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May 21, 1997

RESOLUTION NO. R1997-66

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MANTECA ADOPTING AND APPROVING A PROCEDURE FOR THE PURCHASE OF SUPPLIES, SERVICES AND EQUIPMENT BY THE CITY OF MANTECA.

WHEREAS, the City Council of the City of Manteca is in the process of updating the City of Manteca's purchasing procedures; and

WHEREAS, an Ordinance has been introduced which if passed will change the procedures for purchasing supplies, services and equipment by the City of Manteca; and

WHEREAS, the proposed ordinance requires purchases of supplies, services and equipment to be in compliance with the "Purchasing Policy Manual" which has been approved and adopted by a resolution of the City Council;

NOW, THEREFORE, IT IS HEREBY RESOLVED by the City Council of the City of Manteca as follows:

1. The document entitled "Purchasing Procedures Manual" attached hereto as Exhibit "A" is hereby approved and adopted as the purchasing procedure for supplies, services and equipment for the City of Manteca as authorized by Ordinance No. 1056
2. This resolution shall become effective on the effective date of Ordinance No. 1056

THIS RESOLUTION WAS PASSED at a regular meeting of the City Council of the City of Manteca on April 7, 1997 by the following vote:

AYES: Councilmen Harris, Smart, Weatherford and W. Perry
 NOES: Councilman C. Perry
 ABSTAIN: None
 ABSENT: None

APPROVED:

By William L. Perry
 Mayor, City of Manteca

ATTEST:

[Signature]
 City Clerk, City of Manteca

CITY OF MANTECA

Purchasing Procedures Manual

City Council: William L. "Bill" Perry, Mayor
John Harris, Council Member
Carlton Perry, Council Member
J. Smart, Council Member
Willie Weatherford, Council Member

City Manager: Robert F. D. Adams

City Attorney: John D. Brinton

City Treasurer: George Dadasovich

Department Managers:

Michael Brinton, Public Works Director
Leticia Espinoza, Finance Director
Richard Gregson, Police Chief
Steve Houx, Parks and Recreation Director
Irwin Kaplan, Community Development Director
George Quaresma, Fire Chief

Project Manager: Karen McLaughlin, Assistant to the City Manager

Revised: March 1997

EXHIBIT A

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PURCHASING PROCEDURES MANUAL

I. GENERAL STATEMENTS

A. Purchasing Authority

The City Council by Ordinance has designated that the City Manager shall be the Purchasing Agent for the City. The City Manager may delegate duties and responsibilities of the purchasing function, as outlined in this manual, as deemed necessary for maximum efficiency and control. The City Manager is vested with authority to review and approve purchase requests with regard to quantity, quality, needs, budgetary appropriation, and financial condition. No expenditures shall be made without the appropriate reviews and approvals as provided for in this manual.

B. Purchasing System

In order to establish efficient procedures for the purchase of supplies and equipment; to secure for the City supplies and equipment at the lowest possible cost commensurate with quality and quantity needed; to exercise positive financial control and accountability over purchasing; to give preference to local merchants, quality and price being comparable (when accounting for additional costs such as shipping vs. travel time to pick up or deliver an item); and to clearly define authority and responsibilities for the purchasing function, the following purchasing procedures are adopted as the "Purchasing Manual."

C. Centralized Purchasing

Centralized purchasing is to be encouraged as a means of acquiring goods and services common to many departments. Such efforts may result in cost savings and will avoid duplication of effort.

D. Budget Transfers

From time to time, budget transfers may be needed to pay for some higher-than-anticipated costs in purchasing supplies or services, or for capital improvement projects. City Council approval is required for all budget transfers.

II. PURCHASE REQUISITION PROCEDURE

A. Purchase Requisitions

Prior to initiating a purchase, department heads or their designees shall submit purchase requests for supplies, materials, maintenance and equipment to the Finance Department.

By approving the purchase requisition, the department head or his/her designee ensures that the purchasing procedures have been followed.

By approving the purchase, the Finance Director or his/her designee confirms the existence of a budgetary appropriation, that sufficient funds are available, that the account coding and calculations are accurate, and that the appropriate account(s) is/are being used for the particular purchase being made.

Following confirmation, the Finance Director or his/her designee shall process and forward the purchase order for approval, consistent with the provisions of this manual.

B. Purchase Orders

Upon appropriate approval, purchase orders shall be distributed as follows:

White copy:	to Vendor (via department)
Yellow copy:	to Department
Pink copy:	to Finance

Upon entering the requisition information on the City's computer, said amounts shall be encumbered in the designated budgetary accounts.

Upon the receipt of materials and/or completion of services, the user department head or his/her designee shall enter as proof of receipt of the goods or services on the City's computer, and provide invoices to the Finance Department. The Finance Department is then authorized to proceed with processing payment to the vendor. Partial payments shall be permitted when materials, supplies or equipment are received in separate shipments.

