

RESOLUTION NO. 02-134

A RESOLUTION OF THE RIDGECREST CITY COUNCIL ADOPTING PURCHASING PROCEDURES AND POLICY, AND REPEALING RESOLUTION NOS. 89-120, 89-121, AND 92-86 AS THEY RELATE TO PURCHASING POLICIES AND PROCEDURES

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF RIDGECREST CITY as follows:

1. Purpose.

This defines the policies and procedures for the procurement of supplies, equipment, and services for the City and supersedes other policies and procedures related to purchasing.

2. Scope.

The basic purchasing policy of the City is to obtain quality supplies, services, and equipment for the City's operation at the lowest cost through the use of quotes and competitive bidding whenever possible. The policies herein enumerated are within the scope of the duly revised official City/Agency budget.

3. Purchasing Authority.

A. There are four positions authorized to make purchases: (1) Department Heads, (2) Finance Director, (3) City Manager, and (4) City Council Members. Limits prescribed herein shall be reviewed annually by the City Council and may be changed as occasion may require by Council Resolution.

B. A Department Head may purchase supplies, equipment, or services needed for the department up to \$2,500, but purchases in excess of \$1,000 must be pursuant to a purchase order. A Department Head may delegate purchasing authority up to \$1,000 to management or supervisory level employees.

C. The Finance Director may purchase supplies, equipment or services for any department up to \$10,000.

D. The City Manager may purchase supplies, equipment or services for any department in excess of \$10,000 up to \$25,000.

E. Purchases of supplies and equipment in excess of \$25,000 and works of improvement in excess of \$5,000 require sealed bids and City Council approval. Such purchases are to follow the bidding procedures. The results of the bids along with recommendations regarding results and award are to be submitted by the

City Manager to the City Council. The Council will declare the outcome of bids at public session.

4. Process.

A. Purchases of less than \$1,000 do not require comparative pricing, however comparative pricing should be used whenever practical. Purchase orders may be issued regardless of amount when required by the vendor, or when the complexity of the contract demands a formal document for clarity.

B. A purchase order is required for purchases where the estimated cost exceeds \$1,000. Cost of acquisition includes the cost of the item plus tax, shipping or any other related costs. Requisitions must include at least 3 vendor quotes unless the vendor is considered a "sole source" supplier. Purchases are not to be split to circumvent these purchasing limits.

C. When seeking goods or services exceeding \$1,000 a purchase order is required and the department is required to submit a requisition, including specifications, at least 3 quotes and other supporting data, to the Finance Department prior to making the purchase. Upon approval, a purchase order will be issued.

D. Specifications and other relative data shall be sent to the City Manager, or his authorized representative, for approval prior to the issuance of a Notice Inviting Sealed Proposals. Upon approval by the City, the Notice will be prepared by the initiating department and forwarded to the City Clerk for publication. The City Clerk must receive the Notice at least three weeks prior to the date and time set for opening of bids.

Formal bid opening dates will be at a time, date, and location specified in the Notice. The City Clerk, or a designee, will publicly open and declare the content of bids received at the time and place specified in the Notice. Bids received after the appointed hour for opening will be returned unopened to the sender. The City Manager or City Council may reject all bids. The City may take into account responsiveness to specifications, ability to render post-purchase service, and the life cycle cost of the equipment. Bid results will be made available to interested parties following the bid reading.

E. For purchases of supplies or equipment in excess of \$25,000, or works of improvement in excess of \$5,000, the City Manager shall report the results of the bidding to the City Council along with recommendations regarding results and award. The council will declare the outcome of bids at public session. If at least two bids are not received, bid opening may be suspended pending City Council action. If only one bid is obtained, the initiating department shall consult with the City's Finance Director and may exercise the option to extend the bid period up to 30 days, without opening the submitted bid, to allow for additional bids. If the determination is made to open the sole original bid, or if no additional bids are received during the bid extension,

the council may: 1) Re-advertise; 2) Order the work done by City employees; 3) Award the contract to the sole bidder based on a cost analysis evidencing the relationship of the one bid to expected market price; and 4) Negotiate a contract to the best advantage of the City.

5. Exceptions.

A. In case of emergency, the City Manager may authorize the Finance Director or designee to secure in the open market, at the lowest obtainable price, supplies, materials, equipment, or contractual services required, regardless of the amount of the expenditure. A breakdown in machinery or equipment resulting in the interruption of an essential service, or a distinct threat to public health, safety, or welfare ("emergency") requiring the immediate purchase of supplies, materials, equipment or services.

