

City of Mission Viejo

February 27, 2024



Purchasing Policy and Procedure Manual

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Table of Contents

General Information

Purpose and Goals	5
Ethics, General Code of Conduct and Legal Requirements	5
Fair Political Practices Commission (FPPC): Gift Disclosures and Prohibitions	6
Gift Limitations	6
Department of Industrial Relations Requirements	7
Department Responsibilities	7
Risk Management Responsibilities	8
Purchasing Responsibilities	8
Purchasing Cycle.....	9
Environmentally Preferable Purchasing Policy with SB 1383.....	10

Quick Reference Guide (DIR, Contract Authority, Cyber Security, and Purchasing Flow Charts).....	21
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Methods of Purchasing

New Vendor Procedures	33
Conflict of Interest.....	33
Uniform Guidance – (Purchases with Federal Money)	33
Grant Funding Purchases.....	34
Purchase Order Exemptions	34
Petty Cash, Verbal PO, CAL Card	34
Purchase Order Requisitions	35
Receiving	36
Payment.....	37

Types of Purchases

Materials, Supplies, and Equipment and Non-Public Projects	41
Professional and Special Services	41
Public Projects	42
Change orders	42
Emergency Purchases (FEMA reimbursed and non-FEMA)	42

Bidding Procedures

Introduction to Bidding Procedures	45
Documenting the Bid Process	45
Sole Source Purchases.....	45
Dollar Conditions	45
Professional Services Consultant Team (PSCT) Request for Proposal.....	46
Informal Bidding	46
State of California Uniform Public Construction Cost Accounting Act	47
Formal Bidding.....	49
Exceptions to Competitive Bidding Requirements.....	52

City Standard Contracts	55
--------------------------------------	-----------

Surplus Property	59
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Credit Card Policies

Voyager Fuel Card	67
CAL Card Program.....	67
Home Depot Commercial Credit Card.....	75

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General Information

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Purpose and Goals

[Section 3.12](#) of the Mission Viejo Municipal Code authorizes a purchasing division that is responsible to the City Manager. The City Manager has designated the Director of Administrative Services, (or designee), as the Purchasing Agent, and the Administrative Services Department as responsible for the purchasing function. The Code outlines the authorities and responsibilities of the Purchasing Agent or designee to negotiate or contract for public projects and professional services and to purchase supplies, materials and equipment required by City departments.

The guiding principles of those involved in the purchasing function should be:

- To comply with State law, the City's Municipal Code and adopted budget on all purchases and contracts.
- To procure the supplies, services and equipment needed by the departments at the lowest possible cost, taking into consideration quality, service levels, and time constraints.
- To act in a professional and ethical manner.

Ethics, General Code of Conduct and Legal Requirements

It is essential that all personnel involved in the procurement process conduct themselves in a manner that maintains impartiality and complete objectivity, to meet the continuing scrutiny of suppliers and the public. In dealings with the business community, it is necessary to exercise a strict rule of personal conduct to ensure that business relations are not compromised or even have the appearance of being compromised. The City's reputation for fairness and integrity in dealing with suppliers and others must always be maintained. We also expect vendors and third parties to conform to these standards.

The following are the City's standards in ethics for purchasing:

- To buy on the basis of value, recognizing that value represents a combination of quality, service and price which assures the greatest economy to the City.
- To recognize that permanent business relationships should be established on the basis of honesty and fair dealings.
- To be honest, courteous, and considerate in all City dealings.
- To be prompt in all appointments and to negotiate with reasonable and prudent speed.
- To avoid statements that might injure or discredit legitimate suppliers and to avoid disclosure of confidential information that might give an unfair advantage in a competitive business transaction.
- To recognize that character is an important asset in commerce and should be given major consideration in the selection of sources of supply or service.
- To adjust claims and settle disputes on the basis of facts and fairness.
- To politely decline any gratuity or accommodation with a cumulative value of \$50.00 for any calendar year, from any one supplier, vendor, or firm with whom the City is currently doing or could potentially do business. (See also the Fair Political Practices Commission guidelines in the next section.) All decisions and actions regarding procurement should be based upon

proper business considerations, and purchasing decisions should not be influenced in any way by personal obligations. However, any offering from a vendor, or potential vendor, which has been given to a group and which is kept and/or consumed on the premises, would not be considered inappropriate.

Fair Political Practices Commission (FPPC) Gift Disclosures and Prohibitions

The purpose of this section is to highlight FPPC regulations regarding gifts for all personnel who may be engaged in the City's purchasing function, hold the office of a public official or designated in the City's conflict of interest code. It is essential that all personnel involved in dealings with the business community exercise a strict rule of personal conduct and abide by FPPC regulations when offered a "gift."

Per the FPPC manual, a "gift" is any payment or other benefit provided to you that confers a personal benefit for which you do not provide goods or services of equal or greater value. A gift includes a rebate or discount in the price of anything of value unless the rebate or discount is made in the regular course of business to members of the public (Section 82028).

Except as discussed below, you have "received" or "accepted" a gift when you know that you have actual possession of the gift or when you take any action exercising direction or control over the gift, including discarding the gift or turning it over to another person. (Regulation 18941).

