

Title: Purchasing Policy		Section: F
Effective Date: January 31, 2022		Approved By: Conal McNamara, City Manager
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10.0 Policy (Municipal Code Section 2-195)

The purposes and objectives of the purchasing policy are:

To obtain supplies, equipment and services for the various City Departments at the lowest possible cost commensurate with the quality and quantity needed.

To exercise positive fiscal control over purchases through the use of contracts, purchase orders and other authorized procedures.

10.10 Authority (Municipal Code Sections 2-196)

According to the Municipal Code, purchases are to be made in accordance with allocations approved in the City budget. In adopting this section of the Municipal Code, however, the City Council recognized that in certain unanticipated exception cases, administrative necessity dictates that a certain latitude be permitted in the implementation of the purchasing system.

No officer or employee, other than the City Manager, or his/her designee, or the Mayor by City Council action, can bind the City to any contract or purchase order.

The City Attorney provides legal consultation regarding contracts and agreements.

20.0 Bidding (Municipal Code Section 2-197)

The Municipal Code provides guidance for when a purchase is or is not subject to bidding, and what monetary thresholds dictate when bidding is required.

20.10 Formal Bids (Municipal Code Section 2-197 and 2-198)

The purchase of supplies, materials, equipment and services of estimated value greater than twenty-five thousand dollars (\$25,000) per Section 2-197(1) shall require the approval of the City Council following a formal bid procedure as set forth in Section 2-198 of the Municipal Code. Purchases shall not be divided into smaller amounts to avoid formal bid procedures.

Purchases shall be by written contract or approved purchase order pursuant to the procedure hereinafter prescribed. Purchases shall be awarded to the bidder whose bid is most responsive to the City in terms of price, quality and timeliness and where the bidder is determined by the City Council to be the most highly qualified and responsible bidder to supply the materials, supplies or service.

(a) Notices inviting bids. Notices inviting bids shall include a description of specifications of the articles to be purchased, delivery, conditions and discounts, and shall state where bid documents and specifications may be secured, the time and place for filing and of opening bids, and when the award will be made or all bids rejected.

(1) Public notice. Notices inviting bids shall be published in a newspaper of general circulation in the city at least ten days before the date of opening of the bids. As an alternative, when publication in a newspaper is not practical, notices may be posted in at least three public places in the City that have been designated by City Council action as the places for posting public notices.

(2) Other notices. The City Manager, or his/her designee shall also advertise pending purchases by notices in such publications or trade journals or in such other manner as the City Manager may deem appropriate so as to ensure that competitive bids are secured by the City.

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(b) Bidder's security. When deemed necessary by the City Manager or his/her designee bidder's security may be prescribed in the public notices inviting bids. Bidders shall be entitled to return of bond security; provided, however, that a successful bidder shall forfeit his bond security upon his refusal or failure to execute the contract within the time period specified in the bid documents after the notice of award of contract has been mailed, unless in the latter event the city is solely responsible for the delay in executing the contract. The City Council may, on refusal of the successful bidder to execute the contract, award it to the next most responsive bidder. If the City Council awards the contract to the next most responsive bidder, the amount of the first most responsive bidder's security shall be applied by the City to the contract price differential between the first most responsive bid and the second most responsive bid, and the surplus, if any, shall be returned to the first most responsive bidder.

(c) Bid opening procedure. Sealed bids shall be submitted to the City Manager or his/her designee and shall be identified as "bids" on the envelope. Bids shall be opened in public at the time and place stated in the public notices or as soon thereafter as possible. The date and time bids are received shall be marked on the envelope. Bids received after the deadline established in the notices inviting bids shall be returned to the bidder unopened. 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. The name of the most responsive bidder will be identified.

(d) Rejection of bids. For stated reason, the City Council may reject any or all bids presented and re-advertise for bids pursuant to the procedure hereinabove prescribed.

(e) Tie bids. If two or more bids received are the same total amount or unit price, quality and service being equal, and if the public interest will not permit the delay of re-advertising for bids, the City Council may at its discretion accept the one it chooses or accept the lowest bid made by one of the bidders, after negotiation with the bidders that are tied at the time of the bid opening.

(f) Performance bonds. The City Council shall have authority to require a performance bond before entering into a contract or approving a purchase order in such amount as it shall find reasonably necessary to protect the best interests of the City.

