



ADMINISTRATIVE POLICY

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Jurisdiction: City Council

PURCHASING & PROCUREMENT POLICY

PURPOSE

To establish policies and procedures to establish efficient procedure, secure supplies, services and equipment at the lowest possible cost, maintain financial control over purchases, define authority in the purchasing system, and assure quality of purchases.

POLICY

The Purchasing and Procurement Policy has been developed in order to achieve the following objectives:

- A. Establish authority, responsibility, and accountability for purchasing activities conducted on behalf of the City.
- B. Ensure competition and impartiality in all purchasing transactions to the maximum extent possible.
- C. Standardize procedures where appropriate to ensure that City-wide policies and goals are achieved.
- D. Maintain department responsibility, initiative, and flexibility in evaluating, selecting, and purchasing goods and services.
- E. Implement simple yet effective internal control procedures that appropriately support planning, maximize productive use of public funds, and protect City assets from unauthorized use.
- F. Communicate City-wide purchasing goals, policies and procedures to departmental staff involved in purchasing activities.
- G. Decentralize decision-making to the maximum extent possible consistent with prudent review and internal control procedures.

AUTHORITY

The City's purchasing ordinance delegates purchasing authority to the City Manager, as well as any other representatives designated by the City Manager. The maximum purchasing authority level of the City Manager is defined in Section 3.16.050 of the Capitola Municipal Code as \$50,000; with the exception of single capital equipment purchases that do not exceed \$75,000 and are approved in the budget.

Each year, the City Manager will approve purchasing authority levels on an Expenditure Authorization Form. The delegated purchasing levels shall not exceed the City Manger's purchasing authority.

The City Manager also has the authority to approve individual changes orders up \$50,000. If cumulative change orders exceed \$50,000, or 10% of the original contract amount, they must be approved by City Council.

RESPONSIBILITY

The City maintains a decentralized purchasing system; and Department Heads are responsible for distributing, advertising, collecting and evaluating all procurement activities conducted within their Departments with Finance Department assistance.

- A. Employees – Each employee is responsible for following these practices. Violation of this policy may result in disciplinary action, termination of employment, or criminal prosecution.
- B. Department Heads – Department Heads are responsible for ensuring that all employees of their department who conduct purchasing activities possess a thorough understanding of these standards of ethical conduct and prohibited practices.
- C. City Manager – The City Manager is responsible for ensuring that all Department Heads who conduct purchasing activities possess a thorough understanding of these standards of ethical conduct and prohibited practices.

Additional purchasing responsibilities are outlined in the chart presented below:

Purchasing System Responsibilities

City Council

- Adopts Purchasing Ordinance
- Approves Purchasing and Procurement Policy
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- Delegates authority to award contracts to the City Manager
- Awards contracts if they exceed the budgeted amount

City Manager

- Implements purchasing policies
- Delegates purchasing authority
- Awards major contracts
- Approves Bids/RFP's
(Contingent upon Council approval in the budget)
- Approves single Capital Equipment purchases up to \$75,000
(Contingent upon Council approval in the budget)

Finance Department

- Develops and implements purchasing guidelines
- Monitors and evaluates system performance
- Maintains financial project files for Capital Project over \$50,000
- Sets payment schedule
- Approves authorized purchase orders up to \$50,000
- Assists departments with purchasing needs

Department Heads

- Develops and implements departmental purchasing procedures
- Delegates department purchasing authority
- Approves major departmental purchases

Authorized Employees

- Purchases, receives, and pays for goods and services in accordance with the City and departmental guidelines
- Prepares necessary bid documents
- Maintains required purchasing records
- Manages department inventories

PURCHASING STANDARDS OF CONDUCT

Every employee or official engaged in purchasing activities on behalf of the City is required to employ the following standards of conduct:

- Consider the interests of the City first, in all transactions
- Carry-out established policies of the City
- Seek to obtain the maximum value for each expenditure of public funds
- Inspect materials, supplies and equipment delivered to determine their conformance with the specifications set forth in the order or contract
- Maintain confidentiality of information furnished by vendors and/or contractors regarding price, terms, performance specifications, or other data prior to a bid opening. All information that is presented during the public bid opening will be made available after the award.

