Purchasing and Contracting

Issue

Before the City orders goods or authorizes a vendor to perform work, it should know:

1. Who has authority to approve the purchase.
2. Whether competitive quotes or another vendor-selection process is required.
3. What spending limit applies. Depending on the transaction, that limit may come from City purchasing policy, delegated administrative authority, or a specific contract amount authorized by Council.
4. What contracting terms are required, including compliance with shifting state and federal requirements, whether a contract or contract amendment must be approved before work begins, and whether the agreement includes the appropriate protections for the City.
5. How much has already been spent.
6. Whether enough authority remains for the proposed purchase or work.

The City does not currently have a process that ensures these questions are answered before a purchase is made or work is authorized. Instead, individual employees and departments are expected to understand the purchasing requirements, obtain the correct approvals, determine whether a contract or amendment is needed, and track spending against the authorized amount. No one routinely checks that these steps have occurred before the City becomes obligated to pay.

The City also does not have staff with the available capacity and specialized training to perform these functions. Staff may have the ability to place an order, prepare a scope of work, or route a contract for signature, but that is different from administering a purchasing and contracting system.

Only contracts requiring Council approval routinely receive broader review of their terms and clauses. The City does not have sufficient Finance or legal staffing capacity to provide comparable review for other purchases and agreements. As a result, the City has no process for ensuring they contain appropriate spending limits, amendment requirements, insurance protections, and other terms necessary to protect the City.

This risk remains unaddressed today. Each day the City continues operating without this function, purchases can be made, work can be authorized, and contracts can be signed or exceeded without the advance review and monitoring needed to protect the City.

What happens under the current approach

If there is a problem, it often is not discovered until an invoice reaches Accounting. At that point, the goods may have been delivered or the services completed. Accounting can identify that the amount exceeds a contract or approval limit, but it cannot undo the purchase or prevent work that has already occurred.

Accounting performs an essential payment control at the end of the transaction. The City lacks a corresponding control at the beginning, before it orders goods, authorizes work, or otherwise becomes obligated to pay. This leads to the City routinely exceeding contract amounts or spending authority, followed by repeated requests for Council to approve additional spending after the goods have been delivered or the services performed.

Prior Council concerns and the AHBL matter

During 2025, Council repeatedly requested that these after-the-fact authorization requests stop. The prior administration repeatedly assured Council that the problem would be corrected. Those assurances did not result in corrective action beyond criticizing individual employees whose assigned roles and training did not include administering purchasing and contracting requirements. No system improvements were made to facilitate or support the work expected of those employees or to prevent the same problem from recurring.

Council ultimately drew the line with the AHBL contract amendment. The City had entered into a six-month contract with AHBL, Inc. for temporary planning services with a maximum authorization of $50,000. According to Agenda Bill AB25-094:

- Additional hours were incurred for Planning Commission work.
- The work had already been completed.
- The August 2025 invoice exceeded the contract amount by $4,825.61.
- Sufficient budget appropriation existed to pay the invoice.
- Staff requested an after-the-fact amendment increasing the contract authorization from $50,000 to $54,825.61.

Council declined to approve the amendment. As a result, AHBL was not paid for $4,825.61 in services the City had requested and received.

The AHBL contract included a spending limit. What the City lacked was a process for monitoring that limit and obtaining approval before additional work was performed. The incident was not simply a paperwork error. It was the foreseeable result of asking individual employees to manage purchasing and contract requirements that were not part of their assigned roles or training, without a system to facilitate or support that work.

This unresolved issue predated the current administration and was not identified during the largely non-existent mayoral transition. There was no briefing on the City's repeated contract and spending-authority problems or the AHBL matter, and the issue was not identified by the City Administrator at the beginning of the year.

The problem became apparent only later, during the period in which the Mayor was also performing the City Administrator role. That work provided direct visibility into how purchases and contracts were being initiated, reviewed, tracked, and presented for payment.

We must now acknowledge that previous assurances to Council did not result in correction of the underlying problem or establishment of the organizational capacity necessary to prevent it from continuing.

Why the work cannot be absorbed by existing staff

Establishing a purchasing and contracting function is not simply a matter of assigning another duty to an existing employee.

A properly controlled process begins when a department identifies a need. Before a purchase is made or work begins, the City must determine the purchasing requirements and approval authority, confirm funding, complete any required vendor-selection process, review and approve the contract or purchase, and record the authorized commitment. The department then manages and accepts the goods or work, after which Accounts Payable independently reviews and pays the invoice.

Accounts Payable ordinarily becomes involved at the end of this process. Assigning the purchasing function to Accounts Payable will leave the control too late and combine responsibility for reviewing commitments with responsibility for processing the resulting payments. Maintaining separation between these functions protects the City. Accounts Payable must remain an independent final check rather than substitute for the missing review before an obligation is incurred.

