

## **Administrative Policy 7-1**

### **CITY CONTRACT MONITORING AND ADMINISTRATION**

**DISTRIBUTION:** All Departments

**SUBJECT:** CITY CONTRACT MONITORING AND ADMINISTRATION

**PURPOSE:** To provide a uniform system to monitor and administer certain City contracts and leases through the computerization of such documents to ensure timely compliance by the City and contracting parties.

**BACKGROUND:** Due to the increasing number of contracts and leases generated by the various city departments, it is necessary to establish a policy to provide effective procedures to more efficiently monitor and administer certain contracts and leases. This policy provides for the creation and maintenance of a system to assist the City in meeting its objectives.

"Contract" as used herein means any lease or agreement wherein the City is to receive funds or services, except those specifically exempted and agreements for the purchase of goods or merchandise that allows the City to place more than one order during a given time period sometimes called requirement contracts.

This policy encompasses agreements in which the City receives payment for leases of City owned property and certain contracts for professional and other services provided by or to the City. In addition many of our contracts for the purchase of needed supplies allow the City to purchase the goods or merchandise over a period of time it is necessary that these agreements be managed so that they do not expire leaving the City without the needed supplies. The primary objective of this policy is to ensure that the City receives timely payments for leases of City property and that contracts are timely reviewed and renewed as appropriate.

This policy does not apply to:

- A. construction or similar contracts administered by the City Engineer;
- B. certain housing rehabilitation agreements administered by the Planning Department unless those agreements result in a "mortgage" that is filed in the County Clerks Office;
- C. licensing activities administered by the Licensing Division of the Planning Department;
- D. contracts for services and goods purchased or procured as a onetime purchase.

#### **RESPONSIBILITIES:**

- A. The Purchasing Department is hereby designated as the Contract Monitoring Office, which has the primary responsibility of establishing a centralized suspense system. The City Attorney's office is responsible for ascertaining legality of all agreements. The Purchasing Department is responsible for obtaining competitive bids, as required. The Purchasing Department has the responsibility of notifying departments in a timely manner that some upcoming action regarding a specific contract will be required.
- B. Department Directors are responsible to ensure that Form 07-1 (Exhibit A) is filled out for each new contract that falls within the scope of this policy.

- C. Department Directors are required to review all contracts under their respective responsibility and to determine whether they have existing contracts that should be included in the contract monitoring system pursuant to the purpose and scope of this policy. Once determination has been made that an existing contract is to be included in the contract monitoring system, a completed Form 07-1 will be forwarded to the Purchasing Department.
- D. The Purchasing Department will enter all information from Form 07-1 into a contract monitoring after receipt and will update all such information from time to time as appropriate.

**PROCEDURES:**

- A. If a new contract is to be prepared, the Department Director will notify the City Attorney, who will coordinate and assist the Department Director in preparing the new contract.
  - 1. After a final draft contract has been approved by the City Attorney's office, the Department Director will discuss and review the terms and conditions with the contracting party. The Department Director will, thereafter, notify the City Attorney of any changes to the previously approved contract document.
  - 2. The City Attorney's Office or the Department, as appropriate, will finalize the contract.
  - 3. The Department Director will forward the contract to the contracting party for signature prior to Council's action.
  - 4. After the Department Director receives the signed contract from the contracting party, (unmodified) he will complete Form 07-1 and will prepare the agenda item commentary. If the contract is returned with modifications the contract will be submitted to the City Attorney's Office.
  - 5. The Department Director will prepare the agenda item commentary.
  - 6. The completed Form 07-1 will be attached to the contract approved by the City Attorney, and both documents will be attached to the agenda item commentary forwarded to the City Clerk's Office.
  - 7. Upon approval of the contract by City Council, the City Clerk will forward the completed Form 07-1 to the Purchasing Department for input of information into the contract monitoring system.
  - 8. An original signed copy of each contract will be filed with the City Clerk.
- B. At least 60 days prior to the occurrence of an event -- renewal, expiration, certain payments due -- on any contract maintained by the monitoring system, the Purchasing Department will notify the responsible Department Director in writing of any necessary action. Within 10 days after receipt of such notification, the Department Director will notify the Purchasing Department, in writing, of what action is to be taken on that specific contract.
  - 1. If a contract is to be renewed, the Department Director will coordinate with the City Attorney's Office on any proposed changes to the terms and conditions in the contract. The Department Director will follow the same procedures as outlined in Section A. 1 through 7 if a new contract must be written.
  - 2. If a contract renewal is not contingent upon changes to the agreement but renewal requires Council approval, the Department Director will prepare an agenda item commentary to be presented to City Council. Once the renewal is approved by Council, the Department Director will make the necessary changes to contract information on