The following practices are specifically prohibited in performing purchasing activities on behalf of the City:

- Having a financial or personal beneficial interest (directly or indirectly) in any contract or purchase
- Accepting or receiving (directly or indirectly) from any person, firm, or corporation to whom any contract or purchase order may be awarded any money or anything of value, or promise or obligation or contract for future reward or compensation. Inexpensive advertising items bearing the name of the firm - such as pencils, pens, paperweights, or calendars - are not considered articles of value or gifts in relation to the policy
- Using position or status in the City to solicit (directly or indirectly) business of any kind; or to purchase products at special discounts or upon special concessions for private use from any person or firm who sells or solicits sales to the City.
- Dividing purchases with the intent to circumvent the purchasing authority levels

DELEGATION OF CONTRACTING AUTHORITY

- A. The City Council retains all contracting authority not specifically delegated in this Policy. This Policy shall supersede all ordinances, resolutions and policies related to the City's procurement system adopted prior to adoption of this Policy. In the event of an inconsistency between this Policy and any prior ordinances, resolutions or policies of the City Council, this Policy shall control.

- B. Any delegation of contracting authority contained in this Policy shall only be exercised (a) in accordance with state law, City ordinances and adopted City policies, as applicable, and (b) only if adequate funds have been included in the approved City Budget for the applicable year or otherwise appropriated by the City Council.

CITY ATTORNEY CONTRACT REVIEW

The City Attorney shall approve all contracts, including amendments to contracts, as to form and legality prior to the execution of the contract by the authorized City official. The City Attorney's approval shall be evidenced by his or her signature on the contract. City Attorney approval on change orders to public projects is not required, but may be requested, at the discretion of the City Manager or Department Head.

LOCAL VENDOR PREFERENCE

Departments are encouraged to do business with Capitola-based businesses due to the benefit to the community and the advantages in timing and availability. This preference should be given whenever it is legal, economical, and results in competitive product or service. Purchasers will actively seek to identify local vendors interested and able to conduct business with the City of Capitola. It is important that purchasers include in their inquiry or invitation to bid, the opportunity for vendors to identify themselves as local and to provide necessary supporting evidence (see definition of local vendor).

Bids, quotes, or offers submitted by Capitola-based vendors will be credited with the current local (City) sales tax and local (City) transactions & use tax in effect. This net bid will be used to compare bids. In the event of a tie, bids submitted by Capitola vendors will be given preference.

- A. Purchasing goods and services from local vendors is desired because it stimulates the local economy and recognizes that our local vendors are valued members of our community. If factors such as quality, previous performance, and availability are equal among vendors, a vendor whose business is located within the City limits shall be awarded a contract if their quote or bid is within 5% of the low bid.
- B. Local preference does not apply to public projects, purchases procured under federal or state requirements, or cooperative purchases with other agencies.
- C. The vendor must have a valid City business license and employ at least one full-time employee located at a City business address.
- D. Local bidders must bid with the same specification as required of non-local bidders.

ALTERNATIVE FUEL VEHICLES

Vehicles powered by clean alternative fuels as defined by the Energy Policy Act of 1992 and other energy efficient advanced technology vehicles shall be given consideration when purchasing new and replacement fleet vehicles

TERMINOLOGY

Best Value (Lowest Responsible Bidder): Best value is largely based on cost; however, the following factors could be considered in awarding a contract: Skills of the contractor, ability to provide supplies or services; timely processing; and compliance with governing statutes. The complete definition of best value is provided in Section 3.16.040 (A) of the Municipal Code.

Bid: Formal process to obtain lowest responsive responsible bidder or price for materials, supplies and services, and equipment

Consultant or Professional Services: Services of an attorney, engineer, doctor, financial consultant, planning or environmental consultant, investment advisor, bank or trustee office, or other professional

Contract: A written agreement between two or more persons setting forth a matter of performance and compensation or consideration given for the performance. The term contract includes, but is not limited to; purchase orders, contract for services, an addendum or change order or a letter agreement.

Local Business (Local vendor/Capitola-based business): Any business which has a retail outlet within city limits of the City of Capitola and holds the required licenses and permits for conducting its business within the City.

Maintenance: Routine, recurring, and usual work for the preservation or protection of any publicly owned or publicly operated facility for its intended purposes. It also includes minor painting, resurfacing of streets less than one inch; and landscape maintenance. This definition is provided in Section 22002 (c) of the Public Contract Code and should be contrasted with Public Project.

Open Market Purchases: Purchases of supplies, equipment, and general services from \$5,000 - \$25,000.

Over the Counter or Informal Purchases: Purchases under \$5,000 made by authorized personnel.

Petty Cash: Cash used to reimburse authorized purchases up to \$80. All reimbursements must be accompanied by a receipt.

