

### Section 1: Adoption of Purchasing Policy

This policy is adopted in accordance with Section 54201 through 54205 of the Government Code of the State which requires every local agency to adopt policies and procedures, including bidding regulations, governing purchases of supplies and equipment by the local agency. The provisions of this chapter shall not cover the expenditures of funds for public projects which are covered by the provisions of Sections Chapter 3.20 (Purchasing System and Contract for Public Projects)

### Section 2: Centralized Purchasing Division

There is hereby created a centralized Purchasing Division of the Finance Department in which is vested authority for the purchase of supplies, equipment, and services. The Purchasing Agent shall administer and be responsible for the successful performance of all functions of the General Services Division. The Purchasing Manager shall purchase supplies, equipment, and services at the lowest possible cost commensurate with quality needed.

### Section 3: Purchasing Manager

The City Manager is designated as Purchasing Agent pursuant to Section 3.20.060 of this title, and shall appoint a Purchasing Manager. The Purchasing Manager shall be the Director of Finance, and have general supervision of the Purchasing Division. The Purchasing Manager shall have authority to:

- A. Purchase or contract for supplies, equipment, and services required by any using department or agency in accordance with the provision of Section 54201 et seq. of the California Government Code, and with purchasing procedures prescribed by this chapter, such administrative regulations as the Purchasing Manager shall adopt for the internal management and operation of the Centralized Purchasing Division and such other rules and regulations as shall be prescribed by the Council or City Manager;
- B. Negotiate and recommend execution of contract for the purchase of supplies, equipment, and services;
- C. Act to procure for the City the needed quality in supplies, equipment, and services at least expense to the City;
- D. Discourage collusion in bidding and induce full competition on all purchases;
- E. Prepare and recommend to the City Manager rules governing the purchase of supplies, equipment and services for the City;
- F. Prepare and recommend to the Council revisions and amendments to the purchasing rules;

- G. Keep informed of current developments in the field of purchasing, prices, market conditions and new Products;
- H. Prescribe and maintain such forms as are reasonably necessary to the operation of this chapter and other rules and regulations;
- I. Supervise the inspection of all supplies, equipment, and services purchased to insure conformance with specs;
- J. Recommend the transfer of surplus or unused supplies and equipment between departments as needed and the sale of all supplies and equipment which cannot be used by any agency and which have become unsuitable for City use.

#### Section 4: Requisitions

Using departments shall submit requests for supplies, equipment, and services on such form as may be approved by the Purchasing Manager.

#### Section 5: Specifications

As needed, the Purchasing Manager, in conjunction with the using department or agency, shall develop standard specifications for repetitively procured items and services. Every specification shall be prepared to assure the broadest possible bidder participation consistent with the needs of the using department or agency. Alternate specification provisions for any particular bid invitation may be established by the Purchasing Manager.

#### Section 6: Formal bidding procedure

Except as otherwise specifically provided in this section or in other sections of this chapter, purchases of supplies, equipment and services of an estimated value of more than twenty-five thousand dollars (\$25,000.00) shall be by formal sealed written competitive bids. Awards for such expenditures shall be made by the Council to the lowest responsible bidder in accordance with the following provisions:

##### A. Lowest Responsible Bidder.

"Lowest responsible bidder," as used in this chapter, shall mean that bidder who best responds in price, quality, service, fitness, or capacity to the particular requirements of the City. Price alone shall not be the determining factor but shall be considered along with the other factors, including, but not limited to, the ability of the bidder to deliver, availability of parts or service, prior experience and other factors relating to the particular needs of the City for the supplies, equipment or services to be purchased.

B. Notices Inviting Bids.

The Purchasing Manager shall be responsible for posting notification of solicitation of bids, which shall include a general description of the articles to be purchased, state where bid specifications may be secured and the time and place for opening of the bids. The notice shall specify the factors referred to in subsection A of this section, which factors will be given special consideration in determining the lowest responsible bid for the supplies or equipment to be purchased. Notices shall be posted on the City's website as well as at City Hall and other public posting locations may be utilized as determined by the Purchasing Manager.