During an emergency, the affected department may purchase supplies, materials, equipment, or services after the department head has concluded the purchase is essential to prevent delays which may adversely affect the life, health, or safety of citizens. The department head shall, as soon as possible, provide a completed purchase requisition to the Finance Director or designee, as well as a full written explanation of the circumstances.

Nothing contained herein shall limit the authority of the director of emergency services or the City Manager to make purchases and take such other emergency steps as are, or may be, authorized by the City Council in the case of a disaster or for civil defense.

B. Occasionally, required supplies, material, equipment, or services are of a proprietary nature, or are otherwise of such specific design or construction, or are specifically desired for purposes of maintaining cost effective system consistency, as to be available from only one source. After reasonable efforts to find alternative suppliers, the Finance Director or designee may dispense with the requirement of a minimum of two bids and recommend making the purchase from the sole source.

C. The Finance Director or designee may join with other public jurisdictions in cooperative purchasing agreements. The Finance Director or designee may also buy directly from a vendor at a price established by competitive bidding by another public jurisdiction in substantial compliance with this policy, even if the City has not joined with that public agency in a formal agreement. The Finance Director or designee may also purchase from the United States of America or any state, municipality or other public corporation or agency without following formal purchasing procedures as defined in this document.

D. Local preference is the practice of procurement from vendors who are City taxpayers because it stimulates the City's economy. Purchase orders are

issued on the basis of quality, previous performance, ability to meet the contract requirements, availability of service and parts, delivery schedule, and payment terms/discounts. When these factors are equal except price, a preference will be given to local vendors equal to 1% of the quoted price when General Fund monies are used because 1% of the sales tax returns to the City General Fund as revenue, and effectively reduces the cost.

6. Record Keeping.

The original bid shall be filed with the Clerk and the original documents will be filed with the Finance Department. When the purchase is final, all original documents shall be filed with the City Clerk. The Finance Department shall maintain purchasing records. During the course of a Contract, the department will maintain records of contract administration. At the conclusion of the Contract, the original bids, specifications, and other pertinent data will be forwarded, with the request for final payment, to the Finance Department.

7. Responsibilities of Departments.

Each Department Head shall ensure purchasing procedures are being followed by employees in the department. Further, each department shall:

- A.** Verify that budget funds are available for items requisitioned.
- B.** Consider the time required for the procurement process and plan for needs in advance so as not to create an artificial "emergency."
- C.** Never "split" orders for the purpose of avoiding procurement requirements. Splitting a job to avoid bidding for a work of improvement is a felony and will be referred to the District Attorney by the City Attorney for prosecution.
- D.** Never obligate the City to unauthorized commitments. Purchase orders are to be issued BEFORE goods or services are purchased.
- E.** Consider the use of recycled products and purchase them when economically feasible.

8. Purchasing Policies.

A. Ethics

In the performance of their duties under this policy, officers and employees shall observe conflicts of interest and procurement statutes. Officers and employees shall consult with the City Attorney concerning the City's interpretation of such laws. Violation of state laws concerning conflicts of interest or procurement will

result in discipline, up to termination, regardless of when police agencies prosecute the violation.

Officers and employees shall follow the highest ethical standards in procurement. Officers and employees may make purchases from relatives, other than spouses, - -with written authorization from the City Manager.

B. Requisition

When a purchase order is required, a requisition is to be entered into the city's Purchasing system. The requisition must contain sufficient information to insure acquisition of the correct item(s), vendor quote information, and comments indicating the purpose of the requisition. The City's purchasing system manages account budgets on a line item basis. If the requisition being entered will put an account over-budget, a Budget Transfer request (Attachment A) must be completed prior to the purchase order being issued. Those budgets that are managed at the project level require that project line items be within budget as well. The Finance Director may allow a budget over-ride as long as such action would not put the fund over-budget when reasonably projected to the end of the fiscal year. Requisitions will not be made utilizing accounts that are unrelated to the type of item or service being purchased.

C. Request for Proposal (RFP) / Request for Qualifications (RFQ)

The RFP/RFQ defines, in detail, the terms, conditions, and specifications of goods or services required by the City. An RFP is primarily intended for large, complex, projects where cost and performance are equally important. An RFQ is primarily intended for professional services. The RFP/RFQ may be utilized for smaller projects as well. The RFP/RFQ will be used whenever the acquisition of goods or services is multi-faceted and carries a high possibility of liability for the City. Generally, this is not applicable to purchases below the Finance Director's Authorization level of \$10,000.

