

RESOLUTION NO. 7680

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
HAWTHORNE, CALIFORNIA ADOPTING AN AMENDED
PURCHASING POLICY**

WHEREAS, Hawthorne Municipal Code Section 3.20.030 generally provides for the city manager's authority to act as purchasing agent for and on behalf of the City, to make specified purchases;

WHEREAS, Hawthorne Municipal Code Section 2.04.040(F) further provides that the city manager is both required and empowered to serve as agent for the city council to supervise the expenditure of all departments, divisions or services of the city government and to act as purchasing agent for the purchase of all supplied, goods, wares, merchandise, equipment and material which may be required for any of such departments, divisions or services, and to execute any purchase orders or specialized or professional services agreements that comply with the city's adopted purchasing policy;

WHEREAS, a formal purchasing policy was adopted in 2006 via Resolution No. 7026 in order to establish efficient procedures for securing supplies, equipment and services at the lowest possible cost commensurate with the quality needed, to exercise positive financial control over purchases, to clearly define authority for the purchasing function and to assure the quality of purchases in compliance with Hawthorne Municipal Code Section 3.20 and 2.04.040; and

WHEREAS, said formal purchasing policy was amended in 2010 to provide the city manager with explicit authorization to execute agreements for the provision of supplies and other emergency services in the event of a local, state, or national disaster and to execute credit applications for the purchase of supplies, while maintaining the authority amount of the city manager at \$14,999;

WHEREAS, the Finance Department reviewed the most recently amended formal purchasing policy and determined that the adoption of an amended City of Hawthorne Purchasing Policy would be beneficial to the efficient and effective administration of City business;

WHEREAS, it is the desire of the City Council of the City of Hawthorne to adopt said amended City of Hawthorne Purchasing Policy, entitled "City of Hawthorne Administrative Procedure Regarding Purchasing" policy, which is attached Exhibit A to this Resolution.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Hawthorne as follows:

SECTION 1. The recitals set forth hereinabove are true and correct in all respects.

SECTION 2. The "City of Hawthorne Administrative Procedure Regarding Purchasing" Policy, which is attached hereto as Exhibit "A" and incorporated herein by this reference, is hereby approved.

SECTION 3. That this resolution shall be in full force and effect immediately upon its passage and adoption thereof.

SECTION 4. Resolution No. 7026 and Resolution No. 7316, including the Purchasing Policies attachment thereto, are hereby repealed in their entirety and are superseded by this Resolution No. 7680 and the Purchasing Policy attached hereto.

SECTION 5. The City Clerk shall certify to the adoption of this Resolution and shall cause this Resolution and this certification to be entered in the Book of Resolutions of the Council of the City.

PASSED, APPROVED, and ADOPTED this 16th day of December, 2014.

ATTEST:



CHRIS BROWN, MAYOR
City of Hawthorne, California



NORBERT HUBER
CITY CLERK
City of Hawthorne, CA

APPROVED AS TO FORM:



RUSSELL MIYAHIRA
CITY ATTORNEY
City of Hawthorne, CA

STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES) §
CITY OF HAWTHORNE)


I, **Monica Dicrisci**, the duly appointed Deputy City Clerk of the City of Hawthorne, California, **DO HEREBY CERTIFY** that the foregoing Resolution, being Resolution No. 7680 as duly adopted by the City Council of the City of Hawthorne, at the special meeting of the City Council held **December 16, 2014** and that it was adopted by the following vote, to wit:

AYES: Councilmembers Reyes English, Michelin, Valentine, Vargas, Mayor Brown.

NOES: None.

ABSTAIN: None.

ABSENT: None.



Deputy City Clerk
City of Hawthorne, California

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I. PURPOSE

The purpose of this policy is to define the procedures for the purchase of supplies, equipment and services. These procedures are put forth to provide for the fair and equitable treatment of all persons involved in the purchasing process, to obtain the highest possible value in exchange for public funds and to safeguard the quality and the integrity of the purchasing system.

II. PURCHASING OFFICER

- A. Each department head of the City is designated as a “Purchasing Officer” for that department head’s department.
- B. In addition to administering the other procedures of this policy, the Purchasing Officer:
 - 1. Shall keep informed of current developments in market conditions and new products and shall maintain a bidders list, vendors’ catalogue file, and records needed for the efficient purchase of supplies and equipment for the Purchasing Officer’s department.
 - 2. Shall first consider sources of supplies, services and equipment located within the City.
 - 3. May prescribe and maintain such forms and supplemental procedures as are reasonably necessary for the operation of the Purchasing Officer’s department in accordance with this policy.
 - 4. Shall inspect supplies and equipment delivered to determine their conformance with the specifications, and may require the vendor to reimburse the City for the performance of chemical and physical tests on samples.
 - 5. For services, shall review the services performed by the consultant/service provider and authorize payment only after determining services have been satisfactorily performed.
- C. The City Manager may authorize, in writing, a City employee to purchase specified supplies and equipment, independently from the Purchasing Officer of a City department. The authorized employee shall comply with the procedures of this policy and shall make periodic reports to the City Manager on the status of purchase. The

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City Manager shall ensure that each individual so authorized has filed a financial disclosure statement in accordance with this policy.