This overview of the Fair Political Practices Commission highlights provisions of the California Political Reform Act; however, you should not rely on this alone to ensure compliance with the Act. If you have questions, consult the Act and FPPC Regulations, the City Clerk or legal counsel, or call the FPPC's toll-free help line at 1-866-275-3772. Other regulations and important information can be found at the FPPC website, www.fppc.ca.gov.

Factsheets prepared by the California Fair Political Practices Commission can also be downloaded from the FPPC website. The factsheets used in the preparation of this overview are:

- The Limitations and Restrictions on Gifts, Honoraria, Travel and Loans
- Statements of Economic Interest Form 700

Gift Limitations (Regulation 18940.2):

- Local officials and employees listed in the City's conflict of interest code are prohibited from accepting gifts totaling more than **\$590** (January 1, 23 to December 31, 2024*) in a calendar year from a single source.
- Gifts aggregating **\$50** or more must be disclosed and gifts aggregating \$590 or more may subject you to disqualification with respect to the source.
- Discuss any questions or interpretations with the City Attorney prior to final action.

*The gift limit is adjusted biennially to reflect changes in the Consumer Price Index. Gift limit adjustments occur on January 1 of each odd-numbered year, rounded to the nearest ten dollars (\$10) (GC 89503). <https://www.fppc.ca.gov/learn/public-officials-and-employees-rules-/gifts-and-honoraria.html>

Department of Industrial Relations (DIR) Requirements

For up to date DIR vendor and City reporting and registration requirements go to <https://www.dir.ca.gov/Public-Works/PublicWorks.html>

Each department is responsible for determining if a project is subject to the DIR registration and reporting requirements. As of January 1, 2020, the following key elements apply:

- Effective January 1, 2020, AB 1768 amended Labor Code §1720 to expand the definition of “public works” to include work performed during construction site assessments and feasibility studies. ***Specifically, preconstruction work including, design, site assessments, feasibility studies, inspections, or land surveying regardless of whether any further construction work is conducted.***
- Other services include engineering, architectural, alteration, demolition, installation, and repair; Trucking companies and truck drivers; and Furniture dealers who deliver and install furniture.
- Public works projects also include routine, recurring, and usual maintenance work to City real property.
- Paid with public funds.
- Over \$1,000.
- Small project exemptions up to \$25,000 for construction and up to \$15,000 for maintenance. These small projects are exempt from registration by the contractor, subcontractors, and the City. Prevailing wages are still required for any public works project over \$1,000.
- Contractors and subcontractors are required to be registered before submitting bids or proposals and remain registered through project completion.
- Contract registration within 30 days of contract award, or prior to the first work day for projects lasting less than 30 days.
- ***Penalties for City noncompliance include fines and/or loss of state funding for one year.***

Responsibilities

Department Responsibilities

- Know the requirements of your funding source. Grants and Federal funding may have different requirements and you should always use the stricter of your funding requirements or the City Purchasing Policies.
- In the event of an emergency declaration it is important to keep accurate records for FEMA reimbursement.
 - Request a workorder from the Administrative Services Manager (Budget Manager)
 - Use the workorder to track all allowable time and purchases associated with the emergency
 - See Emergency Procedures information on page 42 of this manual for authorization procedures
 - See Uniform Guidance – Federal Funding on page 33 of this manual for procurement types
 - Refer to 2 C.F.R. §200.317-326 for additional contract requirements

- Determine if prevailing wages are required and confirm registration requirements are met before getting bids and quotes.
- Contact Risk Management to finalize insurance requirements before getting bids and quotes or issuing a contract.
- Verify available budget before making purchases.
- Anticipate requirements sufficiently in advance to allow adequate time to obtain goods in accordance with the best purchasing practices.
- Do not split orders for the purpose of avoiding purchasing and bid requirements or approval levels.
- Provide detailed, accurate specifications to ensure goods obtained are consistent with requirements and expectations.
- Prepare requisitions according to instructions to minimize processing time.
- Limit urgent and sole source purchases and provide written documentation when these purchases are necessary.
- Consider the Environmentally Preferable Purchasing Policy when it is practical and economically feasible.

Risk Management Responsibilities

- Review draft agreements, contracts, or contract amendments along with vendor supplied insurance to determine if insurance requirements are met.
- Contact vendor to obtain additional insurance documents if needed.
- Email preliminary approval to requesting department.
- Do final review and sign all contracts and contract amendments after proper insurance documents are received and approved.

Purchasing Responsibilities

The Purchasing Agent has overall responsibility for the procurement of general supplies, services and equipment, the administration of the purchasing policies, and the management of surplus City property.

Other purchasing responsibilities are:

- To ensure full and open competition on all purchases as required by this policy.
- To coordinate vendor relations, locate sources of supply and evaluate vendor performance.
- To recommend revisions to purchasing procedures when necessary and keep informed of current developments in the field of public purchasing.
- To prescribe and maintain all forms and records necessary for the efficient operation of the purchasing function.
- To act as the City's agent in the transfer and disposal of surplus equipment and materials.

The Purchasing Cycle

The purchasing cycle establishes the proper steps for Mission Viejo department staff to follow when requisitioning supplies, materials, and equipment; public works projects; and/or professional service contracts.

