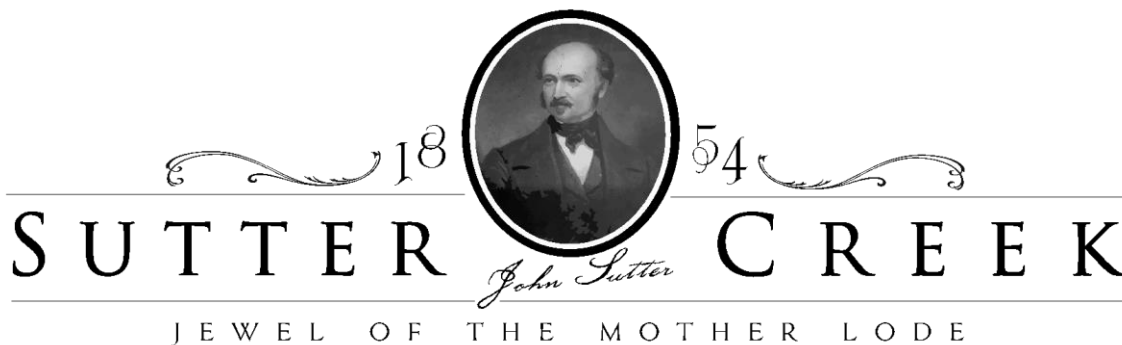




STAFF REPORT

TO: MAYOR AND MEMBERS OF THE CITY COUNCIL
MEETING DATE: NOVEMBER 2, 2026
FROM: MASON PETERS, FINANCE SUPERVISOR
SUBJECT: PURCHASING POLICY UPDATE

RECOMMENDATION:

Adopt Resolution No. 26-27-**, adopting the revised City of Sutter Creek Purchasing Policies and Procedures Manual.

BACKGROUND:

The City had previously approved a Purchasing Policy in Fiscal Year 2019-2020, and we were advised by our auditors that it would be a good idea to review the policy and update language and guidelines to abide by new state regulations as applicable, as well as review the price trigger levels and what approvals/processes are required at each level. Staff agreed, and we took some time to review the policy and make a handful of modifications based on some changes in prices of goods, as well as some state policies that were adopted over the last few years that apply to us.

DISCUSSION:

Staff is aware that the original Purchasing Policy went through a rigorous review process between Staff and Council, so we intentionally did not want to make any substantial changes to the overall guidance that the policy provides. However, prices of general goods and services have increased substantially over the last 5-6 years, and we need to identify a balance between how much preemptive labor should go into approving regular business expenses, such as office supply orders or small repair supplies for Public Works. Having administrative barriers for smaller day-to-day purchases such as these inhibit efficient work processes, but we don't want substantial purchases to not go through a more rigorous approval process.

The two most notable changes to the policy are (1) minimum purchase amount to require a Purchase Order (PO) is increasing from \$100 to \$500, and (2) incorporating a Commodity Restriction for recycled paper products established by CalRecycle in 2023.

In regards to the first update, purchases of normal goods and supplies for day-to-day work regularly exceed \$100, and requiring that many Purchase Orders inhibits efficient work processes. As we mentioned previously, the costs of goods and services have increased exorbitantly over the last few years, and it is important that we recognize that and adjust our processes accordingly.

The second update is a state-mandated Commodity Restriction for recycled paper - as long as the price of the recycled alternative is less than or equal to its non-recycled counterpart, and its quality and usefulness is deemed similar or the same as its non-recycled counterpart, we are required to purchase that recycled paper product. City Hall staff is responsible for monitoring the levels of our paper goods (copy paper

primarily), and we always review prices of goods prior to ordering. This has been our process for the last few years anyways, so no change to internal processes would be required here, we just want to formalize it in our Purchasing Policy.

Otherwise, the original Purchasing Policy retains its overall guidance and we will make sure that Staff is aware of the changes, and that we abide by this updated policy going forward.

FISCAL IMPACT:

No immediate fiscal impact. However, adopting this policy will reinforce internal fiscal controls and ensure that the proper administrators are being made aware of purchases out of their budgets.