

AGENDA ITEM 5 (ACTION ITEM)

CONTRACT DELEGATION AUTHORITY

Contract Delegation June 6, 2012

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 June 20, 2011, the Commission approved Resolution 11-01, 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. In addition, Resolution 11-01 also decreased the amount of the Executive Director’s delegation from \$1.5 million authorized in FY 2010-11 to \$1.1 million in FY 2011-12. The reduced authority was determined to be sufficient to meet the total projected annual OE&E expenditures.

CDIAC projects its OE&E expenditures through June 30, 2012 to be approximately \$701,500, including the following.

Administrative services	\$385,000
Rent & facilities	64,000
General office expenses	41,000
Facilities for educational seminars	30,000
Communications	13,000
Printing and postage	18,000
Travel and training	48,000
Miscellaneous service contracts	1,500
Miscellaneous IT expenses	21,500
Prorata expenses	76,000
Major equipment purchases	1,500
TOTAL	\$701,500

Prior to the close of the fiscal year, CDIAC projects the potential execution of several service contracts totaling as much as \$370,000. Potential projects include financial analysis of the Bay-Delta Conveyance Project and assessment and revision of the *California Debt Issuance Primer*. The combination of expenditures projected through June and potential service contract work equate to total OE&E expenditures of approximately \$1,071,500 for FY2011-12.

STAFF RECOMMENDATION

Based on current year expense projections and CDIAC's FY 2012-13 budget authority, staff respectfully requests that the annual limit for total contracts remain at \$1.1 million by adopting Resolution 12-01. Resolution 12-01 would provide CDIAC sufficient delegated contracting authority to meet its current mandated functions and inflationary adjustments. It does not, however, address additional responsibilities that may be added to CDIAC as a result of pending legislation. (discussed under the Executive Director's report).

Resolution 12-01

Date of Adoption: June 6, 2012

WHEREAS, Government Code Section 8857 provides that the Commission may delegate to the Commission's Executive Director the authority to enter contracts on its behalf; and

WHEREAS, Section 1208 (1)(e) of the State Administrative Manual requires that contracts in excess of \$5,000 entered into by State boards, commissions and authorities must be accompanied by a copy of the approved resolution authorizing the execution of such agreements;

THEREFORE, BE IT RESOLVED, that the California Debt and Investment Advisory Commission hereby authorizes the Commission's Executive Director to enter into contracts in Fiscal Year 2012-13, with the following limitations:

- (a) The value of any single contract shall not exceed \$300,000, except as provided in (b) and (c).
- (b) The value of the standard agreement for interagency administrative services with the State Treasurer's Office shall not exceed \$425,000.
- (c) The value of any contract or interagency agreement with an academic unit within the University of California system, the California State University system, or any other appropriate entity to carry out the provisions of Government Code Section 8855 (h)(5), which requires the Commission to undertake or commission studies on methods to reduce the costs and improve credit ratings of State and local issues, or any contract required to implement legislation impacting the Commission, shall not exceed \$500,000.
- (d) The cumulative amount for all contracts shall not exceed \$1,100,000 in Fiscal Year 2012-13. For purposes of this resolution, a contract shall include, but not be limited to, standard agreements, purchase orders and service orders.

FURTHER BE IT RESOLVED, the Executive Director may amend contracts, as needed, to change either the allocations for individual contracts, or their terms provided that the amendments do not exceed the amounts specified in paragraphs (a), (b), (c) and (d).

MOREOVER, the Executive Director shall, at the next Commission meeting, report on all contracts, as defined, approved pursuant to this resolution.

Mark B. Campbell, *Executive Director*