The Budget

Step One: Approval of the City's biennial budget. The budget authorizes the City Manager and designees to purchase the materials, supplies, services, and equipment in the line item budget document. Purchases for certain dollar amounts are subject to further rules, such as for department head level approvals, Assistant City Manager, City Manager approvals, Council approvals, and/or bidding requirements.

Method of Purchase

Step Two: Departments choose the method of purchase according to the type and dollar value of purchase.

Risk Management Review

Step Three: Risk Management evaluates the potential risk and determines the appropriate insurance requirements.

Receiving and Acceptance

Step Four: Once the product or service has been received or accepted, payment authorization can proceed. All goods should be shipped to a City facility to ensure receipt by City staff, unless approved by Purchasing before making the purchase.

Exceptions to this Policy and Procedure Manual, as allowed by law, and as the City may, in its best interests, require the provisions of this Manual may be avoided, modified, or suspended, by order of the City Council or by the joint approval of the City Manager and City Attorney. The public's health, safety, and welfare shall be the ultimate goal of all purchasing, hiring under this Manual or disposition of goods and services.

Environmentally Preferable Purchasing Policy

Purpose:

The purpose of this policy is to ensure that environmental consideration is included in the decision-making process when procuring materials, products, or contracted services, and to provide City staff with the necessary tools, information and procedures to make Environmentally Preferable Purchases.

This Environmentally Preferable Purchasing Policy will help the City to:

- Protect and conserve natural resources, water, and energy.
- Minimize the City's contribution to climate change, pollution, and solid waste disposal.
- Comply with State requirements as contained in 14 CCR Division 7, Chapter 12, Article 12 (SB 1383 procurement regulations) to procure a specified amount of Recovered Organic Waste Products to support Organic Waste disposal reduction targets and markets for products made from recycled and recovered Organic Waste materials, and to purchase Recycled-Content Paper Products and Recycled-Content Printing and Writing Paper.

Procurement Target:

The City will annually procure for use or giveaway a quantity of Recovered Organic Waste Products that meets or exceeds its Annual Recovered Organic Waste Product Procurement Target through the implementation of the Policy listed below.

To be eligible to meet the Annual Recovered Organic Waste Product Procurement Target, products that may be procured include the following (provided that each product meets the criteria included in their respective definition in the "Glossary" section of this Policy):

1. SB 1383 eligible Compost.
2. SB 1383 Eligible Mulch.
3. Renewable Gas (in the form of transportation fuel, electricity, or heat).
4. Electricity Procured from Biomass Conversion.

Policy:

The City of Mission Viejo is recognized as a leader in the support of environmental quality and is committed to setting a good example for other agencies and private enterprises. This Policy is intended to support, whenever practical and possible, the purchase of recycled and environmentally preferable products to minimize environmental impacts relating to our work. The City recognizes that its employees can make a difference in favor of environmental quality and promotes the purchase of Environmentally Preferable Products whenever they perform satisfactorily and are available at a reasonably competitive price.

City staff shall support the purchase and use of recycled/recyclable supplies and materials and other environmentally preferable products as a Citywide priority. Staff is encouraged to adhere to these policies and procedures whenever feasible, including:

1. Support waste prevention, recycling, and the use of recycled/recyclables materials.

2. Strive to generate less waste by reviewing how supplies, materials, and equipment are manufactured, purchased, packaged, delivered, used, and disposed.
3. Include, in technical specifications, the requirement for recycled and other environmentally preferable products for department requirements.
4. Identify and purchase environmentally preferable higher valued products and durable goods that are replaced infrequently and/or may require capital program outlays to purchase.
5. Support the purchase and use of materials and supplies, including janitorial cleaning products, which reduce resource consumption and waste, promote human health and well-being, and have the least damaging and most beneficial environmental impact, while performing adequately; all in a fiscally responsible manner.
6. Replace conventional incandescent lighting with environmentally preferable alternatives such as compact fluorescent light bulbs (CFL) or Light Emitting Diode (LED) lighting.

References:

Section 22150 of the Public Contract Code requires local governments to purchase recycled projects whenever recycled products are available at the same or lesser total cost than non-recycled items, if fitness and quality are equal. Effective January 1, 2022, SB 1383 regulations require Jurisdictions to procure Paper Products and Printing and Writing Paper consistent with the requirements of Section 22150 through 22154 of the Public Contract Code and Sections 12200 and 12209, as amended. This policy was implemented to establish procedures and practices for the purchase of recycled-content and environmentally preferable products for the City.

The following websites may be used as a reference for the procurement of environmentally preferable durable goods, and supplies: www.calrecycle.ca.gov; www.energystar.gov; and www.epeat.net.

