

CITY COUNCIL STUDY SESSION

Proposed Ordinance to increase the threshold for administrative approval by amending Bellevue City Code Chapters 4.28 Procurement, 4.30 Real Property Acquisition and Leasing, and 4.32 Sale of City Property.

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DIRECTION NEEDED FROM COUNCIL

DIRECTION

Staff are presenting a recommendation to modify Bellevue City Code Chapters 4.28 Procurement, 4.30 Real Property Acquisition and Leasing, and 4.32 Sale of City Property, to align with the maximum threshold in state law (RCW 39.04.010) for the use of small public work rosters. This proposed modification will allow for the simplification of the City's procurement policies, streamline the procurement process, and reduce staff and Council time spent approving bids, contracts, and real property transactions. The proposed changes do not diminish the City's commitment to the competitive procurement process and oversight with the City's policies and procedures.

Following discussion, staff is seeking Council direction to prepare an ordinance modifying the Code Chapters for final action at a future meeting.

RECOMMENDATION

Direct staff to prepare an ordinance modifying Bellevue City Code Chapters 4.28, 4.30 and 4.32 for final Council action at a future meeting to increase the threshold for administrative approval.

BACKGROUND & ANALYSIS

Procurement Threshold Increase

In 2014, Council adopted Ordinance No. 6187 which revised Chapter 4.28 of the Bellevue City Code, pertaining to the City's procurement policies. As part of these revisions, a consistent threshold for requiring Council approval was set at \$90,000 for several types of procurement, including bids for public works, purchase of materials, supplies and equipment, grant agreements, and lease agreements for materials, supplies, and equipment.

As the City continues to grow and the costs of procuring goods and services increases, an increasing number of bids and contracts are submitted to Council for approval. Each bid or contract that requires Council approval can create project delays of several weeks to a month while agenda materials are prepared, processed, and time is sought on the Council meeting schedule. Raising the procurement

threshold for administrative approval will eliminate this delay on hundreds of bids and contracts and will serve the community by providing quicker project delivery at no increased cost. The business community will also benefit with reduced costs, improved scheduling, and increased capacity to complete more projects.

Staff has reviewed the thresholds of other public agencies (see table below), requirements of state law, and the City’s own procurement practices and recommends increasing the threshold limits for all procurement types and grants that are set in Bellevue City Code to \$350,000. This amount aligns with the maximum threshold in state law (RCW 39.04.010) for the use of small public work rosters. Use of this threshold simplifies the City’s procurement policies, as all public works above \$350,000 would fall under standard public works bidding requirements and require Council approval, while all public works below \$350,000 could be approved administratively. A table detailing the code updates required to increase the thresholds is included in Attachment A.

Professional and nonprofessional service contracts as well as some other miscellaneous contract types do not have a threshold set for Council approval in Bellevue City Code. The thresholds for these contracts are set administratively by the Director of Finance and Asset Management (FAM). These thresholds are currently also set at \$90,000, but staff intends to raise them to \$350,000 to maintain consistency with those that are set in code.

The recommended threshold changes will reduce the number of contracts that require Council approval by approximately 80 contracts per year, saving staff and Council time spent on processing agenda memos and other associated materials necessary to support Council’s review. The proposed changes do not diminish the City’s commitment to competitive procurement practices. All contracts will continue to require appropriate competitive process in alignment with the City’s policies and procedures. In order to maintain transparency to Council and the public, staff proposes providing regular reports on the City’s public-facing website listing contracts executed by the City for amounts between \$90,000 and \$350,000.