Two-step RFP/RFQ: In this case, pricing is not included in the RFP/RFQ, but is submitted in a separate sealed envelope. Only after selection is made on the basis of the proposal is the favored bidder's pricing information opened. The other proposal's pricing envelopes are returned to the respective bidders unopened.

Once a bid has been accepted and a contract is signed, the money budgeted to fund the purchase is to be encumbered via a purchase requisition.

D. Notice Inviting Sealed Proposals

The Notice Inviting Sealed Proposals (NISP) is prepared by the initiating division and is formal notification, through posting and advertisement by the City Clerk, that goods or services are being solicited by the City. This gives widespread exposure to the City's needs, expanding the vendor base, and fulfills the legal responsibility of

giving fair access to supplying the City's needs. The NISP must contain sufficient information to define the work and other details to the reader, and the date and time at which the bids will be publicly opened and read. If expanded documentation is available, the NISP must indicate the cost, if any, plus the procedures for acquiring such documents (see II,C,3, City Manager Authorization). Once a proposal has been accepted and a contract is signed, the money budgeted to fund the purchase is to be encumbered via a purchase requisition.

E. Purchase Order

The purpose of a purchase order is to manage the budget, not to pay invoices. The purchase order number is generated by the Finance Department upon final approval and acceptance of the purchase requisition. Upon completion of the purchase order, the Finance Department will distribute copies to the ordering department. The ordering department is responsible for forwarding the purchase order to the vendor/contractor.

F. Open Purchase Order

Open purchase orders are entered into with vendors that are expected to supply products or services to the City on an ongoing and/or regular basis throughout the year. Open purchase orders are closed at the conclusion of each fiscal year. A department must make a request to the Finance Department at the beginning of each fiscal year for an open purchase order to be issued for the new fiscal year.

G. Credit Card Purchase

For certain purchases, use of a credit card is expedient and sometimes even necessary (e.g. car rental). Procedures for use of City credit cards is described in the City's Credit Card Policy & Procedures guide.

H. Petty Cash

The high cost of payment processing makes it imperative that small-dollar purchases be made by cash. The exception is when the vendor is heavily patronized by the City and the vendor is willing to establish a credit account with the City. Select departments have a petty cash fund and should use it for minor purchases of **up to \$50.00** when buying from uncommon sources or vendors unwilling to establish a credit account with the City. For departments who do not have a petty cash fund, reimbursement will be issued from the Finance Department petty cash fund. Each department should submit their petty cash expenditures for reimbursement monthly or when the petty cash fund balance falls to \$75.00, whichever occurs first. The Finance Department periodically audits each department's petty cash fund.

I. Amendment to Purchase Order

It is sometimes necessary to change a purchase order after it has been issued. The three most common changes are monetary, time extension, and scope of work. Only the City Manager or Finance Director may approve a formal change to an existing purchase order. The requesting department must complete a new requisition noting that it is for the purpose of a Contract Change Order. The requisition must include the original purchase order number and a detailed description of the change/amendment. Upon approval by the Finance Director and/or City Manager, the requesting department will receive an amended purchase order reflecting the change(s). The requesting department is responsible for forwarding the change order to the vendor.

J. Receiving of Goods/Equipment

1.) Inspection and Testing

All goods procured by the City shall be subject to inspection and/or testing upon receipt or completion by the department receiving the product to assure conformance with the specifications set forth in the order. If a product is determined to be unusable, it shall be rejected and returned to the vendor as the vendor directs, and at their expense, for credit or replacement. Items found not to specifications, but of limited usability, may be conditionally accepted but only after renegotiation of the original contract.

The Finance Director or his/her designee shall have the authority to require chemical and physical tests or any other tests deemed necessary to assure full compliance with the specifications.

2.) Acceptance

When goods have been received or a project has been completed to the satisfaction of the ordering department and the specifications, the packing slip and/or other completion documentation shall be signed-off by the receiver/inspector. Information to be noted on the documents must include, as a minimum, the acceptor's signature and a legible rendering of their name and the date of receipt/completion. Any deviation from the exact ordering specifications must be noted on the receiving/acceptance documents.