Public Project: Construction, reconstruction, erection, alteration, renovation, improvement, demolition, and repair work involving any publicly owned, leased, or operated facility. This can also include the painting or repainting of publicly owned, leased, or operated facility. This definition is provided in Section 22002 (c) of the Public Contract Code and should be contrasted with the definition of Maintenance.

Purchase Order: A document used to acknowledge acceptance of a bid quotation or offer, and a contractual relationship is established upon its issuance and acceptance by the vendor.

Request for Proposal (RFP): An offer in to provide materials, supplies or services where the City selects vendor/consultant usually based upon criteria specified in Request for Proposal such as competence, qualifications and expertise in the field. Price is not the sole basis for selection, but may be considered in the criteria for evaluating proposals. Typically used for consultant or professional service contracts.

General Services: Any work performed or services rendered by an independent contractor, with or without the furnishing of materials such as a professional consultant.

Sole Source: Sole source purchases are used where no secondary source is reasonably available precluding the use of a competitive process.

ENCUMBRANCE OF FUNDS

- A. Except in cases of emergency, or by order of the City Council, purchase orders shall not be issued unless there exists an unencumbered appropriation in the department budget against which the purchase order is to be charged.
- B. Purchase orders do not roll over from one fiscal year to the next if unused, except for contract and professional services procured by an approved contract with terms that cross fiscal years. All other purchase orders shall be used in the fiscal year they were issued. In the event a planned purchase is delayed and will not occur until the next fiscal year, a new purchase order must be requested by the Department Head in the new fiscal year. For budget purposes, expenditures for goods or services will be realized based upon the date the order/service is received.
- C. Invoices shall not be coded based upon budget lines that have unused/available funds. Invoices shall be coded to the correct budget line item according to the nature of the goods or services provided. It is the responsibility of the Department Head to request budget adjustments as needed to allow for the correct coding of invoices.

UNLAWFUL PURCHASES OR CONTRACTS

If any officer or employee purchases or contracts for any goods or services contrary to the provisions of these Procedures, such purchase order or contract may be void and of no effect. The staging or splitting of the purchase of goods or procurement of services, without proper justification or to avoid the authorization limits, is prohibited.

RECORD KEEPING

Each department is responsible for maintaining its own purchasing and contracting records when formal council action was not required. **ALL ORIGINAL, EXECUTED CONTRACTS MUST BE PROVIDED TO THE CITY CLERK, WHO SHALL MAINTAIN SUCH ORIGINAL EXECUTED CONTRACTS IN ACCORDANCE WITH THE CITY'S RETENTION SCHEDULE REGARDLESS OF THE REQUIRED APPROVAL LEVEL** (i.e. Department Head, City Manager, City Council). Upon expiration of the term of a contract for any reason, any bids, specifications, and other pertinent data shall be retained by the department in accordance with the City's adopted document retention schedule. These are public records and available for public inspection upon request.

