Attorney

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the City of San Luis Obispo, California, this _____ day of ______________, 2020.

______________________________
Teresa Purrington  
City Clerk
## Exhibits A-F: Budget Amendment Requests

### Exhibit A - General Fund

<table>
<thead>
<tr>
<th>Requests for Appropriation of FY 2018-19 One-Time Savings</th>
<th>FY 19-20 Adoption</th>
<th>FY20-21 Appropriation</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1 Youth Services Staffing Crisis</strong>: Youth Services is facing a staffing recruitment and retention crisis. HR staff has conducted an updated compensation study for Youth Services positions. After analyzing the results of the compensation study, it was found that the San Luis Obispo Youth Services position salaries lag market competitors by roughly 29%. Parks and Rec and HR are proposing to make the 6 Youth Services Site Specialists contract, full-time positions with employee only benefits and increased wages over the next 15 months (for the remainder of the FY 19-21 Financial Plan) and monitor staffing challenges throughout this time. Concurrently, a childcare study will be completed which may contain program recommendations for City staff. This study is expected to be completed by June 30, 2021, which will allow us to take both aspects into consideration for the next Financial Plan.</td>
<td>$17,000</td>
<td>$68,000</td>
</tr>
<tr>
<td><strong>2 Police – Public Events/ Marches</strong>: Police is requesting to increase the Department overtime budget by $100,000 to help offset costs related to political marches, demonstrations (permitted and non-permitted events), Farmer's Market (two officers are required to work 5 hours each week), and Council Meetings (one officer is required to work 4 hours). Staff analyzed overtime data over the past five years and identified recurring events and other specific events (politically related) that have increased over the past three years. Since FY 2016-17, Women's marches and other demonstrations have collectively resulted in about 860 hours in overtime, which averages close to 300 hours annually.</td>
<td>$100,000</td>
<td>$150,000</td>
</tr>
<tr>
<td><strong>3 CDD Tech Support</strong>: Technical Support for builders of all-electric buildings (Clean Energy Choice Program Incentive)</td>
<td></td>
<td>$50,000</td>
</tr>
<tr>
<td><strong>4 Contract Legal Analyst/Office Manager</strong>: Request to add a Contract Legal Analyst/Law Office Manager to support ongoing operational needs, the implementation and support of new technologies and processes to increase office intake, efficiency, tracking and effectiveness, and to assist in development of long term structural sustainability plans for the office. Staff have analyzed existing City positions* (comparing the duties assigned to various levels of City staff and those intended to be assigned to a Legal Analyst/Law Office Manager) and have determined the new position proposed is most closely equivalent to a Senior Administrative/Financial Analyst or Human Resources Analyst II.</td>
<td>$25,000</td>
<td>$102,000</td>
</tr>
<tr>
<td><strong>5 Trash and Recycling Staff (Contract)</strong>: The community continues to express a strong interest in the City to begin a formalized trash recycle program in the City's parks system. Currently the City services the parks system with trash service only and this is accomplished using 0.5 FTE. In order to not contaminate recycled material in the park system separate trash pickup and separate</td>
<td></td>
<td>$40,000</td>
</tr>
</tbody>
</table>
recycled pickup is required. The City can accomplish this need by increasing an 0.5 FTE to 1 FTE - contract staff. Additionally, the resource would be able to help coordinate removal of discarded belongings in parks, creeks and open space areas.

<table>
<thead>
<tr>
<th></th>
<th>2020 Election Costs: The City has been notified that the 2020 election will cost approximately 30% more than the 2018 election due to the increased number of registered voters in the City, new regulations related to mailing requirements and the increased cost of mailing. In addition, each ballot measure is expected to cost approximately $40,000. The current budget for the 2020 election is $56,504 and the new expected costs with the increase are $84,256.38. In addition, adding the cost of one ballot measure at $40,000 would bring the total election cost to $124,256. The requested funds would cover the difference between the budgeted and expected actual costs assuming the potential for one ballot measure pending City Council direction.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td><strong>$67,752</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>MOTION Project Funding: These funds are needed for the continued configuration, testing and implementation of the MOTION Project. Phases 1 and 2 of the project are live, however, there is additional investment needed beyond what was originally anticipated to troubleshoot issues remaining after go live. The City is working closely with the software provider (Oracle) and implementer (Sierra Cedar) to resolve these issues at their time and cost first, but through an analysis of root cause there may be a cost to the City for resolution of some of the issues. These funds will be used for additional as-needed services from Oracle and Sierra Cedar, continuation of a full-time Project Manager (currently expected to be reduced to half-time in July 2020) to manage the project and resolution of remaining issues and additional staffing costs (including overtime) associated with the project. The methodology for the General Fund and Enterprise split is based off the originally adopted SOBC in the 16-17 Supplement (Pg D-42).</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td><strong>$58,900</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Communications &amp; Engagement Manager (1.5 Year Contract): These funds are needed to hire a contract Communications &amp; Engagement Manager through the end of the 19-21 Financial Plan to support the City's overall goals of transparency and engagement by serving as a centralized resource ensuring city communication is handled in the most professional, efficient manner possible. Specific duties would include producing written and visual information geared to the local community and other stakeholders, increasing city engagement on social media channels and supporting departments with their specific communication needs. This position would also work with local media to provide factual, timely information and assist city subject matter experts with responding to media inquiries. By bringing this expertise in house, the city is creating an advocate who will help all city staff keep the importance of effective, clear and proactive communication top of mind while partnering with staff on the execution of thoughtful, strategic communication programs. The first task for this position will be to develop and oversee implementation of an updated</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td><strong>$94,191</strong></td>
</tr>
</tbody>
</table>
citywide communication plan that supports the city manager’s operational priorities and City Council’s policy direction and make recommendations on the allocation of communication resources including the potential consolidation of existing contract services. This position will also provide direct support to the Office of Sustainability and assist in related communication efforts.