C. Open Purchase Orders \$500⁰⁰

Definition: An open purchase order placed with a vendor for a specified length of time authorizing the purchase of materials or services.

1. Placement

Open purchase orders shall be issued on an annual basis, unless otherwise specified, with vendors who deal with the City on a regular basis. The open purchase order shall include a list of those employees authorized to make purchases on the City's behalf.

2. Spending Limit

Purchases on an open purchase order shall be limited to a maximum of \$500.00 per day by division, at the discretion of the department head or his/her designee. This

limit may be increased upon justification provided by the department head, recommendation by the Finance Director, and approval by the City Manager. This is intended to facilitate efficient operations in situations where personnel responsible for repair work frequently find it necessary to purchase materials or service without the benefit of advance planning.

Each department head shall be responsible for monitoring the monthly purchases using open purchase orders made so as not to exceed budgetary appropriations.

3. Invoice/Receipts

The City employee authorized to make purchases on an open purchase order shall obtain an invoice or receipt for the materials purchased. It shall clearly list and describe the materials purchased, be dated and the price fully detailed. The employee shall sign the invoice or receipt, identify the department, and promptly deliver it to his/her department head or his/her designee. The department head or his/her designee shall complete a Supplemental Receiving Form and attach the invoice(s) and route it to the Finance Department.

D. Revolving Fund/Petty Cash

A centralized revolving fund shall be maintained by the Finance Department. This fund shall be made accessible to all City departments for replenishment of their petty cash fund. All petty cash requests submitted to the Finance Department for replenishment must be supported by receipts, invoice and packing slips, etc. and expense claims must be properly completed with claimant signature and approval by department head or his/her designee.

The petty cash fund shall be made accessible for the purchase of materials \$75.00 or less from vendors without open purchase orders. At the request of a department head, recommendation by the Finance Director, and approval of the City Manager, departments may establish their own petty cash fund. Cash on hand in these individual departmental petty cash funds shall be limited to \$150.00. This limit may be increased upon justification provided by the department head, recommendation by the Finance Director, and approval by the City Manager. Departments wishing to have their own petty cash must receive training from the Finance Department regarding the use, securing and accountability of these funds. Individual petty cash funds are subject to random auditing by the Finance Department.

In recognition of the fact that City employees cannot be required to maintain personal funds to make purchases on behalf of the City, petty cash advances may be allowed. All advances must be approved by the employee's department head or his/her designee.

Immediately after the purchase, the change and invoice or receipt must be returned directly to the department's petty cash custodian.

Because all training must be approved in advance by the City Manager or his/her designee, the petty cash fund shall not be used to pay for training registration costs. This fund can be used for ancillary training costs including, but not limited to, mileage, parking and meals. Employee must provide backup materials, such as a copy of the training information/brochure. Backup information is required before employee receives petty cash for ancillary training costs.

III. **VENDOR QUOTATION/CALL FOR BIDS - SUPPLIES, MATERIALS, MAINTENANCE AND EQUIPMENT**

Purchases of supplies, materials, maintenance and equipment shall strictly adhere to the following quotation/Call for Bids requirements dictated by the dollar amount of the purchase. City Manager approval, or that of his/her designee, is required for all Purchase Orders and Request for Warrants that exceed \$5,000.00. The quotation/Call for Bids requirements and dollar limits are as follows:

A. Immediate Procurement Procedure/Up to \$1,000.00

Each department head may exercise his/her own discretion with regard to vendor choice with preference given to local merchants, with quality and price being equal.

The department identifies necessary supplies, services or equipment and completes a requisition entry, including the appropriate account number(s) on the City's computer, so that the expense is immediately encumbered. The department head or his/her designee shall approve the requisition. This requisition can immediately be used and submitted to vendor to obtain the supplies/services. The requisition is then immediately forwarded to the Finance Department, who follows up with the issuance of a purchase order. (The requisition number is all that is needed at this level, though a formal purchase order is issued later.)

B. Verbal Quotation Procedure/ \$1,001.00 to \$10,000.00

Each department head or his/her designee shall acquire a verbal or written quotation from at least three vendors. Telephone quotations are obtained by the department and are documented on a telephone quotation sheet (See Attachment). The quotations shall be recorded by the department head or his/her designee and attached to the purchase requisition prior to submission to the Finance Department.

The department identifies necessary supplies, services or equipment and completes a requisition entry, including the appropriate account number(s) on the City's computer, so

that the expense is immediately encumbered. The department head shall approve the requisition. The requisition is then immediately forwarded to the Finance Department, who prepares the purchase order, which is then available for use by the department. (A formal purchase order is needed before procuring supplies and/or services at this level.)