If a purchase order has been completed for the project, then the ordering department is also responsible for electronically receiving the goods/services in the City's Purchasing system. The system generated Receiving Report should be attached to the packing slip and/or other completion documentation and forwarded to the Finance Department for payment processing.

9. Payment Procedures.

A. Requests for Checks

Payments are generated as a result of either a Check Request form (Attachment B) or an Invoice. The ordering/administering department is responsible for initiation of payment requests for goods received and services rendered.

Upon completion of the Check Request form, the requesting department shall forward the completed form and proper supporting documentation to Accounts Payable. If the request is for a partial payment on a purchase order, a copy of the Purchase Order and Receiving Report is to accompany the request; if it is for final payment on a purchase order, a notation is to be made that the purchase order is to be closed following processing of the requested payment.

All invoices are to be sent directly to the Finance Department by the vendor. Invoices will then be submitted to the responsible department for coding and approval. It is the responsibility of the ordering department to verify that funds are available in the account number they code on the invoice. The invoice is then to be returned to the Finance Department within the time frame specified by the Finance Director. For purchases in excess of \$1,000 that require a purchase order, a copy of the Purchase Order and Receiving Report is to accompany the invoice.

B. Urgent/Emergency Payment (Pre-Issue Check)

Pursuant to City of Ridgecrest Resolution 00-91 Exhibit "A" § 4, the issuance of pre-issue checks is discouraged and should be done only in emergencies or when expediting payment is required or highly desired by the circumstance as determined by the City Manager. When requesting urgent/emergency payment, the requesting division must complete a Pre-Issue Check Request Form (Attachment C) and attach all relevant supporting documentation. The request form must be signed by the Department Head of the requesting department, the Finance Director, and the City Manager.

10. Surplus Supplies and Equipment.

All using departments shall submit to the City Manager at such time and in such form as he/she shall prescribe, reports showing all supplies and equipment which are no longer used or which have become obsolete or worn out.

The City Manager shall have the authority to sell all supplies and equipment which cannot be used by any department or which have become unsuitable for City use, or to exchange the same for, or trade in the same on, new supplies and equipment. The sale of such supplies & equipment shall be made to the highest responsible quotation/bid.

11. Definitions and Special Requirements.

Quote

Verbal or written promise from the vendor/contractor guaranteeing the cost of specific goods, supplies, or services.

Bid

Written offer, more formal than a quote, to furnish supplies, equipment, vehicles, services in conformity with the specifications, delivery terms, and conditions required at a guaranteed maximum cost.

Lowest Responsible Bidder

A bidder who, in addition to lowest price, is financially responsible and possesses the resources, judgment, skills, ability, capacity, and integrity necessary to perform the contract according to its terms.

Bid Security

On council award procedures, except materials and supplies contracts, each bidder shall be required to submit, with the bid, either by cash, cashier's check, certified check, or Surety Bond, an amount not to exceed 10% of the aggregate amount of the bid. This requirement may be waived by the City Manager, on a case-by-case basis, prior to initiation of the bid.

Capital (Fixed) Assets Threshold

Capital assets are major assets with a minimum total acquisition cost of \$5,000 and a useful life of at least three years. Typical examples are land, improvements to land, easements, buildings, building improvements, vehicles, machinery, equipment, works of art, historical treasures, infrastructure, and various intangible assets. Computer systems, including capital software, are classified as fixed assets. Furniture and other related durable goods are classified as fixed assets. Typically, any product, good, project, or piece of equipment that requires formal bidding are fixed assets. Assets meeting this definition are to be coded to an account number in the 4000 element object code series when acquired.

Continuing Performance

A continuing activity or service which extends over a period of time not involving solely the delivery of goods or materials.

Performance Guarantee

All contractors in "continuing performance" service on contracts over \$25,000, and all public works project contracts over \$5,000, are required to submit a performance bond, letter of credit, or cash deposit equivalent to 100% of the Contract within 10 working days following award of the Contract, unless specifically exempted or modified by the City Manager or City Attorney.

Public Liability Insurance

All contractors engaged in service on City property are required to maintain minimum public liability insurance of \$1,000,000 for each occurrence naming the City of Ridgecrest as additional insured. Certain high-risk activities require higher limits.

Property Damage Insurance

All contractors engaged in service on City property are required to maintain minimum property damage insurance of \$1,000,000 for each occurrence naming the City of Ridgecrest as additional insured. Certain high-risk activities require higher limits.