The 2019-20 Request is $24,191 in staffing costs, $70,000 in Non-Staffing Cost. The non-staffing costs are for $50K related to the production of print and other materials to support the City’s sustainability work and other tasks outlined above. Additionally, this request includes $20k related to the costs associated with onboarding a new staff member including training and development, technology, office equipment, etc. through the duration of the contract. The 2020-21 request is $144,853.80 in staffing costs.

| Additional Legal Support: This funding is needed to support the City's response to the recent claims associated with the California Voting Rights Act against the City. This request includes costs related to legal services ($150,000) and staff support ($140,151) to ensure the City has adequate resources to respond to a significant and intense work effort related to the fundamental processes by which City Council Members are elected in the City. The amount of $150,000 was derived to backfill costs already incurred by the City for legal services related to this work effort and anticipates additional costs that the City will incur. Legal services are needed to provide guidance and subject matter expertise in a complex and evolving area of law as well as the potential use of demography experts. Staff support includes a Management/Administrative Analyst position to provide direct support to the Office of the City Attorney and Administration and IT Department who will be leading this effort with project management, public outreach, research and content development. The requested funding for the Management/Administrative Analyst is through June 2021 and the position would also be available to assist with City Council special projects and other initiatives as available. | $187,194 | $102,957 |
| Property Tax Allocation Splitting Model: This funding is needed to provide the City’s share in the cost for a shared work effort between the cities of Paso Robles, Atascadero and the County of San Luis Obispo to develop a model for splitting property tax allocations to incentivize housing and economic development in the region. | $25,000 |
Capital Reserve Replenishment for Security Improvements: As part of the FY 19-20 Mid-Year Review $380,000 of Capital Reserve funding was used for a mission-critical City Property Security project. Staff recommends using one-time savings from FY 18-19 to replenish the Capital Reserve. $380,000

Additional Capital Reserve Funding: Staff is recommending allocating the remaining undesignated fund balance to Capital Reserve. The 2019-20 Budget has $500,000 allocated for Capital Reserve. The additional amount will bring the allocation to $713,020. This funding can be used for unforeseen operating or capital needs. $213,020

TOTAL $1,100,304 $885,270

Exhibit B – Water Fund

<table>
<thead>
<tr>
<th>Requests for Appropriation of Undesignated Fund Balance</th>
<th>FY 19-20</th>
<th>FY 20-21</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Springbrook Software Version Update: The City has been using Springbrook for utility services billings since January 2010, and the software is configured to perform all of the City's utility billing processes and also communicate field service work orders through a CityWorks integration. Currently, Springbrook software is 2 versions behind, and this system also requires integration with Cityworks, which is also being upgraded. In order to continue optimal functionality and connectivity between the two systems, an upgrade is necessary to Springbrook while Cityworks is dually installing an upgrade at the same time. This is a one-time cost for the upgrade and will be funded from Water Fund balance.</td>
<td>$25,000</td>
<td></td>
</tr>
<tr>
<td>2 Water Rights Attorney: Utilize on-call water rights attorney Brownstein Hyatt Farber Schreck to compile and submit water rights licensing documentation for Whale Rock Reservoir and Salinas Reservoir. For nearly 30 years the City has been discussing moving from permit to license for water rights within Salinas Reservoir and Whale Rock Reservoir. The City’s water rights attorney recommends completing the required paperwork and requesting water rights licenses for Whale Rock and Salinas prior to the completion of the city’s Sustainable Groundwater Management Plan in 2022. This process could take up to three years to complete and it is necessary to begin work immediately to work on securing groundwater resources and surface water resources concurrently. The current year expenses will be covered by Water Fund balance, and ongoing expected costs will be identified and included in the supplemental budget.</td>
<td>$200,000</td>
<td></td>
</tr>
<tr>
<td>3 MOTION Project Funding: These funds are needed for the continued configuration, testing and implementation of the MOTION Project. Phases 1 and 2 of the project are live, however, there is additional investment needed beyond what was originally anticipated to troubleshoot issues remaining after go live. The City is working closely with the software provider (Oracle) and implementer (Sierra Cedar) to resolve these issues at their time and cost first, but through an analysis of root cause there may be a cost to the City for resolution of some of the issues. These funds will be used for additional as-needed services from Oracle</td>
<td>$13,775</td>
<td>$37,351</td>
</tr>
</tbody>
</table>