Procedures:

In cooperation with all City departments, the Purchasing Division shall evaluate the following Environmentally Preferable Product categories and purchase them whenever possible:

1. Ongoing Consumables

- a. All departments and divisions shall purchase Recycled-Content Paper Products and Recycled-Content Printing and Writing Paper that consists of at least thirty percent (30%), by fiber weight, postconsumer fiber, whenever the cost is reasonable in comparison to the cost of non-recycled items.
- b. Recycled paper products which include janitorial supplies, hand towels, facial tissue, toilet tissue, corrugated boxes, file boxes, file folders and hangers, and products composed primarily of paper shall consist of at least thirty percent (30%), by fiber weight, postconsumer fiber, whenever the cost is reasonable in comparison to the cost of non-recycled items.
- c. Remanufactured laser printer and fax machine toner cartridges and soy-based vegetable-source ink for printing.

- d. Recycled plastic products.
- e. To the extent practicable, no cleaning or disinfecting products for janitorial use shall contain known ingredients that are carcinogens, mutagens, or teratogens. Will work with suppliers to find products that promote human health and well-being, and have the least damaging and most beneficial environmental impact, while performing adequately in a fiscally responsible manner.

2. Durable Goods

- a. ENERGY STAR™ labeled or approved electric equipment and appliances, including: computers, monitors, scanners, printers, refrigerators, microwave ovens, televisions, and audio-visual equipment.
- b. Refurbished furnishings and equipment.

3. Facility Alterations and Additions

- a. Low-VOC (volatile organic compounds) or zero-VOC products for paints, finishes, and adhesives.
- b. Building components and structures that contain post-consumer and post-industrial material, salvaged or rapidly renewable material, Forest Stewardship Council (FSC) certified wood, locally harvested and processed material, or locally extracted and processed material.
- c. Horticultural mulch made with recycled land clearing and other wood debris.
- d. Carpet and carpet cushions that meet the requirements of the Carpet and Rug Institute (CRI) Green Label Testing Program.
- e. Composite panels and agri-fiber wood products which contain no added urea-formaldehyde resins.

4. Reduced Mercury in Lamps

- a. Lamps with a mercury content of less than 90 picograms per lumen hour, including: indoor, outdoor, hard-wired, and portable fixtures.

5. Compost and SB 1383 Eligible Mulch

- a. Divisions and departments responsible for landscaping, maintenance, renovation, or construction, shall use Compost and SB 1383 Eligible Mulch produced from recovered Organic Waste for landscaping, maintenance, renovation, or construction, as practicable, whenever available, and capable of meeting quality standards and criteria specified. SB 1383 Eligible Mulch used for land application must meet or exceed the physical contamination, maximum metal concentration and pathogen density standards specified in 14 CCR Section 17852(a)(24.5)(A)(1) through (3).
- b. When City uses Compost and SB 1383 Eligible Mulch and the applications are subject to the City's Model Water Efficient Landscaping Ordinance (MWELo), pursuant to Municipal Code Chapter 8.12, Departments shall comply with the City's MWELo.
- c. Divisions and departments responsible for landscaping, maintenance, renovation, or construction, shall keep records, including invoices or proof of Recovered Organic Waste Product procurement (either through purchase or acquisition), and submit records to the Recordkeeping Designee. Records shall include:

- i. General description of how and where the product was used and applied, if applicable;
 - ii. Source of product, including name, physical location, and contact information for each entity, operation, or facility from whom the Recovered Organic Waste Products were procured;
 - iii. Type of product;
 - iv. Quantity of each product; and,
 - v. Invoice or other record demonstrating purchase or procurement.
 - d. For Compost and SB 1383 Eligible Mulch provided to residents through giveaway events or other types of distribution methods, keep records of the Compost and SB 1383 Eligible Mulch provided to residents. Records shall be maintained and submitted to the Recordkeeping Designee.
 - e. When Procurement of Recovered Organic Waste Products occurs through a Direct Service Provider, enter into a written contract or agreement or execute a purchase order with enforceable provisions that includes: (i) definitions and specifications for SB 1383 Eligible Mulch, Compost, Renewable Gas, and/or Electricity Procured from Biomass Conversion; and, (ii) an enforcement mechanism (e.g., termination, liquidated damages) in the event the Direct Service Provider is not compliant with the requirements, as described in City Code Section 6-3-708.
- 6. Renewable Gas procurement** (used for fuel for transportation, electricity, or heating applications). For Renewable Gas procurement, City shall:
- a. Procure Renewable Gas made from recovered Organic Waste for transportation fuel, electricity, and heating applications to the degree that it is appropriate and available for the City and to help meet the Annual Recovered Organic Waste Product Procurement Target, which requires compliance with criteria specified in 14 CCR Section 18993.1.
 - b. Keep records for the amount of Renewable Gas procured and used by the City and submit records to the Recordkeeping Designee on a quarterly schedule. The quarterly schedule shall be as follows: Renewable Gas records are to be provided to the Recordkeeping Designee by April 15 for January 1 through March 31, July 15 for April 1 through June 30, October 15 for July 1 through September 30, and January 15 for October 1 through December 31.
 - c. If the City procures Renewable Gas from a Publicly-Owned Treatment Works (POTW), City shall:
 - i. Annually verify that the Renewable Gas from the POTW complies with the requirements specified in 14 CCR Section 18993.1(h), including, but not limited to the exclusion in 14 CCR Section 17896.6(a)(1) and the items listed within this Section.
 - ii. Annually receive a record from the POTW documenting the tons of Organic Waste received by the POTW.
 - iii. Annually receive documentation from the POTW of the percentage of biosolids that the POTW produced and transported to activities that constitute landfill disposal in order to demonstrate that the POTW transported less than twenty-five percent (25%) of the biosolids it produced to activities that constitute landfill disposal.
 - iv. Annually receive documentation that the POTW receives vehicle-transported solid waste that is an anaerobically digestible material for the purpose of anaerobic co-digestion with

POTW treatment plant wastewater to demonstrate that the POTW meets the requirement of 14 CCR Section 18993.1(h)(2).