III. DETERMINATION OF REQUIREMENT AND STATUS

- A. The adopted budget for each department shall include the needs for supplies and equipment of the department during the fiscal year.
- B. Each Purchasing Officer shall ensure that sufficient documentation is submitted with the request for payment to demonstrate compliance with the procedures of this policy and to justify the acquisition and acceptance of the supplies or equipment.
- C. Upon request by the City Manager, the Purchasing Officer shall submit a report to showing all supplies and equipment on hand in the department that are no longer useful to the department. The Purchasing Officer may exchange or trade in such supplies and equipment as part of a purchase only after approval from City Manager. The City Manager may direct the transfer of surplus supplies and equipment to another City department. The City Manager may direct the disposal of such surplus supplies and equipment in accordance with any applicable policies or procedures established by the City.

IV. PETTY CASH PURCHASES – \$50.00 OR LESS

Petty cash is available to City staff and elected officials for approved City purchases, as well as for reimbursement of personal funds which have already been expensed. A petty cash fund is maintained by the Finance Department and must be limited to minor purchases of up to \$50 when no other purchasing option is available. The requestor is required to fill out a Petty Cash Reimbursement form with the appropriate account number. The form must be approved by the Department Director and Finance Director or designee prior to submission for reimbursement. All petty cash requests will be reimbursed on the Friday that City Hall is open.

V. REQUISITION: \$1,500 OR LESS

If the estimated value of the purchase of supplies, services or equipment is \$1,500 or less, the Purchasing Officer may:

- A. Select a vendor, without bid;
- B. Send requisition to Finance Department, if required;
- C. Complete the purchase transaction; and

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D. After supplies, services or equipment have been received, submit the invoice to the Director of the Finance for placement on the warrant list.

V. REQUISITION: \$1,500.01 TO \$5,000

If the estimated value of the purchase of supplies, services or equipment is \$1,500.01 or more, but less than \$5,000.01, the Purchasing Officer shall:

- A. Solicit informal bids/proposals by written (including email) and telephonic request to prospective vendors.
- B. Require bids to be in writing on official company letterhead or e-mail
- C. Seek at least three bids/proposals when possible.
- D. Recommend the responsible vendor with the lowest bid price in conformity with the specifications and/or qualifications as appropriate.
- E. Prepare and submit a requisition to the Director of Finance for approval.
- F. The Director of Finance will issue a purchase order to the selected vendor.
- G. After supplies, services or equipment have been received, submit the invoice to the Director of Finance for placement on the warrant list for City Council approval of payment.

VI. REQUISITION: \$5,000.01 TO \$15,000

If the estimated value of the purchase of supplies, services or equipment is \$5,000.01 or more, but less than \$15,000.01, the Purchasing Officer shall:

- A. Solicit bids/proposals by written (including email) and telephonic request to prospective vendors.
- B. Require bids/proposals to be in writing on official company letterhead or e-mail
- C. Post a notice inviting bids/proposals on the bulletin board in City Hall or City's website at least ten days before the date of opening of the bids.
- D. Seek at least three bids/proposals.

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- E. Recommend the responsible vendor with the lowest bid price in conformity with the specifications and/or qualifications as appropriate.
- F. Prepare and submit requisition to the Director of Finance for approval.
- G. The Director of Finance will issue a purchase order to the selected vendor.
- H. After supplies, services or equipment have been received, submit the invoice to the Director of Finance for placement on the warrant list for City Council approval of payment.

VII. ISSUANCE OF REQUISITION AND PURCHASE ORDER

Except where specific authority is first obtained from the City Manager, the Purchasing Officer may not prepare or submit a requisition for supplies, services or equipment unless there exists an unencumbered appropriation in the fund account against which the purchase is to be charged.