SHARED FOLDER

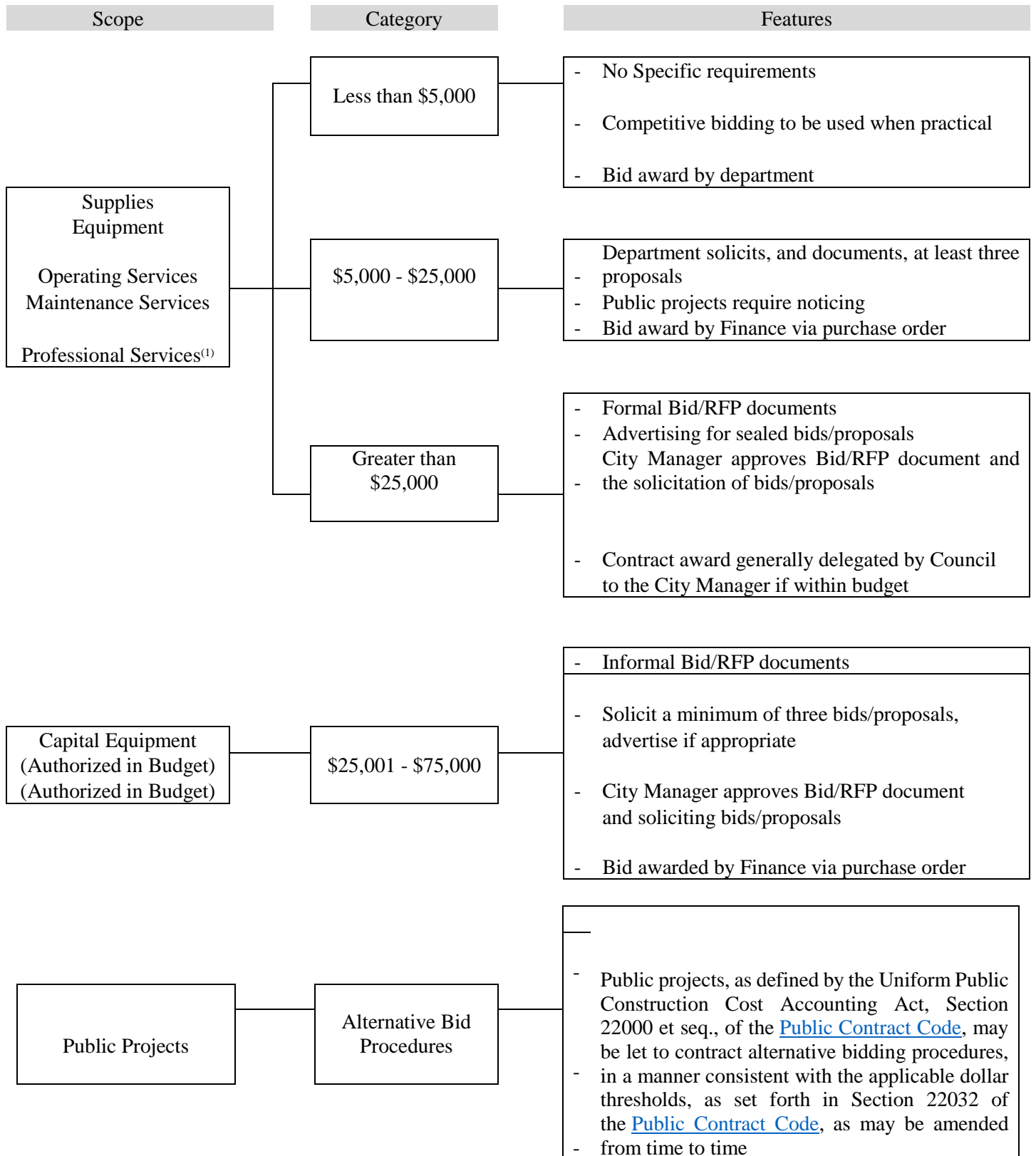
In order to ensure proper record keeping a shared folder shall be created to track all aspects of a project. A list of items to be kept electronic include: bid documents, contract, change orders, purchase

orders, invoices, and communications that impact the overall project. Each department is responsible to save a copy of their responsible aspects of the project to the shared folder. The shared folder can also include the Financial Accounting System documents.

PURCHASING SYSTEM OVERVIEW

A general overview of the City's purchasing procedures; thresholds, and responsibilities are presented in the following charts. Detailed procedures for each Purchasing Category are provided in subsequent sections of this policy:

Purchasing System Chart



(1) Additional information related to Professional Services/RFP's is provided in the Supplemental Information Section.

(2) The Capitola Municipal Code and this Administrative Procedure provides additional guidelines regarding emergency situations.

PURCHASING CATEGORIES AND PROCEDURES

I. General Purchases under \$5,000

- Purchases under \$5,000 may be made by an authorized Purchasing Designee. A Department Head, or his/her designee, is authorized to purchase goods or procure services (except professional services) for an amount of Five Thousand Dollars (\$5,000) or less, if adequate funds have been appropriated by the City Council in the budget. City Council appropriation of funds is required prior to such purchase or procurement.
- No competitive process is required, but the Department Head shall endeavor to purchase goods or procure services at the lowest cost commensurate with the quality needed.

II. Open Market Purchases - Purchases between \$5,000 and \$25,000

The purchase of supplies, equipment, and general services of a value from \$5,000 to \$25,000 may be made by authorized personnel. An additional bidding requirement is outlined for purchases that are defined as a Public Project.