- v. City shall submit these records to the Recordkeeping Designee on an annual basis, not to exceed thirty (30) days from receipt of notification from the POTW.

7. Electricity Procured from Biomass Conversion. For Electricity Procured from Biomass Conversion, City shall:

- a. Procure electricity from a biomass conversion facility that receives feedstock from a composting facility, transfer/processing facility, a solid waste landfill, and/or receives feedstock from the generator or employees on behalf of the generator of the Organic Waste and to the degree that it is available and practicable for the City and to help meet the Annual Recovered Organic Waste Product Procurement Target, which requires compliance with criteria specified in 14 CCR Section 18993.1.
- b. Maintain records and conduct the following recordkeeping activities:
 - i. Keep records in the same manner indicated in the Record Keeping section of this Policy for the amount of Electricity Procured from Biomass Conversion facilities, including the general procurement record information.
 - ii. Receive written notification by an authorized representative of the biomass conversion facility certifying that biomass feedstock was received from a permitted solid waste facility identified in 14 CCR Section 18993.1(i).
 - iii. Provide these records to the Recordkeeping Designee.

Vendor and Direct Service Provider Requirements

Please refer to Chapter 3.12, Section 3.12.355 of the municipal code for vendor and direct service provider purchasing requirements. In addition:

1. Renewable Gas procurement by Direct Service Providers
 - a. Direct Service Providers transporting solid waste, organic materials, and/or recyclable materials shall procure a percentage of their fuel as Renewable Gas if required to do so in RFPs and RFQs released by the City for such services or as required by permit, license, written agreement, or written contract with the City.
 - b. Departments releasing RFPs and RFQs, not subject to State of California Uniform Public Construction Cost Accounting Act (https://www.sco.ca.gov/ard_cuccac.html), for contractors that procure fuel in the course of their services to the City may include a preference to contractors that propose to use the amount or percentage of Renewable Gas specified in the RFP or RFQ. Such use, if it occurs, shall be documented in a written contract or agreement.
 - c. If Renewable Gas made from recovered Organic Waste is used by Direct Service Providers, Direct Service Providers shall submit information listed in Section 3.3.B.2.a-e on a schedule to be determined by City, but not less than annually to the Recordkeeping Designee.
 - d. Renewable Gas used by Direct Service Providers under Sections 3.3.A and 3.3.B shall comply with criteria specified in 14 CCR Section 18993.1.

Attributes Of Environmentally Preferable Products (EPPs)

1. Recycled Products

- a. Items such as copy paper, file folders, ink and toner cartridges, note pads, envelopes, plastic and metal office supplies, furniture, and other products can be made with recycled content. Items should be indicated as “recovered materials,” and/or “postconsumer materials.”

2. Environmentally Preferable Packaging

- a. Products should be selected with less packaging. Packaging should be made from cardboard or paper which can be recycled more easily.
- b. Styrofoam should be phased out and replaced by biodegradable materials.
- c. Buying in bulk will reduce excess packaging and waste.

3. Less Hazardous and Non-Toxic

- a. Products that contain petroleum-based solvents, acids, heavy metals, or volatile organic compounds should be avoided.
- b. Products labeled as “poison” (highly toxic) or “caution” (mildly/moderately toxic) should also be avoided.
- c. Water-based, bio-based, low-odor, low-emission, non-toxic, or “green” certified products should be standard and chosen over any other product.

4. Energy Efficient and Water Conserving

- a. ENERGY STAR™ labeled computers, copy machines, fax machines, scanners, TVs, VCRs, DVDs, and refrigerators should be chosen over any other product.
- b. Products and services that conserve water such as low flow fixtures, drought tolerant plants, mulch, and compost should also be the standard.
- c. Recycled-water to be used for City irrigation whenever feasible.
- d. Smart Controller technology to be used for City irrigation whenever possible.

Exemption:

Nothing in this Policy shall be construed as requiring the purchase of products that do not perform adequately or are not available at a reasonable prices and terms.

Responsibilities:

All City departments are responsible to utilize recycling programs and expand wherever possible.

The Purchasing Division is responsible to:

- Develop and maintain information about environmentally preferable and recycled products that contain the maximum practicable amount of recycled materials to be purchased by City departments.
- Inform City departments of the responsibilities under this Policy, and provide information about recycled products and environmental purchasing opportunities.
- Inform suppliers, vendors, and contractors of the requirements of this Policy and provide them with a copy of the policy for their reference so that they can comply.
- Restrict purchases to environmentally preferable products whenever available and financially feasible.
- Review specifications used in public bidding documents to eliminate barriers to recycled content products.
- Provide language from this policy when issuing a Request for Proposals so that contractors can bid accordingly.
- Review use of this Policy and new environmentally preferable product offerings on an ongoing basis.