Packet Page 175
and Sierra Cedar, continuation of a full-time Project Manager (currently expected to be reduced to half-time in July 2020) to manage the project and resolution of remaining issues and additional staffing costs (including overtime) associated with the project. The methodology for the General Fund and Enterprise split is based on the originally adopted SOBC in the 16-17 Supplement (pg D-42).

<table>
<thead>
<tr>
<th></th>
<th>FY 19-20</th>
<th>FY 20-21</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>MOTION Project Funding</strong></td>
<td>$13,775</td>
<td>$37,351</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>$13,775</td>
<td>$37,351</td>
</tr>
</tbody>
</table>

**Exhibit D – Parking Fund**

<table>
<thead>
<tr>
<th></th>
<th>FY 19-20</th>
<th>FY 20-21</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Parking and Access Management Plan Update</strong></td>
<td>$100,000</td>
<td></td>
</tr>
<tr>
<td><strong>MOTION Project Funding</strong>: These funds are needed for the continued configuration, testing and implementation of the MOTION Project. Phases 1 and 2 of the project are live, however, there is additional investment needed beyond what was originally anticipated to troubleshoot issues remaining after go live. The City is working closely with the software provider (Oracle) and implementer (Sierra Cedar) to resolve these issues at their time and cost first, but through an analysis of root cause there may be a cost to the City for resolution of some of the issues. These funds will be used for additional as-needed services from Oracle and Sierra Cedar, continuation of a full-time Project Manager (currently expected to be reduced to half-time in July 2020) to manage the project and resolution of remaining issues and additional staffing costs (including overtime) associated with the project. The methodology for the General Fund and Enterprise split is based on the originally adopted SOBC in the 16-17 Supplement (pg D-42).</td>
<td>$6,175</td>
<td>$16,742</td>
</tr>
</tbody>
</table>
Exhibit E – Transit Fund

<table>
<thead>
<tr>
<th>Requests for Appropriation of Undesignated Fund Balance</th>
<th>FY 19-20</th>
<th>FY 20-21</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 MOTION Project Funding: These funds are needed for the continued configuration, testing and implementation of the MOTION Project. Phases 1 and 2 of the projects are live, however, there is additional investment needed beyond what was originally anticipated to troubleshoot issues remaining after go live. The City is working closely with the software provider (Oracle) and implementer (Sierra Cedar) to resolve these issues at their time and cost first, but through an analysis of root cause there may be a cost to the City for resolution of some of the issues. These funds will be used for additional as-needed services from Oracle and Sierra Cedar, continuation of a full-time Project Manager (currently expected to be reduced to half-time in July 2020) to manage the project and resolution of remaining issues and additional staffing costs (including overtime) associated with the project. The methodology for the General Fund and Enterprise split is based on the originally adopted SOBC in the 16-17 Supplement (pg D-42).</td>
<td>$2,375</td>
<td>$6,440</td>
</tr>
</tbody>
</table>

TOTAL $2,375 $6,440

Exhibit F – Public Art Fund

<table>
<thead>
<tr>
<th>Requests for Appropriation of Undesignated Fund Balance</th>
<th>FY 19-20</th>
<th>FY 20-21</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Public Art Allocation to Enhance Garden Alley: Garden Alley between Garden Street and Broad Street has recently been improvement with concrete pavers as well as adjacent hotel installation. This alley has historical been used as the &quot;back of shop&quot; for several business fronting along Higuera. This area can easily be transformed into a downtown feature or return to previous use patterns. This funding would be provided by the Public Art Fund to support improvements that could transform this area into a special downtown feature.</td>
<td>$200,000</td>
<td></td>
</tr>
<tr>
<td>2 Public Art Allocation to Anholm Greenway: The Anholm Greenway Project is a current CIP Project to increase multimodal opportunity between the downtown and foothill area of the City. During the design development of the project, increased emphasis is planned to be put on public art in order to create an environment where the community comfortable and happy (a sense of place). This request would provide $200,000 from the Public Art Fund to install placemaking enhancements as part of the project at the Chorro Street and US 101 undercrossing.</td>
<td></td>
<td>$200,000</td>
</tr>
</tbody>
</table>