1. The City Manager, or his/her designee, is authorized to purchase goods or procure services for an amount more than Five Thousand Dollars (\$5,000) and up to Twenty-Five Thousand Dollars (\$25,000), if adequate funds have been appropriated by the City Council in the budget. City Council appropriation of funds is required prior to such purchase or procurement.
2. The department must seek three (3) oral or written quotes and document the receipt of the quotes. The vendor offering the best value, after considering any local preference, shall be selected. For the purchase of goods, if the lowest price quote is not selected, the Department Head shall document in the file the basis for the selection of the vendor.
3. A contract may be required for the purchase of goods, and a contract is required for the procurement of services. All contracts are to be in a form approved by the City Attorney. Contracts are generally not required for the routine purchase of goods, such as purchasing office supplies, tires or paper goods. However, whenever the purchase of goods involves a special or unique requirement, a contract should be entered into between the City and the vendor. When in doubt regarding whether a contract is required or advisable, consult with the City Attorney.
4. If it is reasonably anticipated by the Department Head that the annual total cost of a particular good or service would exceed \$25,000 (excluding public projects), then incremental purchases of that good or service shall be pursuant to a contract approved by the City Council. The contract can be for a per service hour or per item rate but must be renewed according to the procedures set forth in this ordinance at the end of the contract term. For example, if a department normally purchases 300 tires annually at a cost exceeding \$25,000 overall, which would require the department to seek (3) three oral or written quotes and the approval of the City Council if the purchase was completed all at once, then incremental purchases of 50 tires shall be pursuant to a contract specifying the per tire rate approved by the City Council. The contract shall be valid for a minimum of one (1) year and it is the responsibility of the Department Head to ensure each invoice received from the consultant is calculated at the

approved rate. The purpose of this provision is to achieve uniformity and savings in the costs associated with goods or services provided by the same contractor/vendor.

5. The staging or splitting of the purchase of goods or procurement of services, without proper justification or to avoid the authorization limits, is prohibited.
6. Amendments to a purchase order and/or contract which result in the total amount exceeding the authority of the City Manager shall require City Council approval.

III. Formal Purchases - General, services, supplies, and equipment greater than \$25,00 (excluding public works projects as defined by Public Contracting Code section 22002(c)).

A. Request for Quotes/RFP's shall include, but not be limited to, the following:

1. A general description of the item(s) or services to be purchased;
2. The location where quote/RFP specifications may be secured;
- 3.
4. The location and deadline for submission of quote/RFP

B. Notices requesting Quotes/RFP's shall be made as follows:

1. For supplies, services, and equipment, notices inviting quotes/RFPs shall be published on the City's website.
2. The City may also give such other notice as it deems appropriate

C. Rejection of Quotes/RFP's

The purchasing authority may reject:

1. Any quote or proposal that fails to meet the bidding requirements in any respect
2. All quotes or proposals, for any reason whatsoever, and may readvertise for new bids or abandon the purchase
3. In the case of public projects, the council may, by passage of a resolution by a four-fifths vote, declare that the project can be performed more economically by employees of the City and may have the project done by force account

D. Bids/RFP's - None Received

If no bids are received the purchase may be made through negotiated contract or other process approved by the Finance Director.

E. Contract Award

Subject to the approval of the City Manager, contracts shall be awarded by the purchasing authority to the quote/proposal which represents the best value to the City as defined in Section 3.16.040, except as follows:

1. If two or more quotes/proposals received are for the same total amount or unit price, quality

and service being equal, and if the discretion of the purchasing authority the public interest will not permit the delay of readvertising for quotes/proposals, then the purchasing authority may accept the one he or she chooses or the lowest quote/proposal obtained through subsequent negotiation with tied submitters.

2. Exceptions. The quotation procedure under this section may be dispensed with for purchases greater than twenty-five thousand dollars where supplies and equipment are purchased through cooperative purchasing arrangements with the state or other group of multiple governmental entities.
3. Sellers, vendors, suppliers and contractors who maintain places of business located within the limit of the City shall be given preference, if quality, price, service, and all other factors are equal.

The basis upon which the award is made shall be in writing.

F. Insurance

Insurance requirements will be provided via Purchase Order terms and conditions, or Request for Proposal terms and conditions information, or City contract.

G. Bidding Process Questions

Any questions received to the Project Manager during the bidding process should be supplied to all plan holders with corresponding answers. If the potential bidder asks the questions verbally, then the project manager shall record the questions and answer given and provide to all plan holders.

H. Change Orders

Projects at times will require change orders. Change Orders can be approved by the City Manager for amounts not to exceed \$50,000, or 10% of the original contract, whichever is larger. The change orders, once approved, will be executed by the Finance department, and finance will make corresponding Purchase Order Adjustments.

I. Project Folder

The Department will keep a project folder for contracts over \$50,000. The Project Folder will include proof of the Bidding process, copy of bid proposal costs, contract, purchase order, contract amendments, and all associated costs in relations to the project. The project folder shall also have copies of prudent communications. The project folder can be kept electronically on a shared drive and shall be destroyed upon expiration of the applicable retention period as outlined in the City's retention schedule.