Recordkeeping Responsibilities

- A. The Public Works department will be the responsible department and will select an employee to act as the Recordkeeping Designee that will be responsible for obtaining records pertaining to Procurement of Recovered Organic Waste Products and Recycled-Content Paper Products and Recycled-Content Printing and Writing Paper.
- B. The Recordkeeping Designee will do the following to track Procurement of Recovered Organic Waste Products, Recycled-Content Paper Products, and Recycled-Content Printing and Writing Paper:
 - 1. Collect and collate copies of invoices or receipts (paper or electronic) or other proof of purchase that describe the procurement of Printing and Writing Paper and Paper Products, including the volume and type of all paper purchases; and, copies of certifications and other required verifications from all departments and/or divisions procuring Paper Products and Printing and Writing Paper (whether or not they contain recycled content) and/or from the vendors providing Printing and Writing Paper and Paper Products. These records must be kept as part of City's documentation of its compliance with 14 CCR Section 18993.3.
 - 2. Collect and collate copies of invoices or receipts or documentation evidencing procurement from all departments and divisions procuring Recovered Organic Waste Products and invoices or similar records from vendors/contractors/others procuring Recovered Organic Waste Products on behalf of the City to develop evidence of City

meeting its Annual Recovered Organic Waste Product Procurement Target. These records must be kept as part of the City's documentation of its compliance with 14 CCR Section 18993.1.

3. Collect, collate, and maintain documentation submitted by the City, Direct Service Providers, and/or vendors, including the information reported to the Recordkeeping Designee.
4. Compile an annual report on the City's direct procurement, and vendor/other procurement on behalf of the City, of Recovered Organic Waste Products, Recycled-Content Paper Products, and Recycled-Content Printing and Writing Paper, consistent with the recordkeeping requirements contained in 14 CCR Section 18993.2 for the Annual Recovered Organic Waste Product Procurement Target and 14 CCR Section 18993.4 for Recycled-Content Paper Products and Recycled-Content Printing and Writing Paper procurement. This report shall be made available to the City's responsible entity for compiling the annual report to be submitted to CalRecycle (which will include a description of compliance on many other SB 1383 regulatory requirements) pursuant to 14 CCR Division 7, Chapter 12, Article 13.

Glossary:

Annual Recovered Organic Waste Product Procurement Target – the amount of Organic Waste in the form of a Recovered Organic Waste Product that the City is required to procure annually under 14 CCR Section 18993.1.

Compost – has the same meaning as in 14 CCR Section 17896.2(a)(4), which stated, as of the effective date of this chapter, that “compost” means the product resulting from the controlled biological decomposition of organic solid wastes that are source separated from the municipal solid waste stream, or which are separated at a centralized facility.

Direct Service Provider – a person, company, agency, district, or other entity that provides a service or services to City pursuant to a contract or other written agreement or as otherwise defined in 14 CCR Section 18982(a)(17).

Durable Good – have a useful life of two years or more and are replaced infrequently and/or may require capital program outlays. Examples include furniture, office equipment, appliances, external power adapters, televisions, and audiovisual equipment.

Electricity Procured from Biomass Conversion – electricity generated from biomass facilities that convert recovered Organic Waste, such as wood and prunings from the municipal stream, into electricity. Electricity procured from a biomass conversion facility may only count as described in 14 CCR Section 18993.1(i).

Environmentally Preferable Products (EPPs) – are products that have a lesser impact on human health and the environment when compared with competing products that serve the same purpose. This comparison may consider raw materials acquisition, production, manufacturing, packaging, distribution, reuse, operation, and disposal of the product. Characteristics of environmentally preferable products include: alternative energy sources, bio-based, biodegradable, compostable, high recycled content, low

toxicity, low volatile organic compounds, pollution and waste reduction, recyclable, repairable, resource efficient, and reusable. Environmentally preferable products or services minimize the consumption of resources, energy and water; prevent or minimize the creation of solid waste, air pollution or water pollution; minimize the use of materials or processes which compromise the environment; avoid toxic materials or processes; and/or promote the use of less or non-toxic substances.

Ongoing Consumables – are items that the City uses on a regular basis and will need to be replaced in a sustainable way. Ongoing consumables include, but are not limited to: office paper and envelopes, desk accessories, notebooks, ink toner and cartridges, and batteries.

Practicable – Sufficient in performance and available at a reasonably competitive price relative to market and other conditions.

Organic Waste – solid wastes containing material originated from living organisms and their metabolic waste products including, but not limited to, food, yard trimmings, organic textiles and carpets, lumber, wood, Paper Products, Printing and Writing Paper, manure, biosolids, digestate, and sludges, or as otherwise defined in 14 CCR Section 18982(a)(46). Biosolids and digestate are as defined in 14 CCR Section 18982(a)(4) and 14 CCR Section 18982(a)(16.5), respectively.

Paper Products – include, but are not limited to, paper janitorial supplies, cartons, wrapping, packaging, file folders, hanging files, corrugated boxes, tissue, and toweling; or as otherwise defined in 14 CCR Section 18982(a)(51).