TOTAL $400,000
## Completed 2019-21 Capital Projects

<table>
<thead>
<tr>
<th>Project</th>
<th>Status</th>
<th>Approx. Construction Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>1  *South Broad Street Pavement Improvements</td>
<td>Completed in October</td>
<td>$2,270,500</td>
</tr>
<tr>
<td>2  Casa/Murray Waterline Replacements</td>
<td>Ongoing.</td>
<td>$2,055,000</td>
</tr>
<tr>
<td>3  Stafford-Kentucky-Taft Sewer Replacement</td>
<td>Ongoing. Completion targeted November</td>
<td>$1,230,000</td>
</tr>
<tr>
<td>4  Osos-Leff-Santa Barbara Sewer Replacement</td>
<td>Completed in September</td>
<td>$1,103,000</td>
</tr>
<tr>
<td>5  Sewer Lining 2016</td>
<td>Substantially Completed in August</td>
<td>$524,000</td>
</tr>
<tr>
<td>6  Foothill Pipe Bursting</td>
<td>Completed in November</td>
<td>$250,000</td>
</tr>
<tr>
<td>7  Sewer Lining 2019</td>
<td>Completed in October</td>
<td>$228,000</td>
</tr>
<tr>
<td>8  *Meadow Park Pedestrian Bridge Replacements</td>
<td>Ongoing.</td>
<td>$200,000</td>
</tr>
<tr>
<td>9  Council Chamber Audio / Video Replacement</td>
<td>Ongoing.</td>
<td>$175,000</td>
</tr>
<tr>
<td>10  *Pickleball Courts</td>
<td>Completed in September</td>
<td>$167,000</td>
</tr>
<tr>
<td>11  *Dispatch HVAC Replacement</td>
<td>Completed in October</td>
<td>$151,000</td>
</tr>
<tr>
<td>12  Water Treatment Plant Wash Water Tank Recoat</td>
<td>Completed in December</td>
<td>$138,000</td>
</tr>
<tr>
<td>13  El Capitan Pedestrian Bridge Replacement</td>
<td>Completed in December</td>
<td>$96,000</td>
</tr>
<tr>
<td>14  Silt Removal 2019</td>
<td>Completed in October</td>
<td>$97,000</td>
</tr>
<tr>
<td>15  *Swim Center Therapy Pool Re-Plaster</td>
<td>Completed in September</td>
<td>$96,000</td>
</tr>
<tr>
<td>16  *Fire Station 4 Emergency Backup Generator</td>
<td>Completed in September</td>
<td>$94,000</td>
</tr>
<tr>
<td>17  *City Hall Painting</td>
<td>Completed in September</td>
<td>$40,000</td>
</tr>
<tr>
<td>18  *Fire Station 3 Painting</td>
<td>Completed in August</td>
<td>$10,000</td>
</tr>
<tr>
<td><strong>Total Budget for Complete or Active Projects</strong></td>
<td></td>
<td><strong>$8,924,500</strong></td>
</tr>
</tbody>
</table>

*Indicates project that was delivered using LRM Funds
RESOLUTION NO. _____ (2020 SERIES)

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SAN LUIS OBISPO, CALIFORNIA, ADOPTING THE FEDERAL EMERGENCY AND FEDERAL GRANT PROCUREMENT PROCEDURES

WHEREAS, the Office of Management and Budget (OMB) requires the non-Federal entity to use procurement standards that conform to the procurement standards in the Uniform Guidance, codified at 2 CFR Sections 200.317-200.326; and

WHEREAS, the City of San Luis Obispo (“City”) prepared and has conducted federally funded procurements in accordance with the San Luis Obispo Federal Grant Procurement Procedures (“Procedures”), attached hereto as Exhibit “A”, including for procurements conducted as of February 1, 2019; and

WHEREAS, the City now desires to formalize use of the Procedures through adoption of the Procedures.

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of San Luis Obispo that:

SECTION 1. The recitals set forth above are true and correct and are incorporated into this resolution by this reference.

SECTION 2. The City hereby adopts the San Luis Obispo Federal Emergency and Federal Grant Procurement Procedures, attached hereto as Exhibit “A”, effective as of February 1, 2019.
SECTION 3. This resolution shall be effective as of the date of adoption. The City Clerk shall certify the adoption of this resolution.

Upon motion of _______________________, seconded by ________________, and on the following roll call vote:

AYES:
NOES:
ABSENT:

The foregoing resolution was adopted this _____ day of _____________________ 2020.

____________________________________
Mayor Heidi Harmon

ATTEST:

____________________________________
Teresa Purrington
City Clerk

APPROVED AS TO FORM:

____________________________________
J. Christine Dietrick
City Attorney

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the City of San Luis Obispo, California, this _____ day of ______________, _________.