J. Project Closeout

Upon completion of a project, the project shall be closed out with the City Council. In the project closeout the project is accepted as complete thus releasing any and all retention. The closeout will also provide a summary of the budget and total cost of the project. If the project is over budget, then additional funds need to be identified and if the project is under budget then the reallocation of those need to be identified.

IV. Capital Equipment Purchases between \$25,001 - \$75,000

Section 3.16.050 (A)(2) of the Municipal Code provides the City Manager with the authority to approve contracts for single equipment purchases based on the following criteria:

- Single equipment purchases are not greater than \$75,000
- The equipment was clearly identified and described in the budget
- City Council approves the capital equipment purchase in the budget
- The equipment description listed in the budget is consistent with the item purchased
- The final cost does not exceed the amount approved in the budget

V. Alternative Bid Procedure for Public Projects – Informal Bid Procedures

Public projects, as defined by the Uniform Public Construction Cost Accounting Act, Section 22000 et seq., of the [Public Contract Code](#), may be let to contract alternative bidding procedures, in a manner consistent with the applicable dollar thresholds, as set forth in Section 22032 of the [Public Contract Code](#), as may be amended from time to time.

Where a public project is to be performed, and is eligible to utilize the informal bidding provisions of subsection (b) of Section 22032 of the [Public Contract Code](#), as may be amended from time to time, the following procedures shall apply:

(a) A notice inviting abbreviated bids shall be mailed or emailed to all contractors for the category of work to be bid, as shown on the list developed in accordance with Section [3.16.085](#), and to all construction trade journals as specified by the California Uniform Construction Cost Accounting Commission in accordance with Section 22036 of the [Public Contract Code](#), unless the product or service is proprietary. Additional contractors and/or construction trade journals may be notified at the discretion of the department soliciting bids; provided however:

(1) If there is no list of qualified contractors maintained by the city for the particular category of work performed, the notice inviting bids shall be sent only to the construction trade journals specified by the commission.

(2) If the product or service is proprietary in nature such that it can be obtained only from a certain contractor or contractors, the notice inviting abbreviated bids may be sent exclusively to such contractor or contractors.

(b) All mailing of notices to contractors and construction trade journals pursuant to subsection (a) shall be completed not less than ten calendar days before bids are due.

(c) The notice inviting informal bids shall describe the project in general terms and how to obtain more detailed information about the project and state the time and place for the submission of bids.

(d) For public projects that are under seventy-five thousand dollars (\$75,000) and have followed these informal bidding procedures, the city manager may award the contract.

(e) If all bids received are in excess of two hundred thousand dollars, or the limits established by subsection (d) of Section 22034 of the [Public Contract Code](#), whichever is higher, the city council, by adoption of a resolution by a four-fifths vote, may award the contract, at no more than two hundred twelve thousand five hundred dollars, or the limit established by subsection (d) of Section 22034 of the [Public Contract Code](#), whichever is higher, to the lowest responsible bidder, if it determines the cost estimate was reasonable.

VI. Public Projects – Formal Bid Procedures

Contracts for public projects as defined by the Uniform Public Construction Cost Accounting Act, Section 22000 et seq., of the [Public Contract Code](#), in an amount exceeding the current limit as specified in subsection (c) of Section 22032 of the [Public Contract Code](#), as may be amended from time to time, shall be accomplished using the formal bidding procedure described in this section.

(a) Notice Inviting Bids. Notices inviting bids shall distinctly describe the project, shall state where bid blanks and specifications may be secured, and shall state the time and place for the receiving and opening of sealed bids.

(1) Published Notice. Notice inviting bids shall be published at least fourteen calendar days before the date of opening the bids in a newspaper of general circulation, printed, and published in the city.

(2) Construction Trade Journals. The notice inviting formal bids shall also be mailed, and emailed to all construction trade journals, and posted on the city's website, or other website used for bidding on public projects, as specified by the California Uniform Construction Cost Accounting Commission in accordance with the requirements of Section 22036 of the [Public Contract Code](#).