Publicly-Owned Treatment Works or POTW – has the same meaning as in Section 403.3(r) of Title 40 of the Code of Federal Regulations.

Practicable – sufficient in performance and available at a reasonably competitive price relative to market and other conditions.

Printing and Writing Papers – include, but are not limited to, copy, xerographic, watermark, cotton fiber, offset, forms, computer printout paper, white wove envelopes, manila envelopes, book paper, note pads, writing tablets, newsprint, and other uncoated writing papers, posters, index cards, calendars, brochures, reports, magazines, and publications; or as otherwise defined in 14 CCR Section 18982(a)(54).

Recovered Organic Waste Products – products made from California, landfill-diverted recovered Organic Waste processed at a permitted or otherwise authorized operation or facility, or as otherwise defined in 14 CCR Section 18982(a)(60).

Recordkeeping Designee – the public employee appointed by Public Works or their designee to track procurement and maintain records of Recovered Organic Waste Product.

Recycled-Content Paper Products and Recycled-Content Printing and Writing Paper – such products that consist of at least thirty percent (30%), by fiber weight, postconsumer fiber, consistent with the requirements of Sections 22150 to 22154 and Sections 12200 and 12209 of the Public Contract Code, and as amended.

Recycled Products – products manufactured with waste material that has been recovered from the

waste stream. Recycled material may be derived from post-consumer waste (material that has served its intended end-use and been discarded by a final consumer), industrial scrap, manufacturing waste, and/or other waste that otherwise would not have been utilized.

Recycling – the process of collecting, sorting, treating, cleansing, and reconstituting materials that would otherwise become solid waste; and returning them to the economic mainstream in the form of raw material for new, reused, or reconstituted products which meet the quality standards necessary to be used in the marketplace.

Renewable Gas – gas derived from Organic Waste that has been diverted from a landfill and processed at an in-vessel digestion facility that is permitted or otherwise authorized by 14 CCR to recover Organic Waste, or as otherwise defined in 14 CCR Section 18982(a)(62).

SB 1383 – Senate Bill 1383 of 2016 approved by the Governor on September 19, 2016, establishing methane emissions reduction targets in a statewide effort to reduce emissions of short-lived climate pollutants, as amended, supplemented, superseded, and replaced from time to time.

SB 1383 Eligible Mulch – mulch eligible to meet the Annual Recovered Organic Waste Product Procurement Target, pursuant to 14 CCR Chapter 12 of Division 7. This SB 1383 Eligible Mulch shall meet the following conditions for the duration of the applicable procurement compliance year, as specified by 14 CCR Section 18993.1(f)(4):

- a. Produced at one of the following facilities:
 - i. A compostable material handling operation or facility as defined in 14 CCR Section 17852(a)(12), that is permitted or authorized under 14 CCR Division 7, other than a chipping and grinding operation or facility as defined in 14 CCR Section 17852(a)(10);
 - ii. A transfer/processing facility or transfer/processing operation as defined in 14 CCR Sections 17402(a)(30) and (31), respectively, that is permitted or authorized under 14 CCR Division 7; or,
 - iii. A solid waste landfill as defined in Public Resources Code Section 40195.1 that is permitted under 27 CCR Division 2.
- b. Meet or exceed the physical contamination, maximum metal concentration, and pathogen density standards for land application specified in 14 CCR Sections 17852(a)(24.5)(A)1 through 3, as required by Section 6.10.439.

SB 1383 Regulations or **SB 1383 Regulatory** – for the purposes of this policy, the Short-Lived Climate Pollutants (SLCP): Organic Waste Reductions regulations developed by CalRecycle and adopted in 2020 that created Chapter 12 of 14 CCR, Division 7 and amended portions of regulations of 14 CCR and 27 CCR.

State – the State of California.

Waste Prevention – the action taken by an individual or organization to eliminate or reduce the amount or toxicity of materials before they enter the municipal solid waste stream. This action is intended to conserve resources, promote efficiency, and reduce pollution.

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Quick Reference Guide

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Department of Industrial Relations (DIR) Guidelines

These are public works projects. DIR registration by vendor and subcontractors is required before bidding. Project registration required the sooner of the first day of work or 30 days following award. Prevailing wages required, when over \$1,000. Include DIR language on contract Exhibit A.

Work done under contract and paid for in whole or in part with public funds?

- Alteration
- Demolition
- Installation
- Repair
- **Construction (including architect, design, inspection, engineering, or surveying)**
- Trucking companies and truck drivers
- Furniture dealers who deliver & install furniture
- Community Conservation Corps certified by the California Conservation Corps (exempt through 2024 as the date of this publication)

Maintenance that is:

- "Routine, recurring, and usual work for the preservation, protection, and keeping of any publicly owned or publicly operated facility for its intended purposes in a safe and continually usable condition for which it has been designed, improved, constructed, altered, or repaired", OR
- "Carpentry, electrical, plumbing, glazing, (touchup painting), or other craft work designed to preserve the publicly owned or publicly operated facility in a safe, efficient, and continuously usable condition for which it was intended, including repairs, cleaning, and other operations on machinery and other equipment."
- Landscape and tree trimming.