20.20 Informal Bids (Municipal Code Section 2-199)

The purchase of supplies, materials, equipment and services of an estimated value of twenty-five thousand dollars (\$25,000) or less shall be made pursuant to an informal bid procedure as set forth in Municipal Code section 2-199.

Purchases may be made in the open market pursuant to the procedure described in this Section 20.20. However, all bidding may be dispensed with for purchases having a total estimated value of one thousand dollars (\$1,000) or less. Purchases shall be awarded to the bidder whose bid is most responsive, highly qualified and responsible to the City in terms of price, quality and timeliness.

Informal bid purchases shall, wherever possible, be based on at least three bids, with the exception of purchases of one thousand dollars (\$1,000) or less where bidding is not required. The department shall solicit bids from prospective vendors, personally, by telephone, by written request, or by public notice posted on the public bulletin board at City Hall. Documentation of the bids received should be summarized and attached to the purchase order when it is submitted for approval. Purchasing from a sole source must be documented and attached to the purchase order and signed by the Department Director.* Exceptions may be approved by the City Manager.

20.30 Existing Maintenance Service Agreements (Municipal Code Section 2-200)

* Throughout this Purchasing Policy, any reference to "Department Director" and his/her authority under this policy encompasses the positions of Administrative Services Director, Community Services Director, and the Chief of Police.

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Renewal of existing maintenance service agreements may be approved by the City Manager. A change in an existing maintenance service contractor may be made by the City Manager when, in his or her opinion, such change is necessary due to a change in the cost for such service or the quality of service. The purchase of substitute maintenance services shall be made in accordance with Section 2-197 of the Municipal Code.

20.40 Other Public Agency Bids

The purchase of supplies, materials, equipment and services may be accomplished in accordance with any bid awarded by another public agency for which the City would normally follow its own formal or informal bid procedures.

If the item or service to be purchased exceeds twenty-five thousand dollars (\$25,000), City Council approval shall be obtained. The City Council shall be informed in the staff report that the purchase is to be made on the basis of another agency's bidding procedure.

If the item or service to be purchased is \$25,000 or less, the City Manager shall sign the purchase order, which shall include a statement on the purchase order that another public agency's bidding procedure was used and the name of the agency.

20.50 Certain Professional Services

The procurement of professional and other non-public works contractual services may be made on the basis of the qualification and experience of the bidders, and without following either formal or informal bid procedures. However, in no event shall formal bid procedures be dispensed when required by federal or state law.

If the professional service to be retained exceeds twenty-five thousand dollars (\$25,000), City Council approval must be obtained using a professional services agreement. If the professional service is twenty-five thousand dollars (\$25,000) or less, the purchasing Department must utilize the City's "standard professional services agreement," which has been approved by the City Attorney as a template. Professional services agreements of \$25,000 or less must be executed (signed) by the City Manager. The original signed version of the agreement shall be forwarded to the City Clerk's office.

In addition, a purchase order must be completed and signed according to the signatory levels of approval in Section 30.20 of this policy. A copy of the executed professional services agreement must be attached to each purchase order.

20.60 Bidding Process Not Applicable to Public Projects

The provisions of this Policy are not applicable to any "public project," as defined in California Public Contract Code § 20161, for the construction or repair of a municipal building, work, improvement, or street by the City.

30.00 Federal Procurement Policy (City utilizing Federal grant funds)

When the City procures goods and services utilizing funds through Federal grants, the City will follow all guidance and ensure proper financial stewardship of taxpayer resources. This document serves to outline the City's procurement policy to include all Federal grant funded projects and purchases. These policies and procedures reflect applicable state and local laws and their conformity to the applicable Federal laws and standards identified in the Uniform Guidance, Procurement Standards (2 CFR 200.317-.326). The

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City's compliance, and notification thereof, are indicated here, and throughout this Purchasing Policy by referencing the applicable Uniform Guidance section.

All City employees procuring goods and/or services utilizing Federal grants are responsible for complying with the Federal Procurement Standards. Federal grant funds include funds that are Federal in origin that are passed through state or other agencies. Employees obtaining grants are responsible for determining the source of funds and notifying the Administrative Services Department of any Federal funds awarded. Legal Agreements where the City provides services to the federal government, such as the Intergovernmental Service Agreement (IGSA), are contracts for services not grants, and as such follow each Agreement's purchasing guidelines, not the Federal grant procedures.