(b) Bidder's Security. All bids presented in connection with the public project shall be accompanied by bidder's security in the form and amount prescribed by [Public Contract Code](#) Section 20170 et seq., which security shall be dealt with as prescribed therein. In all cases bidders shall be entitled to return of bid security provided that a successful bidder shall forfeit his or her bid security upon refusal or failure to execute the contract within ten days after the notice of award of contract has been mailed unless the city is responsible for the delay. The city council may, on refusal or failure of the successful bidder to execute the contract, award it to the next lowest responsible bidder. If the city council awards the contract to the next lowest bidder, the amount of the lowest bidder's security shall be applied by the city to the difference between the low bid and the second lowest bid, and the surplus, if any, shall be returned to the lowest bidder.

(c) Bid Opening Procedure. Sealed bids shall be submitted to the department identified in the invitation for bid documents and shall be identified as bids on the envelope. Bids shall be opened in public at the time and place stated in the public notice. A tabulation of all bids received shall be open for public inspection during regular business hours for a period of not less than thirty calendar days after the bid opening.

(d) Rejection of Bids or No Bids Received. In its discretion, the city council may reject any and all bids presented and readvertise for bids. If no bids are received, the city council may award the project by negotiated contract.

(e) Award of Contracts. Contracts shall be awarded by the city council to the lowest responsible bidder except as otherwise provided herein.

(f) Tie Bids. If two or more bids received are for the same amount or unit price, quality and service being equal, and if the public interest will not permit the delay of readvertising for bids, the city council may accept the one it chooses or accept the lowest bid made by negotiation with the tie bidders or may utilize a public drawing.

(g) Performance Bonds. The department head shall have authority to require a performance bond before entering into a contract in such amount as he or she finds reasonably necessary to protect the best interests of the city. If the department head requires a performance bond, the form and amount of the bond shall be described in the notice inviting bids.

VII. Federal Award Projects

Federal Procurement: Any procurement made pursuant to a federal award or subject to reimbursement, in whole or in part, with federal funds must comply with the City's procurement procedures, state law, and the applicable Federal Procurement Requirements, including 2 CFR § 200.322 ("Procurement of recovered materials"), 2 CFR § 200.323 ("Contract cost and price"), 2 CFR § 200.324 ("Federal awarding agency or passthrough entity review"), 2 CFR § 200.325 ("Bonding requirements"), and 2 CFR § 200.326 ("Contract provisions"). In the event of any conflict between City, state, or federal requirements, the most stringent requirement must be used. (See 2 CFR § 200.318.) City employees must comply with funding agency requests for review of technical specifications or procurement documents as provided in 2 CFR § 200.324.

VIII. Emergency Procedures

An emergency is defined as an unexpected occurrence or threatened occurrence that poses a danger, requiring immediate action to prevent or mitigate the loss or impairment of life, health, property, or essential public services, or any emergency proclaimed pursuant to Municipal Code 8.08.060.

Upon approval of the City Manager or Finance Director, authorized purchasing authorities may exceed the purchasing limits of \$50,000. The following procedures are applicable to emergency purchases:

- Documentation. It will be the responsibility of the requesting department to attach a copy of the written justification of the emergency signed by the City Manager to any invoices at the time the invoice is submitted to accounts payable for payment.
- Reporting. All emergency purchases of goods and services over \$50,000 will be immediately reported by the department responsible for the purchase to the City Clerk for inclusion as an information item on the Agenda for the next scheduled meeting of the City Council.

In accordance with Chapter 2.5, Section 22050(a) of the Public Contract Code, the information on emergency purchase action shall be presented to the City Council for review and determination, by a four-fifths vote, that there is a need to continue the emergency action. This must occur within seven days after the action, or at the City Council's next regularly scheduled meeting if that meeting will occur within 14 days after the action. The emergency purchase action shall be presented to the City Council at least at every subsequent regularly scheduled meeting until the action is terminated. The City Council must determine, by a four-fifth vote, that there is a need to continue the emergency action.

SUPPLEMENTAL PURCHASING INFORMATION

I. Requests for Proposals (RFP)

Request for Proposal (RFP) are typically associated with general or professional service contracts over \$5,000. This document requests a firm to submit a proposal to perform the scope of work

associated with a specific project. Cost is not the sole basis for selection in an RFP, other criteria such as experience, turn-around time, and approach to work are determining factors when evaluating a proposal. Based on the estimated cost of service, the corresponding Open Market, Formal bid, or Alternative Bid procedures are applicable.