____________________________________
Teresa Purrington
City Clerk
CITY OF SAN LUIS OBISPO

FEDERAL EMERGENCY
AND FEDERAL GRANT
PROCUREMENT PROCEDURES

Effective as of February 1, 2019

990 Palm St.
San Luis Obispo, CA 93401

Exhibit A

R _____
SAN LUIS OBISPO FEDERAL EMERGENCY AND FEDERAL GRANT
PROCUREMENT PROCEDURES

1. Purpose

The purpose of these City of San Luis Obispo (“City”) Federal Emergency and Federal Grant Procurement Procedures is to define the practices and policies governing the procurement of public works projects, contractual services, professional services or materials, supplies and equipment (i) in preparation of, during, and after an emergency that may be subject to federal funding or reimbursement; (ii) when using federal grant funds subject to the regulations set forth in the following sentence. These Federal Emergency Procurement Procedures are compliant with Title 2 of the Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.

2. Emergency Authority

a. “Emergency” is defined under section 2.24.020 of the City’s Municipal Code (“City Code”) as:

the actual or threatened existence of conditions of disaster or of extreme peril to the safety of persons and property within the city caused by such conditions as air pollution, fire, flood, storm, hazardous materials incident, drought, sudden and severe energy shortage, plant or animal infestations or disease, epidemic, riot, nuclear emergency, earthquake or other conditions, including conditions resulting from war, terrorist acts or imminent threat of war, which conditions are, or are likely to be, beyond the control of the services, personnel, equipment and facilities of this city, requiring the combined forces of other political subdivisions to combat. (Ord. 1560 § 1, 2011: prior code § 2430.1)

b. In the case of a declared emergency, section 2.24.060(A)(6)(b) of the City Code allows for emergency contracting:

To obtain vital supplies, equipment and such other properties found lacking and needed for the protection of life and property and to bind the city for the fair value thereof and, if required immediately, to commandeer the same for public use.

3. Federally Declared Emergencies and Federal Grants; Procurement and Contracting Requirements

Exhibit A
In the event of an emergency declared by the President of the United States, the City must comply with Federal procurement standards as a condition of receiving public assistance funding from the Federal Emergency Management Agency (FEMA) for contract costs for eligible work. FEMA funding is governed by Title 2 of the Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (“Uniform Guidance”).

In addition, most federal grant funding is also subject to the Uniform Guidance. Federal grant compliance requires the grantee to conduct procurements in accordance with written procurement policies and procedures that comply with the requirements set forth in the Uniform Guidance. These procurement procedures shall be complied with in connection with utilization of federal grant funding by the City, in addition to any other specific grant requirements.

These procedures are in addition to and are not intended to replace or supersede the City’s other procurement requirements contained in the City Code and the City Purchasing Manual. In the case of a conflict between these procedures, the City Code or the City’s Purchasing Manual, the more stringent requirement shall govern, provided that the more stringent requirement would not violate a federal procurement requirement. In such case, for federally funded contracts, the federal requirement shall govern.

a. Conflicts of Interest
   i. Standards of Conduct for Conflicts of Interest. No employee, officer or agent of the City shall participate in selection, or in the award or administration of a contract supported by federal funds if a conflict of interest, real or apparent, would be involved. Such a conflict would arise when: The employee, officer or agent; any member of his immediate family; his or her partner; or an organization which employs, or is about to employ, any of the above, has a financial or other interest in the firm selected for award. The City’s officers, employees or agents will neither solicit nor accept gratuities, favors or anything of monetary value from contractors, potential contractors, or parties to subagreements. Such a conflict will not arise where the financial interest is not substantial or the gift is an unsolicited item of nominal intrinsic value. Employees must follow applicable laws, rules, and regulations in regard to conflicts of interest including, but not limited to, the Political Reform Act, the prohibition against contractual conflicts of interest, and guidelines in the California Code of Regulations regarding acceptance of gifts.
   ii. Violations. Disciplinary actions to be applied for violations of the above standards are as follows.
      1. The violation of these Standards of Conduct by City employees will subject the violator to any disciplinary proceedings or action deemed appropriate by the City Manager. Employees may correct a violation in any manner provided for under the Political Reform Act, and its implementing regulations.
2. The violation of any of these Standards of Conduct by City officers will require correction of the violation in any manner provided for under the Political Reform Act, and its implementing regulations.

3. Contractors or subcontractors that violate these Standards of Conduct as relates to an active federally-funded procurement may be prohibited from bidding on the procurement, or may be subject to other action as deemed appropriate by the City Manager.