Comparison to Other Agencies

The following table compares Bellevue’s current threshold with other public agencies in our region:

Council/Board Approval Threshold Comparison	
Jurisdiction	Threshold for Council or Board approval
Bellevue	>\$90,000
Tacoma	>\$500,000
Seattle	No threshold (all contracting approval authority delegated to staff)
King County	No threshold (all contracting approval authority delegated to staff)
Port of Seattle	>\$2,000,000 (effective April 3, 2023)
Bellevue School District	>\$300,000 – Public Works No threshold (if within approved budget) – all other purchases
Sound Transit	>\$5,000,000 – Construction, Architectural and Engineering >\$2,000,000 – all other purchases

Real Property Threshold Increase and Code Clarifications

Chapter 4.30 of the Bellevue City Code addresses Real Property Acquisition and Leasing. The thresholds for obtaining Council approval to acquire Real Property are set at \$25,000 for purchases that

are not identified as part of an approved and funded project. For projects that are identified as part of approved projects, the threshold is set at \$90,000, provided the cost of the property does not exceed fair market value by more than 10 percent. Any lease of real property that is longer than two years or where the consideration is over \$90,000 per year also requires Council approval.

Staff recommends several changes to Chapter 4.30 with the intention of streamlining the code and building efficiency. The first is to remove the separate threshold for purchases that are not identified as part of an approved or funded project and setting a single threshold for Council approval at \$350,000, consistent with the proposed threshold for procurement. Almost all of the City's Real Property acquisitions are tied to approved and funded projects, and any substantive acquisition of real property (other than easements, partial acquisitions, or unusable land) would very likely exceed the new threshold.

Staff also proposes altering the structure for approving property transactions where the purchase price exceeds fair market value. The current code requires Council approval for any transaction where the purchase price is greater than 10 percent above fair market value. When dealing with very small acquisitions, this limitation can create an undue procedural burden on achieving otherwise reasonable administrative settlements with property owners. For example, if staff was negotiating the purchase of a small easement valued at \$500, any settlement amount over \$550 would require Council approval. Staff recommends a graduated structure where the City could negotiate up to the greater of \$10,000 or 10 percent above fair market value. Staff would still be required by administrative policy to ensure any settlements above fair market value are documented and thoroughly justified.

Similarly, staff recommend setting the threshold for leases of real property at \$350,000 per year.

The final revision proposed for Chapter 4.30 is to clarify that the City Manager or their designee is authorized to promulgate policies, standards, and operational procedures for all City Real Property transactions. The current code is silent with respect to the creation of administrative policy for Real Property. The proposed language is consistent with the FAM Director's authority under the Procurement code (chapter 4.28) and would give clear authority for staff to update our Real Property procedures.

Staff also proposes a single clarifying change in Chapter 4.32, which deals with the Sale of City Property. Section 4.32.060 has two references to other code sections which are outdated and need to be corrected to point to the correct locations.

See Attachment A for a table detailing the proposed code updates.

Next Steps

With Council direction, staff will return with an ordinance amending Bellevue City Code Chapters 4.28, 4.30, and 4.32 for Council action at a future meeting.

POLICY & FISCAL IMPACTS

Policy Impact

State law, City Code, and City policies relating to procurement: The City's procurement practices are guided by state law (RCW 39.04, RCW 35.23.352, and RCW 25.22.620), City Code (BCC 4.28), and the City's Procurement Policy and are intended to ensure the City's contracting processes are open, fair, transparent, competitive, and provide the best value for citizens. This combination of law and policy is intended to support the City in the execution of its mission through continued adherence to best practices in procurement to ensure appropriate oversight and competitive pricing.

State law, City Code, and City policies relating to real property: The City's real property practices are guided by state law (RCW 8.26, 35A.79, and 35.94), City Code (BCC 4.30 and 4.32), and the City's Real Property Acquisition and Relocation Assistance Procedures.

Fiscal Impact

There is no fiscal impact associated with modifying the proposed Bellevue City Code. While not having a direct fiscal impact, the proposed changes, if adopted, would provide operational efficiencies, streamline the procurement process, and reduce the amount of staff and Council time spent approving bids, contracts and real property transactions. The indirect savings would be spread across the organization.

OPTIONS

1. Direct staff to prepare an ordinance to increase the threshold for administrative approval by amending Bellevue City Code Chapters 4.28, 4.30, and 4.32 for final action at a future meeting.
2. Provide alternative direction to staff.

ATTACHMENTS

- A. Table Detailing Proposed Changes
- B. Bellevue City Code Chapters 4.28, 4.30, and 4.32 with proposed changes in redline

AVAILABLE IN COUNCIL LIBRARY

N/A