Additional information related to the development and criteria of RFP's is listed below:

A. RFP Requirements

The RFP will be specific to the project and preparation will require some general knowledge of the project. However, preparation of the RFP should not involve any work for which the proposer would normally be compensated during the project. For example, on engineering projects, free preliminary engineering in the RFP should be discouraged. The RFP should address the following:

- 1) Required Information: In the RFP, the consultant shall be advised of the following requirements:
 - a. Standard contract requirements
 - b. Selection criteria.
 - c. Date and time proposal is due.
 - d. The name and telephone number of the staff member responsible for the project.

- 2) Selection & Evaluation Criteria. Proposals will be evaluated on the basis of the evaluation factors listed in the Request for Proposal. Respondents should be ranked based on the selection criteria. As a minimum, the following criteria will be used to evaluate the RFP.
 - a. Firm experience (including work and project-related references).
 - b. Specific staff experience and availability (including work and project-related references).
 - c. Approved methods to accomplish the work.
 - d. Scope of work and schedule
 - e. cost

- 3) Price Considerations. Although price is always a consideration in recommending awarding the final selection, prices will not be a mandatory consideration in the initial evaluation process. At the discretion of the department, a department may opt to adopt an RFP procedure with price information in a separate sealed envelope. The envelopes shall not be opened until the highest rated firm is identified based upon demonstrated competence and professional qualifications. At that time, the price information will be compared to professional qualification to ensure that the price is fair and reasonable. If a major discrepancy between highest rated firm and the others exist, that discrepancy shall be evaluated and explained before award of the work. If not satisfactorily resolved, the department may to negotiate with the next-highest-ranked firm.

II. Sole Source

1. Materials, Supplies & Equipment:
 - a. Definition. Sole source purchases are used where no secondary source is reasonably available precluding the use of a competitive process. The following are examples of circumstances, which could necessitate sole source procurements:
 - 1) Where compatibility of equipment, accessories or replacement parts is an important consideration;
 - 2) Where public utility services are to be procured;
 - 3) Where a sole supplier's item is needed for trial use or testing;
 - 4) Where a used item is offered at a bargain price and subject to prior sale;
 - 5) Where a cooperative purchasing agreement has been developed with another public agency that used a competitive selection process.
 - 6) Where supply proximity is an important consideration.
2. Consultant or General Services:
 - a. In the case where a consulting firm has satisfactorily performed the previous stage of a project (e.g. a pre-design), or has acquired extensive background and working knowledge, the firm may be selected for follow-up work without solicitations from other firm upon written justification and recommendation of the department head and approval by the City Manager or designee.
 - b. If a firm is a highly recognized authority in a field or specialty, or has unique specific knowledge regarding the project, then the firm may be selected without other solicitations for contracts and upon written justification and recommendation of the department head and approval by the City Manager or designee.
 - c. Upon those infrequent occasions when confidence in the consultant and quality of service are important.
4. Documentation: It is the responsibility of the requesting department to maintain in their files a complete, written justification of the sole source purchase approved by the City Manager
5. Authorization & Reporting: All sole source purchases of more than \$50,000 are authorized by the City Council and fully disclosed in the staff agenda report. Sole source purchases between \$5,000 and \$50,000 are authorized by the City Manager. Sole source purchases less than \$5,000 are authorized by the Department Heads.

III. Multiple Year Contracts

1. Applicability. When it is in the best interest of the City, multiple year contracts will be allowed. High vendor "startup costs" or the need for continuity may make a multiple year contract

financially or operationally advantageous to the City. Under no circumstances should a multiple year contract be used to avoid competitive procurement procedures.

2. Termination Due to Lack of Funds. All multiple year contracts should contain a clause allowing the City to terminate the contract in thirty (30) days or subsequent fiscal years due to a lack of budgeted funds.
3. Term. The term of a multiple year contract should be clearly delineated. "Open end" contracts will not be used.
4. Authority. Multiple-year contracts are subject to the same authority levels detailed above.
5. Changes. Changes to multiple-year contracts are covered under "Change Orders" below.
6. Extension. Extension of contracts requires the approval of the City Manager via City contract amendment form.
7. Addendum. Increase in dollar amounts on an agreement, which results in an aggregate total in excess of \$50,000 requires approval from the City Council.

IV. City Engineer Review and Approval

In accordance with Government Code section 830.6, the City Engineer shall have authority to review and approve the plan or design of any construction work or work of improvement to public property and for contracts for construction subject to approval by the City Manager. For contracts to be awarded by the City Council, the City Engineer shall review such plans and designs and shall recommend the approval of such plan or design by the City Council as part of its award of such contract.

This policy was approved and authorized by:

Jamie Goldstein, City Manager