The function also represents substantial ongoing work, including:

- Advising departments before solicitations and purchases begin.
- Determining the applicable purchasing category, threshold, and selection method.
- Confirming approval and signature authority.

- Coordinating quotes, rosters, competitive solicitations, and cooperative purchases.
- Reviewing contracts, amendments, and supporting documents.
- Coordinating legal review when necessary.
- Monitoring contract amounts, payments, amendments, and expiration dates.
- Maintaining a complete record of active contracts.
- Responding to departmental and vendor questions.
- Supporting required reporting.
- Training employees and maintaining procedures.
- Following up when documentation, authorization, or contract capacity is missing.

Existing Finance, Accounts Payable, legal, administrative, and departmental staff already have full primary responsibilities. Dividing this work among them is substantially the current approach, and that approach has not created an effective preventive control.

The question is not whether an existing employee can complete an isolated purchasing task. It is whether an existing employee has the assigned responsibility, training, independence, and available capacity to administer this work across the City. No existing employee does.

Proposed purchasing and contracting function

The City should establish a purchasing and contracting function that provides consistent assistance and contract controls across all departments. The function will:

- Provide a single point of contact for purchasing and contracting.
- Help departments identify the appropriate procurement method and approval authority.
- Review proposed purchases, contracts, and amendments before commitments are made.
- Verify the use of appropriate templates, clauses, and supporting documents.
- Maintain a complete record of active contracts.
- Track authorized amounts, expenditures, amendments, remaining balances, and expiration dates.
- Alert departments before contracts reach their authorized limits.

- Confirm that required amendments are approved before additional work proceeds.
- Coordinate legal review when agreements contain unusual terms or elevated risks.
- Support purchasing and contract reporting required by the Snoqualmie Municipal Code.
- Develop practical procedures and provide staff training.
- Evaluate and implement appropriate purchasing and contract controls in Munis.

Departments will continue to identify their operational needs, prepare scopes of work and technical requirements, participate in vendor selection, manage vendor performance, confirm satisfactory receipt of goods or services, and plan for renewals and future budget needs. The purchasing and contracting function will provide the expertise, monitoring, and controls that individual departments cannot reasonably create and maintain independently.

Staffing the function

The recommended initial staffing is one Procurement and Contracts Analyst. This is an analyst-level position, not a management position, and represents the minimum practical capacity needed to establish the function, address immediate risks, assist departments, and lead the required improvements.

The need is urgent. Until the position is filled and initial controls are established, the underlying risk remains active every day. The City continues to enter into purchases and agreements without a process that consistently reviews authority, contract terms, spending limits, and remaining balances before obligations are incurred. Another after-the-fact authorization problem can occur at any time.

The analyst will immediately begin reviewing proposed purchases, contracts, and amendments; helping departments determine the required process and approval authority; establishing a basic record of active contracts; tracking contract amounts, amendments, payments, balances, and expiration dates; providing advance notice when contracts approach their limits; coordinating contract templates and legal review; supporting required Council reporting; and providing practical guidance to employees.

Work to be led by the new function

After addressing the most immediate risks, the Procurement and Contracts Analyst will lead the continuing work, including:

1. Inventorying and validating active contracts.

2. Establishing and maintaining a complete contract register.
3. Standardizing contract templates and review checklists.
4. Clarifying purchasing procedures and departmental responsibilities.
5. Establishing advance warnings for contract balances and expiration dates.
6. Evaluating and configuring relevant Munis purchasing and contract-management functions.
7. Establishing purchasing and approval workflows where appropriate.
8. Training employees who initiate purchases or administer contracts.
9. Developing reports identifying direct invoices, retroactive approvals, and spending beyond authorization.
10. Improving the monthly contract reporting required by City code.
11. Recommending any necessary policy, technology, legal-support, or future staffing changes.

Risks of continuing the current approach

Without a purchasing and contracting function, the City remains exposed to:

- Continued after-the-fact requests for Council authorization.
- Spending beyond contract or delegated-authority limits.
- Contracts that lack appropriate terms or protections.
- Purchases made without the required competitive process or documentation.
- Missed amendments, renewals, expiration dates, and insurance requirements.
- Delayed or denied vendor payments.
- Vendor disputes and reputational harm.
- Incomplete reporting to Council.
- Audit findings or questioned costs.
- Continued criticism of individual employees for failures arising from work outside their assigned roles, training, and available capacity.

The City cannot reasonably hold employees responsible for consistently following and administering a purchasing and contracting system that the City has not created, staffed, or supported. Nor can the City responsibly allow the current exposure to continue while waiting for another incident to require action.

Requested Council action

Authorize the Procurement and Contracts Analyst position, approve the accompanying appropriation, and authorize recruitment to begin immediately.

This action does not attempt to approve a comprehensive purchasing and contracting system in advance. It provides the professional capacity needed to address the City's immediate exposure, establish the function, and lead the policy, process, training, reporting, and Munis improvements required to prevent these problems from continuing.