

AGENDA ITEM 5 (ACTION ITEM) CONTRACT DELEGATION AUTHORITY

Contract Delegation June 20, 2011

STAFF REPORT

Government Code Section 8857 authorizes the Commission to delegate to the Executive Director the authority to enter into contracts on its behalf. For purposes of this delegation, counsel advises that the term “contracts” includes purchases of services through service order agreements and purchases of “goods” through purchase order agreements. CDIAC uses service order agreements to pay for equipment maintenance such as copier service agreements and e-mail services (such as ListServ). It uses purchase order agreements to pay for printing costs of CDIAC publications, association memberships, and office equipment. In general, most CDIAC Operating Expense and Equipment (“OE&E”) expenditures fall under this broader “contract” category and are therefore relevant to establishing the Executive Director’s contract authority.

On July 15, 2010, the Commission approved Resolution 10-01, authorizing the Executive Director to enter into contracts and interagency agreements under specified thresholds. Specifically, an individual contract in the prior fiscal year could not exceed \$300,000, and an interagency agreement for administrative services could not exceed \$450,000.

Resolution 10-01 increased the amount of the Executive Director’s delegation from \$1.1 million in FY 2009-10 to \$1.5 million in FY 2010-11. The increased authority was intended to address CDIAC’s expanded role under AB 2579 (Evans) if it were chaptered. AB 2579 provided for the creation of a commission on statewide infrastructure planning and development. CDIAC anticipated expending \$400,000 towards the development of a statewide infrastructure plan under the commission, however, AB 2579 died on the Senate floor.

CDIAC projects its OE&E expenditures through May 30, 2011 to be approximately \$715,000, including the following.

Administrative services	\$369,000
Rent	105,000
General office expenses	30,000
Facilities for educational seminars	35,000
Communications	9,000
Printing and postage	13,000
Travel and training	30,000
Miscellaneous service contracts	2,000
Miscellaneous IT expenses	3,000
Prorata expenses	104,000
Major equipment purchases	15,000
TOTAL	\$715,000

CDIAC also anticipates contracting for services totaling approximately \$60,000 prior to the close of the fiscal year. These contracts will include a customized training program on the utilization of the CDIAC debt issuance database report writing software and hosting services for a series of webinars planned for Fall 2011. The combination of expenditures through May, projected operating expenses in June, and projected budget encumbrances in June equate to total OE&E expenditures of approximately \$800,000 for fiscal year 2010-2011.

In addition, SB1293, chaptered in 2008, requires CDIAC to reimburse the State Controller's Office up to \$200,000 per year through June 30, 2012, for costs associated with implementation of the law's provisions for increased oversight of conduit financing providers. In accordance with the law, an interagency agreement was executed for \$150,000 in December 2008. Although this agreement terminated in July of 2009, until CDIAC's expense reimbursement obligation expires in July 2012, a new interagency agreement and corresponding \$200,000 obligation could be executed.

STAFF RECOMMENDATION

Staff respectfully requests that the annual limit for total contracts be reduced to \$1.1 million by adopting Resolution 11-01. Resolution 11-01 backs out the \$400,000 the prior year delegation had built in for AB 2579. Resolution 11-01 would provide CDIAC sufficient delegated contracting authority to meet its current mandated functions, any cost of living adjustments, and the outstanding reimbursement obligation under SB1293. It does not, however, address additional responsibilities that may be added to CDIAC as a result of pending legislation, particularly SB 907 (discussed under the Executive Director's report).