4. Agents of the City that violate these Standards of Conduct as relates to federally-funded procurements may be prohibited from participation on behalf of the City on federally funded projects, or subject to other action as deemed appropriate by the City Manager.

b. Procurement Standards

i. Oversight. The City shall maintain administrative oversight of contractors to ensure that contractors perform in accordance with the terms, conditions and specifications of their contracts or purchase orders.

ii. Economical Approach. The City must avoid acquisition of unnecessary or duplicative items. Consideration should be given to consolidating or breaking out procurements to obtain a more economical purchase. Where appropriate, an analysis will be made of lease versus purchase alternatives, and any other appropriate analysis to determine the most economical approach. The City will enter into state and local intergovernmental agreements or inter-entity agreements where appropriate for procurement or use of common or shared goods and services. If feasible and it reduces project costs, the City will explore using federal excess and surplus property in lieu of purchasing new equipment and property. When appropriate, the City will investigate using value engineering clauses in contracts for construction projects of sufficient size to offer reasonable opportunities for cost reductions.

iii. Detailed Records. The City shall maintain records sufficient to detail the history of each procurement. These records will include, but are not necessarily limited to the following: rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price.

iv. Procurement Issues. The City alone shall be responsible, in accordance with good administrative practice and sound business judgment, for the settlement of all contractual and administrative issues arising out of procurements. These issues include, but are not limited to, source evaluation, protests, disputes and claims. Protest procedures or information on obtaining the procedures shall be included in the procurement documents.
c. Competition

i. Full and Open Competition. In order to ensure objective contractor performance and eliminate unfair competitive advantage, contractors that develop or draft specifications, requirements, statements of work, or invitations for bids or requests for proposals must be excluded from competing for such procurements. Some of the situations considered to be restrictive of competition include but are not limited to:
   1. Placing unreasonable requirements on firms in order for them to qualify to do business;
   2. Requiring unnecessary experience and excessive bonding;
   3. Noncompetitive pricing practices between firms or between affiliated companies;
   4. Noncompetitive contracts to consultants that are on retainer contracts;
   5. Organizational conflicts of interest, as further detailed herein;
   6. Specifying only a “brand name” product instead of allowing “an equal” product to be offered and describing the performance or other relevant requirements of the procurement; and
   7. Any arbitrary action in the procurement process.

ii. Organizational Conflicts of Interest. An unfair competitive advantage could result if a contractor were allowed to submit a bid or proposal for work described in a specification or statement of work that the contractor itself developed. For the purpose of eliminating a potential unfair competitive advantage, and in compliance with applicable state and federal laws and regulations, a contractor that develops or assists in developing specifications, requirements, statements of work, invitation for bids, and/or request for proposals for a City procurement is excluded from competing for the resultant procurement, unless an appropriate waiver is issued by the City. All waivers will be assessed by the City on a case-by-case basis.

iii. Geographical Preference. The City shall conduct procurements in a manner that prohibits the use of statutorily or administratively imposed in-state or local geographical preferences in the evaluation of bids or proposals, except in those cases where applicable federal statutes expressly mandate or encourage geographic preference. When contracting for architectural and engineering (A/E) services, geographic location may be a selection criteria provided its application leaves an appropriate number of qualified firms, given the nature and size of the project, to compete for the contract.

iv. Procurement Transactions. The City shall require the following information for procurement transactions:
   1. A clear and accurate description of the technical requirements for the material, product or service to be procured. Such description shall not, in competitive procurements, contain features which unduly restrict competition. The description may include a statement of the qualitative nature of the material, product or service

Exhibit A
to be procured, and when necessary, shall set forth those minimum essential characteristics and standards to which it must conform if it is to satisfy its intended use. Detailed product specifications should be avoided if at all possible. When it is impractical or uneconomical to make a clear and accurate description of the technical requirements, a brand name or equal description may be used as a means to define the performance or other salient requirements of procurement. The specific features of the named brand which must be met by offerors shall be clearly stated; and

2. All requirements which the offerors must fulfill and all other factors to be used in evaluating bids or proposals.

v. Prequalification Lists. The City shall ensure that all prequalified lists, if used, of persons, firms or products which are used in acquiring goods and services are current and include enough qualified sources to ensure maximum open and free competition. The City shall not preclude potential bidders from qualifying during the solicitation period.

d. Procurement Procedures

The thresholds below are federal thresholds. If City thresholds are lower, the more restrictive requirement shall govern, notwithstanding the provisions herein.

i. Micro-Purchases. Purchases within the micro-purchase threshold (e.g., currently set at purchases of $10,000 or less but periodically adjusted for inflation) may be awarded without soliciting competitive quotations if the City considers the price to be reasonable. To the extent practicable, the City must distribute micro-purchases equitably among qualified suppliers.

ii. Small Purchases. Purchases within the simplified acquisition threshold (e.g., currently set at purchases of $250,000 or less) shall not be required to be formally bid. Price quotations must be received from no less than three (3) sources.

iii. Formal, Sealed Bidding.