C. Bidders' Security.

When deemed necessary by the Purchasing Manager, bidders' security may be prescribed in the notices inviting bids. Bidders shall be entitled to the return of bid securities; provided, however, a successful bidder shall forfeit his bid security upon his refusal or failure to execute the contract within the time designated in the bid specifications. The Council, on the refusal or failure of the successful bidder to execute the contract, may award the contract to the next lowest responsible bidder. If the 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 contract price differential between the lowest bid and the second lowest bid and the surplus, if any, shall be returned to the lowest bidder.

D. Performance Bonds.

The Purchasing Manager shall have authority to require a performance bond before entering a contract in an amount reasonably necessary to protect the best interests of the City.

E. Bid Opening Procedure.

Sealed bids shall be submitted to the City Clerk's Office and shall be identified as bids on the envelopes. Bids shall be opened in public at the time and place stated in the public notices. A tabulation of all bids received shall be available for public inspection.

F. Confidentiality of Bids.

Any written bid received pursuant to the provisions of this chapter shall not be revealed directly or indirectly to any other bidder until the bidding process is completed and all submitted bids have been received and opened. A tabulation of all bids received shall be open for public inspection during regular business hours after the bid opening.

G. Rejection of Bids.

The Purchasing Manager may reject any and all bids presented and re-advertise for bids.

## H. Award of Contracts.

Any resulting contract shall be awarded by the Council to the lowest responsible bidder as defined in subsection A of this section.

### Section 7: Purchase Order Requirements

Subject to other applicable provisions of this section:

#### A. Value of Purchases.

General purchases of supplies, equipment and services of an estimated value of five thousand dollars (\$5,000.00) or less, shall be purchased directly by the departments without bid activity. However, if, in the buyer's judgment, the prices obtained do not seem reasonable, the buyer may obtain informal quotes.

Purchases valued at five thousand dollars and one cent (\$5,000.01) or more but less than fifteen thousand dollars (\$15,000.00) may be made by the Purchasing Manager without observing formal bidding procedures. Purchases valued between fifteen thousand dollars and one cent (\$15,000.01) and twenty-five thousand dollars (\$25,000.00) may be made by the Purchasing Agent without observing formal bidding procedures. Whenever possible, such purchases shall be based on at least three (3) competitive bids and shall be awarded to the lowest responsible bidder. Competition shall be sought for these transactions whenever the Purchasing Manager or Purchasing Agent determines that competition is necessary to develop a source, validate prices, or for other sound business reasons. Informal solicitations may be secured in writing or via electronic modes. Before an order is placed, the buyer will determine that the price is reasonable and document how that determination was made.

The Purchasing Agent is required to obtain formal (written, sealed) bids on purchases valued at more than twenty-five thousand dollars (\$25,000.00).

#### B. Approval of Purchases and Contracts.

Any purchase or contract between zero dollars (\$0.00) and five thousand dollars (\$5,000.00) shall be made by the department head.

All such purchases or contracts between five thousand dollars and one cent (\$5,000.01) and fifteen thousand dollars (\$15,000.00) require the prior approval of the Purchasing Manager.

All such purchases or contracts between fifteen thousand dollars and one cent (\$15,000.01) and twenty-five thousand dollars (\$25,000.00) require the prior approval of the Purchasing Agent.

All such purchases or contracts exceeding twenty-five thousand dollars (\$25,000.00) must be approved by the City Council.

#### Section 8: Purchase Orders and Change Orders

- A. Except as otherwise provided in this policy, purchases of supplies, equipment, and services shall be made only by numbered purchase order.
- B. Change Orders.

Any change order for an approved purchase or contract shall be documented by a purchase order addendum. The Purchasing Agent may authorize cumulative increases up to the purchase order requirement threshold of twenty-five thousand dollars (\$25,000.00) as long as sufficient funding is available. For purchase orders that have been authorized by the City Council, the Purchasing Agent may authorize up to an additional twenty-five thousand dollars (\$25,000.00) as long as sufficient funding is available.