VII. CONTRACT: MORE THAN \$15,000

If the estimated value of the purchase of supplies, services or equipment is more than \$15,000.01, the following provisions shall be satisfied:

- A. If funds have not been appropriated in the current fiscal year for the supplies, services or equipment, the Purchasing Officer shall receive authorization from City Council to solicit bids and/or proposals.
- B. Provided funds have been appropriated in the budget or the City Council has authorized the solicitation of bids and/or proposals, the Purchasing Officer shall proceed as follows:
 - 1. Publish a notice soliciting bids/proposals at least ten days before the date of opening of the bids.
 - 2. Mail the notice soliciting bids/proposals at least ten days before the date of opening of the bids.
 - 3. Post the notice soliciting bids/proposals on the public bulletin board in City Hall or City's website.
- C. The Purchasing Officer shall include in the notice soliciting bids/proposals:
 - 1. The requirement that the bid/proposal be in writing and that it be sealed.

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2. A general description of the supplies, services or equipment sought to be purchased.
 3. The location where bid blanks, specifications and/or required services and qualifications may be obtained.
 4. The time and place for opening bids/proposals.
 5. The security required, if any.
- D. The Purchasing Officer may require a security deposit to be submitted as a condition for considering a bid/proposal. The amount of the security deposit shall be sufficient to reimburse the City for costs incurred if the bidder is successful but fails to execute the contract or fails to perform obligations under the contract. Bid security shall be returned to each unsuccessful bidder.
- E. The City Clerk shall open the bids/proposals in public and submit to the City Council a recommendation regarding the award of the contract.
- F. The City Council may award the contract to the responsible vendor submitting the lowest bid, in conformity with specifications, or may reject all bids presented.
- G. If two or more bids received are of the same total amount, the City Council may direct the Purchasing Officer to further negotiate with the tie bidders. The City Council may thereafter award the contract to the lowest negotiated bidder.
- H. After the City Council awards the contract, the Purchasing Officer shall submit a written request to the Director of Finance to encumber the funds.

VIII. MAJOR PURCHASES (FORMAL BIDS) OF \$25,000 OR MORE

All potential vendors receiving contracts greater than \$25,000 must follow procedures set forth above on purchases that exceed \$15,000.01. If the estimated value of the purchase of supplies, services (other than professional or special services?) or equipment is more than \$25,000, the following provisions must also be met:

- A. The Purchasing Officer must verify potential vendors are not suspended, debarred, or otherwise excluded by either:

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1. Checking the Federal Excluded Party List System (EPLS), maintained by the General Services Administration, prior to recommending a contract award,
2. Requiring potential vendors to sign a statement certifying they are not suspended, debarred, or excluded during the formal bid process, or
3. Adding a clause to the contract with the entity providing a condition that the entity is not suspended, debarred, or excluded.

IX. EXEMPTION FROM BIDDING

Where otherwise required by this policy, the following procurements, contracts or transactions are exempted from the provisions of this policy, at the discretion of the City Manager:

- A. Emergency procurements for construction, equipment or repairs;
- B. Goods and/or services that can be reasonably obtained from only a single source;
- C. Sufficient, satisfactory bids are not received;
- D. Items required to match or be compatible with other goods, furnishings, materials or equipment previously purchased by the City;
- E. Goods, furnishings, types of materials or equipment that have been standardized for the City by the City Manager or by the City Council;
- F. Utility services and related charges;
- G. Goods, services and/or professional services obtained from or through agreement with any governmental, public or quasi-public agency where the agency contracted for goods, services and/or services through a competitive process as described in Section X of this policy;
- H. Real property leases or purchases and related title and escrow fees, to the extent permitted by law and authorized by the City Council;
- I. Insurance and bonds;
- J. Advertising in magazines, newspapers or other media;

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- K. Works of art, entertainment or performers;
- L. Library collection materials or services or other books or periodicals;
- M. Membership dues, conventions, training, travel arrangements including hotels, car rentals and airfare, so long as in accordance with any applicable policies or procedures established by the City Council;
- N. Surplus personal property owned by another government, public or quasi-public entity;
- O. Situations where solicitations of bids or proposals for goods, services and/or professional services would be, in the discretion of the awarding authority, impractical, unavailing, impossible, or not in the best interests of the City.

X. COOPERATIVE PURCHASING

The Purchasing Officer shall have the authority to join public or quasi-public agencies in cooperative purchasing plans or programs for the purchase of goods and /or services by contract, arrangement or agreement as allowed by law and as determined by the Purchasing Officer to be in the City's best interest. For purposes of this section, the determination of whether it is in the City's best interest shall include consideration of whether the procedure used by the public or quasi-public entity was competitive or otherwise resulted in a competitive price. The Purchasing Officer may buy directly from a vendor at a price established by another public agency when the other agency has made their purchase in a competitive manner.

XI. ALTERNATIVE BID PROCEDURES FOR PUBLIC WORKS PROJECTS

The purpose of this section is to establish alternative bid procedures for public works projects, as provided for by the California Uniform Public Construction Cost Accounting Act.