Where thresholds differ between City and Federal procurement policies, City employees utilizing Federal grants will follow the most restrictive rule. For example, currently the Federal "micro-purchase" (informal bid) threshold is \$10,000 whereas the City's is \$1,001. In this instance informal bids/quotes would be obtained starting at the City limit of \$1,001. (2 CFR 200.320 (a)) Conversely, the Federal "simplified acquisition threshold" (formal bid) is \$150,000 whereas the City's is \$25,000 depending upon the type of procurement. In this instance, formal bids would be required at the City's lower threshold limit.

For Federal grant funded contracts, the City must comply with affirmative steps regarding small and minority businesses, women's business enterprises, and labor surplus area firms as outlined by the Federal Uniform Guidance (§200.321).

30.00 General Purchasing Policies and Authority

Purchase of miscellaneous, minor items valued at one hundred dollars (\$100) or less may be made by Petty Cash, in accordance with the requirements specified in subsection 40.10

Department Directors have the authority to approve the purchase of necessary goods and services of five thousand dollars (\$5,000) or less without the use of a purchase order.

Open purchase orders are established with vendors who are used by most or all departments for similar goods and services on a regular and frequent basis. Open purchase orders do not have a monetary limit but they cannot exceed the Purchasing Policy thresholds in Figure 2. Open purchase orders are established for two fiscal years at a time.

Blanket purchase orders are established with vendors on a department specific basis, and shall be used exclusively by that department, with a monetary limit determined by the Department Director and approved per the signatory authority in Section 30.20 (see Figure 1). Examples of goods and services purchased under a blanket purchase order include: office supplies, special department equipment (e.g., police patrol equipment), etc.

The Administrative Services Director shall approve the establishment of any new open or blanket purchase order by vendor name, including any monetary limit required for blanket purchase orders. A Master List of Open and Blanket Purchase Orders shall be maintained by the Administrative Services Department.

30.10 Purchase Orders

Purchase order requisitions are designed to request approval for the purchase of goods or services. Purchase order forms are available from the Administrative Services Department.

Confirming purchase orders are not allowed. The purpose of a purchase order is to obtain written authorization for a purchase prior to when the purchase is made.

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Department Directors may requisition the purchase of non-contract items within the limits of the budget. The Purchase Order shall be completed with the following information:

- Name and address of vendor
- Quoted price, including appropriate sales tax and delivery/freight charges, if known
- A “not to exceed” amount if an exact price is not known
- Date and method of delivery requested
- Detail specifications
- Budget account number (Fund-Department-Object Code)
- Whether the material, service, or supply is budgeted or not budgeted

Purchase orders for commodities or services where an informal bidding procedure has been used must be accompanied by a memorandum, or other appropriate documentation, from the Department Director. The memorandum must include specific information concerning the written quotations received and the Department Director’s recommendation for purchase.

30.20 Procedures for Purchase Orders

Purchase orders shall first be submitted to the Administrative Services Director or his/her designee, who shall confirm there is budgetary authority to make the purchase and that funding is available in a specific program budget.

The Administrative Services Director, or his/her designee, shall initial the purchase order noting that there is funding available for the purchase of the material, supply or service.

For all purchase orders, the following dollar amount limits with accompanying signatory authority are hereby established below, in Figure 1:

Figure 1

Purchase Amount	Signatory Authority:
\$0 - \$5,000	No purchase order required , Department Director assumes purchasing authority.
\$5,001 - \$15,000	Purchase order required with Department Director and Administrative Services Director approval.
\$15,001 - \$25,000	Purchase Order required with Department Director, Administrative Services Director, and City Manager approval.

After the final signatory authority level of approval (per Figure 1), the approved original and vendor copy of the purchase order are to be delivered to the vendor. The department copy is to be retained in the department and used to verify the returned acknowledgement and the receipt of delivery. The original signed by the vendor is to be attached to the invoice when payment is requested. If the vendor fails to return the purchase order, the invoice shall serve as documentation that the vendor agreed that it would supply the materials or supplies.