#### Section 9: Encumbrance of funds

Except in cases of emergency, the Purchasing Manager shall not issue any purchase order for supplies, equipment or services unless there exists an unencumbered appropriation in the fund account against which such purchase is to be charged.

#### Section 10: Blanket Purchase Orders

The City may, when pricing and terms are favorable, and as a convenience for users, establish an account with a vendor by means of a Blanket Purchase Order. When a Blanket Purchase Order has been established with a vendor, subsequent budgeted purchases may be made from that vendor.

The City will, when satisfied regarding the need, pricing, and terms, issue a Blanket Purchase Order with the approval of the Purchasing Agent or City Council, based on the total planned value of the purchase. The Blanket Purchase Order will be "open" in that only the general nature of the purchases will be specified. The annual value limit will be defined prior to issuance of the Blanket Purchase order and renewed each fiscal year.

#### Section 11: Emergency procurement

When a local emergency or disaster is proclaimed, the City is not required to engage in either informal or formal competitive bidding.

The City Council delegates to the Purchasing Agent the authority to waive any procedures in this policy that are not statutorily mandated when making emergency purchases of supplies, equipment, materials or services.

"Emergency Purchases" are those procurements required to prevent the immediate interruption or cessation of necessary City services or to safeguard life, property or the public health and welfare and are subject to the following conditions:

- A. If the purchase exceeds twenty-five thousand dollars (\$25,000.00), those expenditures will be presented to the Council for ratification within sixty (60) days.
- B. If the emergency purchase exceeds five thousand dollars (\$5,000.00) and can only be made by use of the City's credit card, either due to the practicality of the situation or a vendor's refusal to accept the City purchase orders, the Purchasing Agent is authorized to make those expenditures, subject to the presentation of the purchase to the City Council for ratification within sixty (60) days.
- C. If the emergency requires the immediate procurement of supplies, equipment or services needed to preserve life and/or property, the purchase may be made without following bidding procedures. However, written justification enumerating one (1) or more of the following rationale, must be included with the purchase request: emergency protective measure, scarce commodity, emergency consulting services, emergency road clearance, other emergency requirement, and/or lack of bids. The use of a preexisting contract may be utilized under these circumstances.
- D. During a declared emergency or disaster, the Purchasing Manager has the authority to rescind a contract for non-performance within twenty-four (24) hours when a contractor or vendor, once awarded a contract, is unable to perform under the terms of the contract and the resulting delay or nonperformance present an immediate threat to life, safety or improved property.
- E. All purchases made under emergency or disaster conditions shall require separate invoicing from routine (non-disaster related) purchases. All invoices shall state the goods, services or equipment provided and shall specify where the purchases were delivered and/or used.

#### Section 12: Sole Source Purchases

A sole source purchase is one made from only one source of supply or a purchase for which no advantage can be gained through competitive bidding. Sole source purchases often arise because specifications and requirements for the purchase are so distinct that only one possible source can provide the purchase or meet established standards. This may be the case with replacement parts for brand name machinery, equipment, or vehicles or for compatibility with existing software or technology. To be valid, the sole source must be the only reasonably known source of supply meeting the bona fide specification requirements. Such determination must be justified in writing

and approved by the Purchasing Agent or Purchasing Manager, as appropriate depending on the value of the purchase.

### Section 13: Professional services

Contracts for services of specially-trained and professional persons shall be exempt from bidding. However, if the amount exceeds five thousand dollars (\$5,000.00), the Purchasing Manager's approval is required. If the amount equals or exceeds fifteen thousand dollars (\$15,000.00), the Purchasing Agent's approval is required. All contracts equaling or exceeding twenty-five thousand dollars (\$25,000.00) must be approved by the Council.

Unless otherwise limited by law, the term of a contract shall be as set forth in the contract, and may include extensions as authorized in the contract. The department head, Purchasing Manager, or Purchasing Agent may approve a multiyear contract, provided that the potential cumulative value of the multiyear contract as potentially extended does not exceed that officer's purchasing authority. Otherwise, multiyear contracts shall be approved by the City Council.