- A. Public projects, as defined by the Act and in accordance with the limits listed in section 22032 of the Public Contract Code, may be let to contract by informal procedures as set forth in Section 22032, et seq., of the Public Contract Code.
- B. A list of contractors shall be developed and maintained in accordance with the provisions of Section 22034 of the Public Contract Code and criteria promulgated from time to time by the California Uniform Construction Cost Accounting Commission.

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- C. Where a public project is to be performed which is subject to the provisions of this policy, a notice inviting informal bids shall be mailed to all contractors for the category of work to be bid, or 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. 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 to be 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 information bids may be sent exclusively to such contractor or contractors.
- D. The City Manager and/or his designee are authorized to award informal contracts pursuant to this section of the policy.
- E. Contracts of \$25,000 or more must verify vendor is not suspended, debarred, or otherwise excluded as set forth in Section VIII of this policy.

XII. PROFESSIONAL AND SPECIAL SERVICES

For purposes of this section, Professional Services shall mean the procurement of services that involve the exercise of professional discretion and independent judgment based on advanced or specialized knowledge, expertise or training gained by formal study or experience. Special services shall mean those services that the City Manager has determined the City lacks sufficient personnel with the necessary training and expertise to perform the services or to perform such services in a timely manner.

- A. It is in the best interest of the public, as allowed by State law, that contracts for professional and special services be awarded based on the demonstrated competence and professional qualifications necessary for the satisfactory performance of the services required. The Purchasing Officer may negotiate with qualified firms or individuals to obtain a fair and reasonable price for the services and is not required to award a contract to the lowest responsible bidder. Notwithstanding any contrary terms contained in this policy, procurement of professional services for architects, engineers, land surveyors, and construction project management firms shall be governed by the applicable provisions of the Hawthorne Municipal Code.

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- B. Procurement of professional or special services where the total cost of services provided in a twelve month period is \$15,000 or less shall be made using simplified and cost effective operational procedures and forms approved by the City Manager and in accordance with policy.

- C. Professional or special services where the cost of services provided in a twelve month period is more than \$15,000 shall be procured as follows:
 - 1. The Purchasing Officer shall obtain the names of at least three firms or individuals that are, or have within the preceding twelve months, provided substantially similar services to public agencies. The Purchasing Officer may waive the requirements for solicitation of multiple proposals if only one individual or firm can reasonably provide the professional services, and it is in the best interest of the City to waive the requirement.

 - 2. A request for proposal shall be provided to all potential candidates outlining the scope of services required, timeframe for completion, pricing structure, liability insurance information and coverage and other pertinent information. Professionals must submit their responses in the specified format no later than the stated final due date for proposals. The response must include liability insurance information and coverage.

 - 3. The evaluation process will be based on the criteria stated in the request for proposal but will generally include the scope of services offered, the professional's capabilities and previous experience in the field.

 - 4. After the proposals are evaluated, the Purchasing Officer will negotiate an agreement with the selected professional. If an agreement is not reached within a reasonable time, the Purchasing Officer will terminate discussion with the first candidate and open negotiations with the second choice.

 - 5. The City Council may waive the bid requirements of this policy when it is necessary or convenient for the management of the City's affairs.

 - 6. The Purchasing Officer shall submit the final negotiated agreement to the City Council for approval.

XIII. CITY MANAGER CONTRACTING AUTHORITY

- A. The City Manager shall have the authority to award the contracts as below.
 - 1. All procurement of Professional/Special services for which the cost to the City is \$15,000 or less; and

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2. All procurement of supplies, goods and/or materials for which the cost to the City is \$15,000 or less; and
 3. All capital outlay items approved by the City Council during the applicable budget year in an amount of \$15,000 or less; and
 4. Change orders for contracts for the purchases of supplies, services and equipment provided the total cost does not exceed the lesser of 20 percent of the original bid amount or \$15,000 and sufficient unencumbered funds exist or have been previously appropriated for the specific contract; and
 5. All public works change orders equal to the contingency amount set when the underlying contract was awarded; and
 6. Change orders for an amount of more than \$15,000 shall require City Council approval.
 7. Notwithstanding the foregoing, any change order that results in the need for additional appropriation or extends the term of a contract for more than three months beyond the original term shall be approved by the City Council.
 8. Public Works projects in accordance with the California Uniform Public Construction Cost Accounting Act (See Section XI).
- B. The City Manager shall approve alternate procurement methods, if appropriate, for use on an experimental basis, and recommend to the City Council additions, deletions, or modifications to the City's procurement methods.
- C. The City Manager shall have the authority to delegate the awarding of contracts, amendments and change orders for goods and services.
- D. Upon request of the City Council, the City Manager shall submit a report to the City Council identifying all contracts, including the amount of each contract that has been awarded administratively.