The receipt portion of the purchase order should be signed by the employee who receives any materials, whenever possible. It is recognized, however, that it may not be possible to sign the purchase order document upon receipt of the materials. Quantities listed on the invoice are to be compared with the quantities shown on the purchase order by the department before submitting the invoice for payment.

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30.30 Emergencies

In the event of an emergency, the City Manager or his/her designee may make an exception to the normal purchasing procedure, as provided in Municipal Code Section 2-201. A complete report, including a description of the emergency and the source for the purchase shall be submitted to the City Council in conjunction with the warrant for the payment of the purchase of such supplies, materials, equipment and services.

The responsibility remains to follow the procedures detailed in this Purchasing Policy after the fact to insure uniformity. In this case, a report to the City Manager must accompany the purchase order.

40.0 Petty Cash Advance – Over \$100

A cash disbursement or reimbursement may be obtained from the Administrative Services Department up to a maximum of \$150. A petty cash form or expense reimbursement request form may be used. The form shall be signed by the Department Director before being submitted to the Administrative Services Director for approval. The form shall include the date, description of the item to be purchased and account number. Exceptions to the maximum cash advance amount may be made at the discretion of the City Manager.

40.10 Petty Cash Funds

Petty cash amounts will be advanced to accommodate miscellaneous minor expenditure requirements of one hundred dollars (\$100) or less and for which normal payment provisions are not practical. Authorized departmental fund amounts are as follows:

Police Department	\$300
Recreation and Community Services	\$400
Public Works	\$300

In order to simplify the petty cash replenishment process, a \$1,500 master petty cash fund is hereby authorized, to be administered by the Administrative Services Department. Departments needing replenishment of their petty cash supply shall provide appropriate documentation to the Administrative Services Director or his/her designee. The Administrative Services Department will replenish the master petty cash fund periodically by processing an appropriate Disbursement Request. At a minimum, petty cash funds must be processed twice annually including at the end of the fiscal year.

40.20 Invoices

When an invoice is received, the Department that requested the services and/or purchased the supplies, etc. is required to check the calculations of the invoice to ensure accuracy (including verifying correct sales tax amount). A Disbursement Request shall then be prepared by the Department only after verifying the accuracy of the invoice.

The Disbursement Request shall include the following:

- Name and address of the vendor to be paid
- Date of the Register of Demands on which the payment is to be made (i.e., City Council meeting at which the warrant register will be presented)
- Purchase order number if the item was purchased using this method; and the word “contract” or “agreement” if the item was authorized using a contract or professional services agreement
- A description of the item purchased using thirty (30) characters or less (this description will appear on the warrant register presented at the City Council meeting)
- Amount of the purchase and a total amount if several items appear on the Disbursement Request
- Account number(s) to which the item is to be charged (Fund-Department-Object Code)

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- Initials of the Department Director indicating approval of the payment
- Directions to the Finance Department for handling of the payment

After completion of the Disbursement Request with the above information, the Disbursement Request shall be forwarded to the Administrative Services Department. The Administrative Services Director or his/her designee has authorization to approve Disbursement Requests for routine items and will seek City Manager approval for those considered not routine.

All discrepancies between the amount(s) stated on the purchase order and/or in the contract/agreement and the amount of the invoice shall not exceed twenty percent (20%) of the original purchase order amount. Any discrepancy must be noted in writing by the Department Director and submitted with the request for payment. Altered invoices must also be accompanied by a written notation as to the reason the invoice was changed.

If the invoice amount exceeds the purchase order amount by twenty percent (20%) of the original purchase order amount, a new purchase order will be required.

40.30 Purchases Not Requiring a Purchase Order or Invoice

There are a variety of instances when the item to be purchased does not have an invoice or necessitate a purchase order. The following are examples of these instances:

- Conference registration
- Training courses, seminars, and/or webinars
- Subscriptions to publications
- Organizational dues
- Overpayments or reimbursements for cancelled recreation programs
- City Council and Development Committee remuneration
- Food for the City Council, committees, events, etc. *
- Utilities (telephone, gas, electric)
- Water
- Fees charged by other government agencies

An employee needing to make one of these purchases shall obtain approval from their Department Director prior to making the purchase. When the invoice is received for the item, a Disbursement Request shall be completed subject to the procedure set forth in Section 40.20. Appropriate documentation shall accompany the Disbursement Request of the item purchased.