1. Bids are publicly solicited and a firm-fixed-price contract (lump sum or unit price) is awarded to the responsible bidder whose bid, conforming to all the material terms and conditions of the invitation for bids, is the lowest in price. Formal, sealed bidding is required for purchases greater than the simplified acquisition threshold, which is currently set at $250,000, or as may be adjusted by the Federal Acquisition Regulation, pursuant to 48 CFR § 2.101.

2. This is the preferred method for procuring construction, if a complete, adequate, and realistic specification or purchase description is available; two or more responsible bidders are willing and able to compete effectively and for the business; and the procurement lends itself to a firm-fixed-price contract and the

Exhibit A
selection of the successful bidder can be made principally on the basis of price.

3. The City must publicly advertise the Invitation for Bids and publicly open all bids at the time and place prescribed in the invitation.

4. Any contracts awarded pursuant to this procedure shall be to the lowest responsible bidder submitting a responsive bid and shall be for a firm fixed price. Any or all bids may be rejected if there is a sound documented reason.

iv. Competitive Proposals.

1. When the nature of a procurement does not lend itself to formal, sealed bidding, the City may solicit competitive proposals. The technique of competitive proposals is normally conducted with more than one source submitting an offer, and either a fixed-price or cost-reimbursement type contract is awarded.

2. A request for proposals (RFP) must be publicly advertised, and the City must solicit proposals from an adequate number of sources. The RFP must identify all evaluation factors and their relative importance; however, the numerical or percentage ratings or weights need not be disclosed.

3. Evaluation factors that will be considered in evaluating proposals shall be tailored to each procurement and shall include only those factors that will have an impact on the selection decision.

   a. The City’s procurement officer shall establish a formal evaluation committee, of at least two persons. The size of an evaluation committee should be based on the size and complexity of the goods or services being procured and well balanced and represented by individuals involved with the procurement and/or affected by the goods or services being procured.

   b. The evaluation committee will be charged with responsibility for evaluating proposals in accordance with the evaluation criteria in the solicitation, short listing firms, establishing a competitive range, and/or recommending a firm or firms for contract award.

4. Any contract awarded based on the competitive proposal procurement process cannot be based exclusively on price or price-related factors.

5. If a contract is awarded, it shall be to the responsible firm whose proposal is most advantageous to the City ("best value"), with price and other factors considered.

v. Competitive Proposals for A&E Services. The competitive proposal procedures above may be used for procurement of architect and engineering (A&E) services, provided that proposers must be evaluated based on competence and qualifications, without regard to price. For A&E Services

Exhibit A
procurements, price will not be used as a selection factor. The City will rank proposers based on qualifications only, and attempt to negotiate fair and reasonable compensation with the highest ranked proposer. If negotiations with the highest ranked proposer are unsuccessful, such negotiations will be terminated and the City will commence negotiations with the next highest ranked proposer. This process shall be continued with successive qualified proposers until agreement is reached that is determined to be fair and reasonable.

text:

vi. **Noncompetitive Procurements.**

1. Contracts may be procured through a noncompetitive proposal only when:
   a. The item is only available from a single source;
   b. The public exigency or emergency for the requirement will not permit a delay resulting from competitive solicitation;
   c. The Federal awarding agency or pass-through entity expressly authorizes noncompetitive proposals in response to a written request from the City; or
   d. Competition is deemed inadequate after the solicitation of a number of sources.

vii. **Public Projects.** Public projects shall be procured by the formal contract bid procedure as set forth Chapter 3.24, Article III, Formal Contract Procedure of the City’s Municipal Code, Section 203 of the City Purchasing Manual, and the formal, sealed bidding in this section. If there is conflict between the foregoing, the more restrictive requirements shall apply.

viii. **Award.**

1. **Responsible Contractor.** The City shall award contracts only to responsible contractors possessing the ability to perform successfully under the terms and conditions of a proposed procurement. Consideration will be given to such matters as contractor integrity, compliance with public policy, record of past performance, and financial and technical resources.