### Section 14: Waivers

At its discretion, the Council may, at any time by majority vote and without amending this policy, waive purchasing procedures or alter these proceedings to fit a specific purchase when such waiver is not in violation of California State law. Whenever special market conditions require it the Purchasing Agent or the Purchasing Manager, with authorization from the Purchasing Agent, may waive the twenty-five thousand dollars (\$25,000.00) open market requirements for replenishment of supplies, materials, and equipment, or for services, where the best interest of the City is served, provided that such waiver is ratified by the Council at a meeting within 30 days of the purchase.

### Section 15: Cooperative purchasing

Cooperative purchasing is used by municipalities in the purchase of goods and services. This arrangement offers the participants significant economies of scale. Although one municipality may issue specifications and receive bids, each entity independently executes its own contract, administers the procurement function, and finances the purchase.

This is an acceptable practice that allows municipal agencies to "piggy- back" on contracts for services and supplies, issued by a wide range of other governmental agencies. Cooperative purchasing agreements may be entered into with state, city governments, public or quasi-public entities, and non-profit entities.

Where purchases are to be made in concert with or through agreements executed by other governmental agencies, formal bid requirements as outlined in Section 6 of this policy may be waived with City Council approval.

### Section 16: Unauthorized purchases and contracts

It shall be unlawful for an officer, employee, or agent of the City to order the purchase of supplies, equipment, or services, or to make any contract in violation of this policy, and any order, purchase or contract made contrary to the provisions of this policy shall not be binding on the City, and the City shall not be obligated thereunder.

Section 17: Prohibition against splitting purchases

Purchase of supplies, equipment or services shall not be divided or staged for the purpose of circumventing the bidding or approval requirements of this policy.

Section 18: Disposition of City Obsolete and Surplus Property

The Purchasing Agent shall dispose of all City owned surplus and obsolete property by bid, auction, negotiated sale or exchange for the best value attainable to the City.

If an item has become unsuitable for City use, the Purchasing Agent shall have the authority to sell, exchange, or otherwise dispose of all supplies and equipment, provided the item sold or disposed of does not have a current salvage value of more than twenty-five thousand dollars (\$25,000.00). The Purchasing Agent is charged with the responsibility to secure the highest value possible in the disposal of City goods.

Section 19: Credit Card Purchases

The City maintains a credit card program to provide a convenient method of making small purchases and to reduce the need for purchase orders, expense reimbursements, and the use of petty cash. Such purchases are subject to the following restrictions:

- A. The amount of a single purchase cannot exceed five thousand dollars (\$5,000.00).
- B. Purchases shall not be split in order to stay within the single purchase limit.
- C. The credit cards may not be used for services, unless the services have an approved contract on file, the contract amount does not exceed five thousand dollars (\$5,000.00), and the use is approved in writing by the Purchasing Agent.
- D. Purchases related to lodging, airfare, and other travel-related expenses shall only be made after receiving prior written approval from the Purchasing Agent or designee.

Section 20: Exception to Bidding Requirements

The bidding requirements of this policy shall not apply in the following circumstances:

- A. Where competition does not exist, such as membership in professional organizations, attendance at meetings or conventions, travel, and when needed equipment, supplies or services are proprietary items of original equipment manufacturers and/or their authorized exclusive distributors.



- B. Where items to be purchased are for resale to the public.
- C. Any contract involving the purchase of supplies, equipment or services entered into with another governmental entity.
- D. Any contract for professional services such as attorneys, physicians, architects, engineers, consultants, accountants, specialized printers or other individuals or organizations possessing a high degree of professional, unique, specialized or technical skill or expertise.
- E. Sole source procurement as set forth in Section 12 of this policy.
- F. Emergency procurement as set forth in Section 11 of this policy.
- G. Utility services and related charges.
- 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.
- K. Works of art, entertainment or performers.
- L. Library collection materials or services or other books or periodicals.
- M. Surplus personal property owned by another government, public or quasi-public entity;