Worker's Compensation Insurance

All contractors engaged in service on behalf of the City are required to maintain Worker's Compensation Insurance in accordance with the provisions of the State of California contractor's licensing laws.

Professional Services

Professional or specialized services such as, but not limited to, those rendered by architects, attorneys, engineers, technicians, etc.

Public Works Project

Specific, planned undertaking for the creation, improvement and/or repair of buildings and works, including parks and related facilities; for the construction and installation of streets, parks, recreation facilities, municipal buildings and sewers; for the general benefit of the citizenry (e.g., street lights, drains, etc.).

Materials

Basic ingredients in a relatively raw, unrefined, or unmanufactured state that may be worked into a more finished form (e.g., sand, wood, asphalt).

Supplies

Goods in a manufactured state kept in the ordinary course of business for regular use or consumption (e.g., pencils, light bulbs, street signs).

12. Attachments.

Attached to this Resolution are the following:

- A. Budget Transfer Request Form
- B. Check Request Form (standard)
- C. Pre-Issue Check Request Form

13. Repeal.

This resolution repeals Resolutions Nos. 89-120, 89-121, and 92-86.

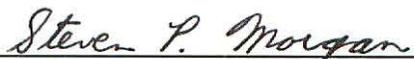
APPROVED AND ADOPTED this 6th day of November 2002, by the following vote:

AYES: Mayor Morgan, Council Members Carter, Holloway, and Martin

NOES: None

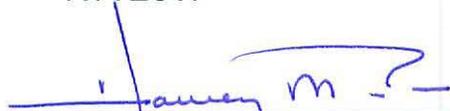
ABSTAIN: None

ABSENT: Council Member Rollins



Steven P. Morgan Mayor

ATTEST:



Harvey M. Rose
City Clerk

City of Ridgecrest

BUDGET REVISION REQUEST

DATE OF REQUEST: _____

TRANSFER FROM: _____ Project

02-134
attachments

DESCRIPTION:

TRANSFER TO: _____ Project _____ \$ _____

REQUESTED BY: _____

DEPT HEAD APPROVAL: _____

FINANCE DIRECTOR APPROVAL: _____

CITY MANAGER APPROVAL: _____

CITY ORGANIZATIONAL COMMITTEE ACTION REQUIRED: NO

DATE APPROVED:

COUNCIL ACTION REQUIRED: NO

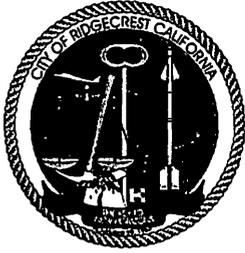
DATE APPROVED:

DATE DISAPPROVED:

REASONING:

FINANCE DEPARTMENT ACTION:

DATE POSTED: _____ POSTED BY: _____



City of Ridgecrest

Check Request

**** Request will be placed on the next DWR ****

Please complete this form, attach supporting documentation and forward to Accounts Payable.

Today's Date:	Requested By:	Department:
Date Due:	Dept. Head Approval:	Amount:

PAYABLE TO:

ADDRESS:

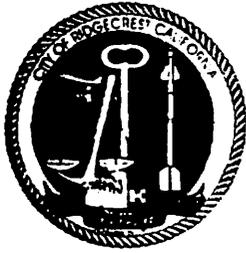
TAX ID # _____
(for new vendors)

Account Number	Project Number	Amount
Budgeted? Yes [] No []	Total:	

Description:

- Instructions to A/P:
- Prepare check and forward to payee
 - Prepare check and forward to payee with supporting documents
 - Prepare check and return to requestor
 - Other _____

Original to Finance Department



City of Ridgecrest

Pre-Issue Check Request

Please complete this form and return to the Finance Director.

Today's Date: ___/___/___	Requested By:	Department:
Date Needed: ___/___/___	Dept. Head Authorization:	Amount:

PAYABLE TO: _____

ADDRESS: _____

Account Number	Project Number	Amount
-----		\$

Budgeted? Yes [] No []	Total:	\$

Reason pre-issue is needed: _____

- Instructions to A/P:
- Prepare check and forward to payee
 - Prepare check and forward to payee with supporting documents
 - Prepare check and return to requestor
 - Other _____

For Finance Department Use Only			
Date Pre-Issued: ___/___/___	Finance Director Approval	Vendor No.	Check No.

Original to Finance Department