2. **Debarment and Suspension.** In accordance with 2 CFR 200.213, in connection with the responsibility determination, a check of debarment and suspension using the System for Award Management (SAM), www.sam.gov, must be performed and documented in the procurement records prior to award.

e. **Contracting with Small and Minority Firms, Women’s Business Enterprises, and Labor Area Surplus Firms**

   i. The City must take all necessary affirmative steps to ensure the use of minority businesses, women’s business enterprises, and labor surplus area firms when possible, as set forth at 2 CFR § 200.321 and detailed below. The City shall:
   1. Place qualified small and minority businesses and women's business enterprises on solicitation lists;
   2. Assure that small and minority businesses, and women's business enterprises are solicited whenever they are potential sources;
3. Divide total requirements, when economically feasible, into smaller tasks or quantities to permit maximum participation by small and minority businesses, and women's business enterprises;
4. Establish delivery schedules, where the requirement permits, which encourage participation by small and minority businesses, and women's business enterprises;
5. Use the services and assistance, as appropriate, of such organizations as the Small Business Administration and the Minority Business Development Agency of the Department of Commerce; and
6. Require the prime contractor, if subcontracts are to be let, to take the affirmative steps listed in paragraphs (1) through (5) of this section.

ii. The City shall document the steps above, and any relevant findings applicable to any of the steps above in its procurement file.

f. Cost and Price
i. Cost or Price Analysis. The City shall perform a cost or price analysis in connection with every procurement action, including contract modifications, in excess of the simplified acquisition threshold. While the method and degree of analysis depend on the facts surrounding the particular procurement situation, the City must, at a minimum, make independent estimates before receiving bids or proposals.
ii. Profit. The City shall negotiate profit as a separate element of the price for each contract in which there is no price competition and in all cases where a cost analysis is performed as required by 2 CFR § 200.323(b).

iii. Estimated Costs. Costs or prices based on estimated costs for contracts are allowable only to the extent that costs incurred or cost estimates included in negotiated prices would be allowable for the City under 2 CFR 200.400 et seq.

g. Payment Procedures
i. Method of Contracting. Contracts entered into pursuant to these procedures shall utilize only fixed-price, cost-reimbursement, or, to a limited extent, time and materials payment methods.
ii. Prohibited Methods of Contracting. The City shall not use the cost plus a percentage of cost or percentage of construction cost methods of contracting for any work for which federal reimbursement will be sought.

iii. Time and Materials (“T&M”) Contracts
1. T&M contracts should be used rarely, and the use of T&M contracts should be limited to a reasonable time period (e.g., no more than 70 hours) based on circumstances during which the City cannot define a clear scope of work.
2. The City shall only enter into a time and materials contract if all of the following apply:
   a. The City has determined and documented in the project file that no other contract is suitable;

Exhibit A
b. The contract has a guaranteed maximum price that the contractor exceeds at its own risk; and
c. The City provides a high degree of oversight to obtain reasonable assurance that the contractor is using efficient methods and effective cost controls.

3. The City must define the scope of work as soon as possible to enable procurement of a more acceptable type of contract (i.e., non-T&M).

iv. Separate Invoicing

1. All purchases made during a proclaimed emergency shall require separate invoicing from routine (i.e., non-emergency related) purchases. All invoices shall state the goods, services, or equipment provided and shall specify where the goods or services were delivered. All invoices shall specify the location(s) where the goods or services were used, if possible. Any invoice which fails to properly identify the emergency nature of the purchase and provide details as to the date(s) and location(s), as appropriate, shall not be paid until such errors are corrected by the vendor and re-submitted in correct form.

v. Auditing of Invoices for Debris Removal. All invoices for debris clearance and removal shall be audited prior to payment to the contractor. Contractors shall be notified of this requirement prior to the award of any contract for debris clearance and/or removal. Audits shall be in accordance with procedures for debris removal monitoring specified in FEMA’s Publication 325, Debris Management Guide.

h. Bonding Requirements

i. Bonding. For construction or facility improvement contracts or subcontracts exceeding the simplified acquisition threshold (See 2 CFR 200.88), the City shall require at a minimum:
   1. A bid guarantee from each bidder equivalent to five percent of the bid price.
   2. A performance bond on the part of the contractor for 100 percent of the contract price.
   3. A payment bond on the part of the contractor for 100 percent of the contract price.

i. Procurement of Recovered Materials

i. For procurements covered under these procedures, the City and its contractors must comply with section 6002 of the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act. In accordance with these requirements, the City shall only procure items designated in the guidelines of the Environmental Protection Agency (EPA) at 40 CFR part 247 that contain the highest percentage of recovered materials practicable, consistent with maintaining a satisfactory level of competition; procuring solid waste management services in a manner that maximizes energy and resource recovery; and establishing an affirmative

Exhibit A

R _____
procurement program for procurement of recovered materials identified in
the EPA guidelines.

ii. This requirement applies to purchases of items when the purchase price of
the item exceeds $10,000, or the value of the quantity acquired during the
preceding fiscal year exceeded $10,000.

   i. Contract Provisions. The City’s contracts shall contain the applicable
      provisions described in Appendix II to Part 200 – Contract Provisions for
      Non-Federal Entity Contracts Under Federal Awards.

k. Pre-Event Contracts
   i. The City may choose to solicit bids and proposals and award contracts in
      non-disaster times. This may include, but is not limited to, debris removal
      contracts and debris monitoring contracts.