



REPORT TO CITY COUNCIL

To: Honorable Mayor and Members of the City Council

From: Grant Yates, City Manager

Prepared By: Shannon Buckley, Finance Manager

Date: June 12, 2018

Subject: Policy Regarding Administration of Federal Award Programs; and Amend Chapter 3.08 of the Lake Elsinore Municipal Code Adding Section 3.08.016 Regarding Federal Award Programs

Recommendation

adopt A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAKE ELSINORE, CALIFORNIA, ADOPTING CITY COUNCIL POLICY NO. 300-15, ADMINISTRATION OF FEDERAL AWARD PROGRAMS; and,

introduce AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF LAKE ELSINORE, CALIFORNIA, ADDING LAKE ELSINORE MUNICIPAL CODE (LEMC) SECTION 3.08.016 REGARDING FEDERAL AWARD PROGRAMS

Background

The City of Lake Elsinore receives federal funding through various grant programs. As a result, the City is subject to the requirements of the Uniform Guidance which became effective for grant awards after December 26, 2014, with a three-year implementation period. On May 17, 2017, the Office of Management and Budget (OMB) issued a correcting amendment to the Uniform Guidance in the Federal Register to allow for an additional fiscal year to implement changes necessary to conform to the required procurement policies and procedures. The effective date for implementation of the procurement standards for non-federal entities like the City will start for fiscal years beginning on or after December 26, 2017.

Discussion

As part of the requirements, the City must conform purchases made with federal funds to be in accordance with procurement standards in the Code of Federal Regulations, Title 2, Subpart D, Sections 200.317 through 200.326 as listed below.

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| §200.317 | Procurements by states |
| §200.318 | General procurements standards (including conflict of interest) |
| §200.319 | Competition |
| §200.320 | Methods of procurement to be followed |
| §200.321 | Contracting with small/minority and women's business enterprise |

Administration of Federal Award Programs

June 12, 2018

Page 2

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| §200.322 | Procurement of recovered materials |
| §200.323 | Contract cost and price |
| §200.324 | Federal awarding agency or pass-through entity review |
| §200.325 | Bonding requirements |
| §200.326 | Contracted provisions |

Department of Administrative Services staff has sought initial guidance from the City's outside auditors, LSL CPAs, and the City Attorney's Office in conforming the City's purchasing practices to the new standards. The new policy, City Council Policy No. 300-15, is required to be implemented in the upcoming fiscal year. Accordingly, a resolution adopting City Council Policy No. 300-15 is before the City Council for consideration.

The City's auditors have further recommended that the policy be directly referenced in the City's municipal code. Accordingly, an amendment to the City's purchasing ordinance (LEMC Ch. 3.08) is also before the City Council for consideration.

Together, the policy and the ordinance will implement the uniform guidance requirements for purchases and contracts involving federal funding.

Fiscal Impact

There is no fiscal impact associated with this item.

Exhibits

A – Resolution Adopting City Council Policy No. 300-15

B – City Council Policy No. 300-15

C – Ordinance Adding Section 3.08.016 to the LEMC