C. Written Quotation Procedure/\$10,000.01 to \$25,000.00

1. Each department head or his/her designee shall solicit written quotations from at least three vendors. Vendors shall submit their written quotation directly to the department seeking quotations. The department head or his/her designee shall then complete a requisition entry, including the appropriate account number(s) on the City's computer, so that the expense is immediately encumbered. The department head shall approve the requisition. The requisition is then immediately forwarded to the Finance Department, who follows up with the issuance of a purchase order. No purchases can be made until the purchase order has been issued by the Finance Department and approved by the City Manager.

2. Exceptions:

The Written Quotation Procedure shall be waived for the following types of purchases:

- a. Purchase of vehicles or equipment that have been included in the City's adopted budget, which are acquired at a public auction. These purchases shall receive prior approval of the City Manager or his/her designee.
- b. Purchase of vehicles or equipment through cooperative agreements with the State of California or other public agencies.

D. Formal Purchasing Procedure/Call for Bids Over \$25,000.00

A formal bid is required if the estimated dollar amount of the purchase, including tax, shipping and other related costs, exceeds \$25,000.00, or if the accumulated amount is expected to exceed \$25,000.00 in any one fiscal year, and the project is not a capital improvement project.

1. The department head or his/her designee shall prepare a bid package to solicit bids from qualified firms. The bid package shall consist of the following elements:
 - a. Notice Inviting Bids
 - b. Information to Bidders
 - c. Product Specifications
 - d. Proposal Form

- e. Contract Form
 - f. Appendix A (City of Manteca Insurance Requirement)
2. The department head or his/her designee shall determine whether unencumbered funds are available in the budget.
 3. The City Clerk shall follow bid procedures regarding posting of notices, receiving bids, and opening and processing bids.
 4. The department head shall recommend award of contract to the lowest responsible bidder. The department head or his/her designee shall prepare an agenda report and present it to the City Manager, who will then present the item to the City Council. In all cases, price shall not be the sole determining factor, but shall be considered along with other factors, including, but not limited to, ability of the vendor to deliver, ability to service, prior experience, quality, compatibility with existing City equipment, and other particular needs of the City.
 5. Upon award of contract by the City Council, the department head or his/her designee shall submit a purchase requisition with award recommendation and documentation including contract, if applicable, to the Finance Department, which shall prepare the purchase order for City Manager approval. The requisition shall include appropriate account number(s), and shall be signed by the department head. The City Clerk's office shall retain the original contract. All purchase orders or contracts in excess of \$25,000.00 shall require City Council approval as a regular agenda item.
 6. After award of contract by the City Council, the vendor awarded the contract is notified by the department.
 7. The City Clerk shall send a notice to vendor(s) not selected.

IV. EMERGENCY PURCHASES

An emergency is a situation in which the delay in procurement of materials, equipment, or service may jeopardize the life, health or convenience of local citizens.

Each department head may exercise his/her own discretion with regard to vendor choice with preference given to local merchants, with quality and price being equal.

The department identifies necessary supplies, services or equipment and completes a requisition entry, including the appropriate account number(s) on the City's computer, so that the expense is immediately encumbered. The department head or his/her designee shall approve the requisition. This requisition can immediately be used and submitted to vendor to obtain the supplies/services. The requisition is then immediately forwarded to the

Finance Department, who follows up with the issuance of a purchase order. (The requisition number is all that is needed at this level, though a formal purchase order is issued later.)

The department head shall immediately forward to the Finance Department a completed purchase requisition clearly labeled, "EMERGENCY PURCHASE". The purchase requisition shall be accompanied by a fully costed invoice or receipt with employee's and department head's signature.

Emergency purchases in excess of \$5,000.00 shall require written approval by the City Manager or his/her designee prior to making the purchase.

V. SOLE SOURCE VENDORS

In the case of sole source vendors, a department head or his/her designee shall complete a "Sole Source Justification" form and forward it to the Finance Department before a purchase order is approved.

The purchase of, monthly service charge, and service for air time for cellular phones shall be considered a sole source purchase.

VI. PROFESSIONAL SERVICES/RFPs

A. Definition: Professional services may include, but are not limited to, architectural, engineering, testing, land surveying, appraising, environmental, planning, financial, legal, development processing, governmental operations, special studies, construction project management and other related services.