** If a catering service, restaurant, or similar food service provider is used, and the amount exceeds \$5,000, then a purchase order is required.*

50.0 City Credit Cards

The City Manager shall determine the appropriate City employees to be issued City credit cards. The Administrative Services Director or his/her designee, with oversight by the City Manager, is hereby designated the responsibility of credit card issuance, accounting, monitoring of use, credit card retrieval, and general compliance with the City's policies on City credit card use.

50.10 City Credit Cardholder Responsibilities

City credit cards will be issued in the name of the City and the individual designated by the City Manager. It may only be used by the individual whose name is on the card. Anyone issued a City credit card shall sign a Credit Card User Agreement, thereby agreeing to abide by City purchasing policies and City credit

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card use procedures. The cardholder is responsible for assuring that all credit card charges are accurate and consistent with policy guidelines.

The cardholder must:

- a. Ensure the card is used only for legitimate business purposes
- b. Maintain the card in a secure location at all times
- c. Adhere to the City purchase limits and restrictions
- d. Obtain all sales slips, register receipts, and/or credit card slips and submit to the Administrative Services Department per section 50.30 of this policy
- e. Attempt to resolve disputes related to billing errors with the vendor directly or in conjunction with the Administrative Services Department
- f. Immediately report a lost or stolen card to the card issuer and notify the Administrative Services Department of the lost or stolen card at the first opportunity.
- g. Return the card to the Administrative Services Department upon terminating employment with the City
- h. Under no circumstances shall personal purchases be made using vendor credit cards. However, in the case that this occurs, the employee shall inform the Administrative Services Department and make immediate restitution of the personal purchase made.

50.20 City Credit Card Use and Spending Limits

Single item purchases shall be for two thousand dollars (\$2,000) or less. The City Manager may approve a single purchase amount above two thousand dollars (\$2,000) as long as the purchase does not exceed the credit limit of the individual card. Purchases made via a City credit card must comply with the City's purchasing policies and in no way changes such policies. The credit card may be used for the following purchases:

- Hotel, airline or shuttle reservations
- Food for the City Council, committees, events, etc.
- City Council, City Manager, Oral Board meals
- Office supplies, department specific supplies
- Recruitment advertising and public notices
- Necessary products and/or services during a City Manager declared emergency
- Other items as approved by the City Manager

City credit cards shall not be used for cash advances, personal use, or any type of purchase not specifically permitted under the City's purchasing policy. Misuse of a City credit card will subject the cardholder to disciplinary action in accordance with City policies and procedures relating to disciplinary action and termination for cause.

50.30 City Credit Card Accounting/Administration Procedures

Receipts: Every effort should be made to obtain the credit card receipt and an itemized vendor receipt.

Billing Statement Procedure: Administrative Services shall provide each cardholder with a copy of their monthly credit card statement. The primary responsibility of the cardholder is to perform a monthly reconciliation. The reconciliation requires a cross-check of charges on the billing statement and receipts.

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Upon reconciliation, the receipts signed off by the appropriate Department Head shall be submitted to Administrative Services along with monthly credit card statement. The reconciliation and department approval process should be completed within three business days after receipt of the bank statement.

50.40 Vendor Credit Cards

After a purchase is made using a vendor credit card, documentation of the purchase shall be sent immediately to the person managing vendor credit cards for the Department. The documentation shall be matched with the monthly invoice, and a Disbursement Request prepared by the Department for all purchases made using the vendor credit card.

Under no circumstances shall personal purchases be made using vendor credit cards. However, in the case that this occurs, the employee shall inform his/her supervisor and make immediate restitution of the personal purchase made.

Figure 2

Purchasing Policy Thresholds

Purchase Amount	Signatory/Approval Authority:
Over \$25,000	City Council approval required, with formal bidding.
\$15,001 to \$25,000	City Manager, Finance Director, and Department Director approval required, with formal or informal bidding.
\$5,001 to \$15,000	Department Director and Finance Director approval required with formal or informal bidding.
\$0 - \$5,000	Department Director assumes purchasing authority with informal bidding. No purchase order required. No bidding required for purchases under \$1,000.
\$100 or less	Petty Cash with Department Director approval.

Approved by:

Conal McNamara
City Manager

Date:

January 31, 2022