Form 07-1 and will submit the form to the Purchasing Department to update system information.

3. If no changes are to be made to the contract and exercise of renewal options is not contingent upon City Council approval, the Department Director will coordinate with the contracting party to determine if both sides wish to exercise an option. If both parties agree on exercising a renewal option, then the Department Director will update the contract's expiration date on the Form 07-1 and will submit it to the Purchasing Department to update system information. The Department Director will notify the City Clerk's office in writing that a renewal option has been exercised so that the contract is maintained in the City Clerk's current files.

- C. If the Purchasing Department does not receive information from the Department Director regarding pending or completed action on a specific contract's renewal by the contract expiration date, the City Manager will be informed that the contract has expired and will no longer be maintained through the contract monitoring system.
- D. Department Directors will prepare and maintain an internal suspense system for all contracts which are not included in the contract monitoring system. Department Directors will ensure that certain events specified in contracts are timely met, such as release of maintenance/performance bonds, release of lien on certain properties, release of temporary easements previously recorded in the County Clerk's Office, etc.

**REFERENCES:** None.

**RESCISSION:** This policy shall be in force and effect until amended or rescinded.

**RESPONSIBLE**

**DEPARTMENT:** Purchasing



**Greg Buckley**  
**City Manager**

11-16-09  
**Date**

CONTRACT MONITORING-----INPUT FORM

Form 7-1

Responsible Department \_\_\_\_\_

Name of Contract \_\_\_\_\_

Effective Date of Contract \_\_\_\_\_

Address \_\_\_\_\_

Contact Person \_\_\_\_\_

Telephone # \_\_\_\_\_

Contract Expiration Date \_\_\_\_\_

Option to Renew Yes \_\_\_ No \_\_\_

Primary term of Contract (in years) \_\_\_\_\_

Number of Options \_\_\_\_\_

Brief Description of product, service provided or lease of what city property \_\_\_\_\_

Payment requirements

Payment due to City Yes \_\_\_ No \_\_\_

Payment due from City Yes \_\_\_ No \_\_\_

Amount due or to be paid and frequency

Monthly \$ \_\_\_\_\_ Quarterly \$ \_\_\_\_\_ Semi-Annually \$ \_\_\_\_\_ Annually \$ \_\_\_\_\_

Other \_\_\_\_\_

Date First Payment Due \_\_\_\_\_

Insurance Requirements

Insurance Required? Yes \_\_\_ No \_\_\_

Certificate of Insurance Required Yes \_\_\_ No \_\_\_

TYPES (e.g. General liability, property damage, vehicle liability, workers compensation)

\_\_\_\_\_ Amount \_\_\_\_\_

\_\_\_\_\_ Amount \_\_\_\_\_

\_\_\_\_\_ Amount \_\_\_\_\_

\_\_\_\_\_ Amount \_\_\_\_\_

Policy expiration date \_\_\_\_\_

I certify that I have reviewed the applicable contract and the information on this form is correct to the best of my knowledge. \_\_\_\_\_ (Department Director or authorized representative)

I have reviewed the agreement and it is approved as to form and legality as indicated by my signature on the contract. \_\_\_\_\_ (City Attorney or Assistant City Attorney)

Contract approval date \_\_\_\_\_

Contract # Assigned by Purchasing \_\_\_\_\_