B. Process:

1. The department head or his/her designee shall identify the budget account that will be used for this service. The requesting department head then prepares a Request for Proposal (RFP), which shall be sent to appropriate professional service firms. The RFP shall include a description of the project and a scope of the work to be performed. As a rule, proposals from a minimum of three prospective firms shall be solicited. However, this requirement may be waived by the City Manager depending upon the nature of the service to be provided.
2. The department shall review all proposals received. The general selection criteria for determining which firm is to be selected includes:
 - a. Qualifications;
 - b. The firm's experience with similar projects;

- c. Schedule for completion of project; and
 - d. Price (unless precluded by State or Federal law).
3. Based on the results of the initial screening process, the top firm(s) may be invited to present their qualifications. Based upon the qualifications and the presentations, the City shall rank order the firms. The City may negotiate the price, terms and conditions of the project with the top firm. The City also reserves the right to negotiate with another top-ranked firm if an agreement cannot be reached with the No. 1-ranked firm.
 4. The contract with the No. 1-ranked firm is forwarded to the City Attorney for approval.
 5. A staff report with recommendations shall be prepared by the department and presented to the City Manager, who will then present the matter to the City Council. Council shall consider approval of the contract with the top firm.
 6. Upon Council approval, the department head or his/her designee shall submit a purchase requisition with award recommendation and documentation including contract, if applicable, to the Finance Department, which shall prepare the purchase order for City Manager approval. The requisition shall include appropriate account number(s), and shall be signed by the department head or his/her designee. The City Clerk's office shall retain the original contract. All contracts in excess of \$5,000.00 shall require City Council approval as a regular agenda item.

VII. CAPITAL IMPROVEMENTS

- A. Definition: Capital improvements are generally defined as new construction of fixed assets and improvements to previously constructed fixed assets.

In emergency situations, the necessity for going to bid prior to expenditure may be avoided. (See Section 20168 of the Public Contract Code for specific information about emergencies.)

- B. Process: The expenditure of funds for capital improvements shall follow the same process outlined in Section III-C, unless the expenditure exceeds \$5,000.00. When the expenditure of funds is expected to exceed \$5,000.00, the formal bid process as required and outlined in the Government Code shall be strictly adhered to.

1. Informal Written Quotation Procedure - Under \$5,000:

Same process as provided for in Section III-C.

2. Formal Bid Procedure - \$5,000.00 and over

(When the expenditure for a municipal improvement project exceeds \$5,000.00, it shall be contracted for and let to the lowest responsible bidder after notice. It is unlawful to split or separate a job into smaller projects to avoid the financial threshold. In emergency situations, the necessity for going to bid prior to expenditure may be avoided. (See Section 20168 of the Public Contract Code for specific information about emergencies.)

- a. In those instances where the City Council is asked to approve plans and specifications and authorize a call for bids, the department head shall prepare an agenda report to the City Manager, who then takes the matter to the City Council, requesting these actions. The request shall include identification of the unencumbered funding source for the project, based on the estimated project cost. The request shall also include a bid opening date, which shall be approved by the City Clerk.
- b. City Council approval is required for all plans and specifications for capital projects. Prior to being presented to Council, plans and specifications shall be reviewed by:
 - Director of Public Works
 - Building Inspection Division (if a building permit is required)
 - Affected utilities for conflicts and/or relocations.
- c. The sealed bids required by the Government Code shall be received by the City Clerk who shall be responsible for publicly opening and reading said bids at the stipulated time. Once bids have been opened, the department head shall recommend award of contract to the lowest responsible bidder. The department head or his/her designee shall prepare an agenda report and present it to the City Manager who will then present the item to the City Council.
- d. Upon approval by the City Council, the contract package is forwarded to the department, who obtains signatures from the contractor, City Attorney and the Mayor. The City Clerk's office will retain the original contract.
- e. Upon City Council award of the contract, the City Clerk shall prepare a resolution noting Council's approval of the contract, the project name, cost and budget account number(s). Funds for the project are thus immediately encumbered. The resolution shall be submitted by the department head to the Finance Department, along with each request for warrant for payments due the contractor. The department head shall be responsible for monitoring the project account balance during the course of the project to ensure that overages do not occur.

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CITY OF HOUSTON

Change Orders

During the course of capital improvement projects, modifications to the scope of work or additional work may be required that could not have been anticipated in advance. The City Council must approve capital improvement change orders where the change order(s) cumulatively total 10 percent or more of the original contract amount, or individual change order is more than \$25,000, prior to initiating the work when possible, and in all cases prior to payment of additional cost. Change orders equating to less than 10 percent of the original contract amount and under \$25,000 may be approved by the City Manager, upon recommendation by the department head and Finance Director. A change order that causes the project to go over the approved budget may be approved by the City Manager, as long as the additional funds are taken from savings from another project in the same fund. All other change orders for capital improvement projects must be approved by the City Council. These instances that require Council approval include change orders that:

1. Cause the project to go over budget;
2. Require transfers between funds or from reserves; or
3. Require transfers between accounts, but from projects that have not yet experienced a savings.

In the case of an emergency, the City Manager may approve the work for those change orders representing 10 percent or more of the original bid amount before submitting the change order to the City Council for its formal approval.

An emergency is defined as work, which if not performed, may jeopardize the life, health or convenience of local citizens; may substantially delay the completion of the project; or which may substantially increase the costs of the project as further progress is made.