



Agenda Report

File #: 2023-3006, **Version:** 1

FROM: Robert Thompson, General Manager
Originator: Wally Ritchie, Director of Finance

SUBJECT:

PROPOSED ADOPTION OF ORDINANCE NO. OC SAN-61 UPDATING THE PURCHASING ORDINANCE

GENERAL MANAGER'S RECOMMENDATION

RECOMMENDATION: Recommend to the Board of Directors to:

- A. Introduce Ordinance No. OC SAN-61, entitled: "An Ordinance of the Board of Directors of the Orange County Sanitation District Establishing Requirements and Procedures for the Purchase of Goods, Services, and Public Works Projects; and Repealing Ordinance No. OC SAN-56";
- B. Motion to read Ordinance No. OC SAN-61 by title only and waive reading of said entire Ordinance on June 28, 2023;
- C. Set July 26, 2023, as the date for the second reading and adoption of Ordinance No. OC SAN-61; and
- D. Direct the Clerk of the Board to publish summaries of the Ordinance as required by law.

BACKGROUND

The proposed Purchasing Ordinance sets forth the requirements that apply to the Orange County Sanitation District's (OC San) purchase of goods and services. The proposed Ordinance updates the requirements currently set forth in Ordinance No. OC SAN-56 and clarifies several individual requirements and procedures. The Ordinance, for example, modifies solicitation thresholds and procurement approval levels.

RELEVANT STANDARDS

- Build brand, trust, and support with policy makers and community leaders
- CA Public Contract Code Section 20783
- CA Government Code Section 4526 & 54202
- Ensure the public's money is wisely spent

PROBLEM

OC San has not updated its solicitation limits in a significant amount of time. The value of goods and services has increased significantly year over year, causing the procurement process to take longer due to the solicitation limits. This may delay critical system repairs and maintenance.

PROPOSED SOLUTION

Adopt an Ordinance with the new proposed purchasing requirements and authority based on OC San's staff thorough review and analysis of the limitations of the existing Ordinance.

TIMING CONCERNS

The timing for adoption of the proposed Ordinance is as follows:

May 2023 - Discussion of Proposed Ordinance Updates with Operations and Administration Committees.

June 2023 - Introduction of the Ordinance to the Administration Committee.

June 2023 - Introduction and first reading of the Ordinance to the Board of Directors.

July 2023 - Second Reading and Adoption of the Ordinance.

August 25, 2023 - Ordinance takes effect.

RAMIFICATIONS OF NOT TAKING ACTION

The existing Purchasing Ordinance and solicitation limits will remain in effect without modifications.

PRIOR COMMITTEE/BOARD ACTIONS

May 2021 - Adopted Ordinance No. OC SAN-56, entitled: "An Ordinance of the Board of Directors of the Orange County Sanitation District Establishing Requirements and Procedures for the Purchase of Goods, Services, and Public Works Projects; and Repealing Ordinance No. OCSD-52".

ADDITIONAL INFORMATION

Under Government Code Section 54202, OC San must adopt policies and procedures governing the purchase of supplies and equipment.

Government Code Section 4526 applies to the purchase of professional services from private architects, landscape architects, engineers, environmental professionals, land surveyors, and construction managers. Under Section 4526, OC San must select the specified professionals based on demonstrated competence and the professional qualifications necessary for the satisfactory performance of the services required. Section 4526 allows OC San to adopt, by Ordinance, procedures ensuring that the specified services are engaged based on demonstrated competence and professional qualifications at fair and reasonable prices.

Under Public Contract Code Section 20783, OC San must award contracts for public works construction worth more than \$35,000 to the lowest responsive, responsible bidder. Public Contract Code also imposes a variety of requirements on the award of public works construction contracts.

The table below highlights some of the major changes to the ordinance, other administrative changes can also be found in the redline attachment.

Threshold Type	Current Threshold	Proposed Changes
Solicitations		
Public Works	\$35,000	No change
Good and Services		
Small Procurements (1 quote)	\$10,000	\$ 25,000
Informal (3 quotes)	\$50,000	\$ 100,000
Formal	>\$50,000	>\$100,000
Emergencies	\$100,000	\$150,000
Master Contracts		
Repair and Maintenance - per task order	\$300,000	\$500,000
Professional Services - per task order	\$100,000	\$500,000
Professional Design - per task order	\$300,000	\$500,000
Professional Design - annual NTE	\$600,000	\$1,000,000
Professional Design - 1 proposal	\$25,000	\$100,000
Approvals		
GM Approval	\$100,000	\$150,000
Committee	\$200,000	\$250,000
Board	>\$200,000	>\$250,000

CEQA

N/A

FINANCIAL CONSIDERATIONS

N/A

ATTACHMENT

The following attachment(s) may be viewed on-line at the OC San website (www.ocsan.gov) with the complete agenda package:

- Purchasing Ordinance Updates Summary
- Draft Ordinance No. OC SAN-61 (redline)
- Draft Ordinance No. OC SAN-61 (clean)
- Presentation