Construction under \$25,000 and Maintenance under \$15,000 are exempt from vendor, subcontractors, and City registration. Prevailing wages apply. DIR language is included on contract Exhibit A.

These are NOT a public works projects. Prevailing wages and DIR registration are not required.

- Repairs and maintenance to equipment not otherwise included.
- Janitorial or custodial services of a routine, recurring, or usual nature.
- Landscape maintenance work done by a "sheltered workshop." Example: California Conservation Corps.
- Protection provided by guards, watchmen, or other security forces.
- Services up to \$1,000.

Awarding body (City) responsibilities

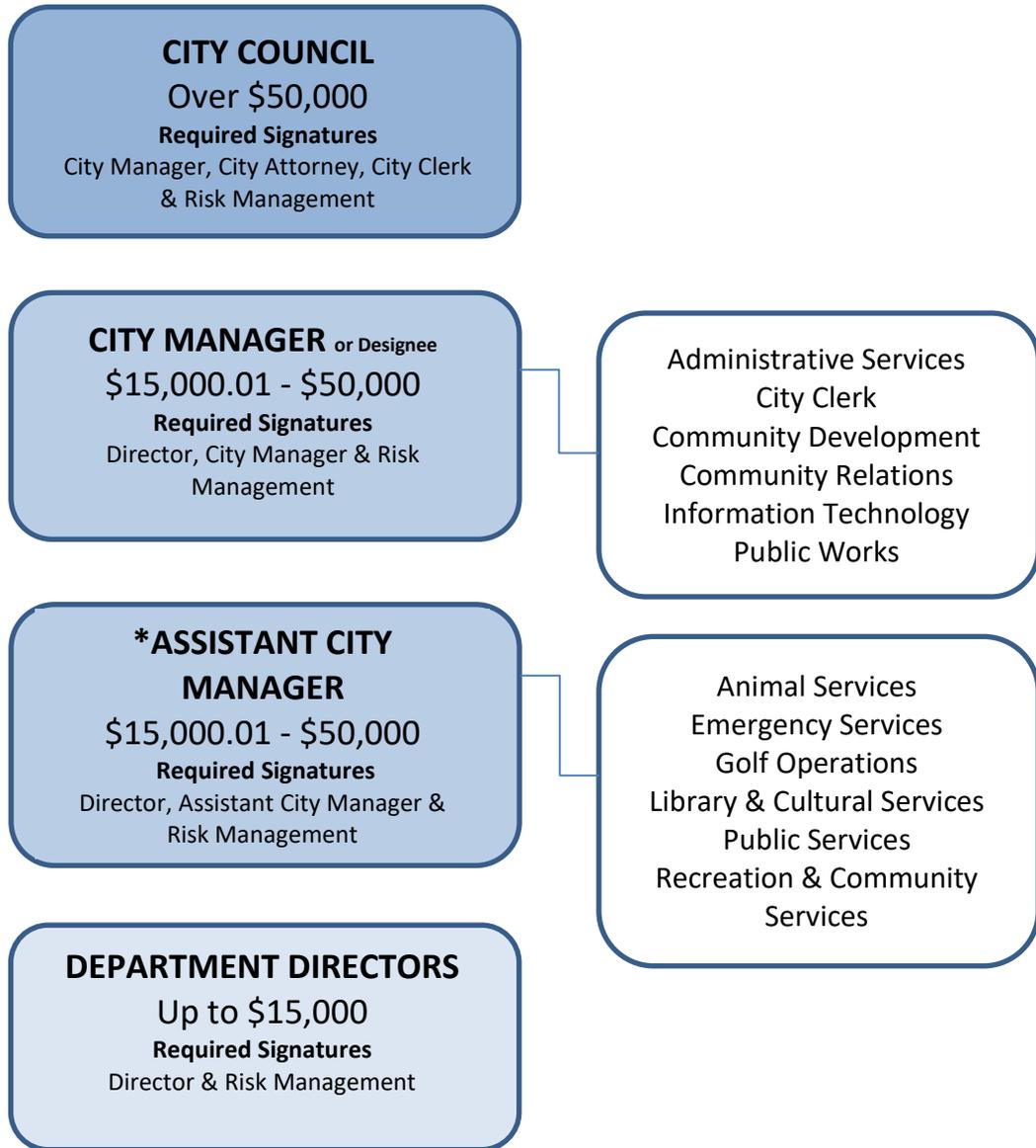
- Register public works projects with DIR.
- Require proof of contractor/subcontractor registration before accepting a bid.
- Ensure posting of jobsite notices.
- Ensure payment of prevailing wages.

Awarding body (City) penalties for noncompliance

- Fines of \$100 per day up to \$10,000 for:
 - Failure to comply with award notification requirements
 - Permitting an unregistered contractor or subcontractor to work on a project
- Potential loss of state funding for one year for willful violation for two or more projects.

For up to date DIR vendor and City reporting and registration requirements go to <https://www.dir.ca.gov/Public-Works/PublicWorks.html>

Contract Approval, Signing Authority & Cyber Security



The preferred method for obtaining signatures is through DocuSign unless Notary Services are required by City Clerk.

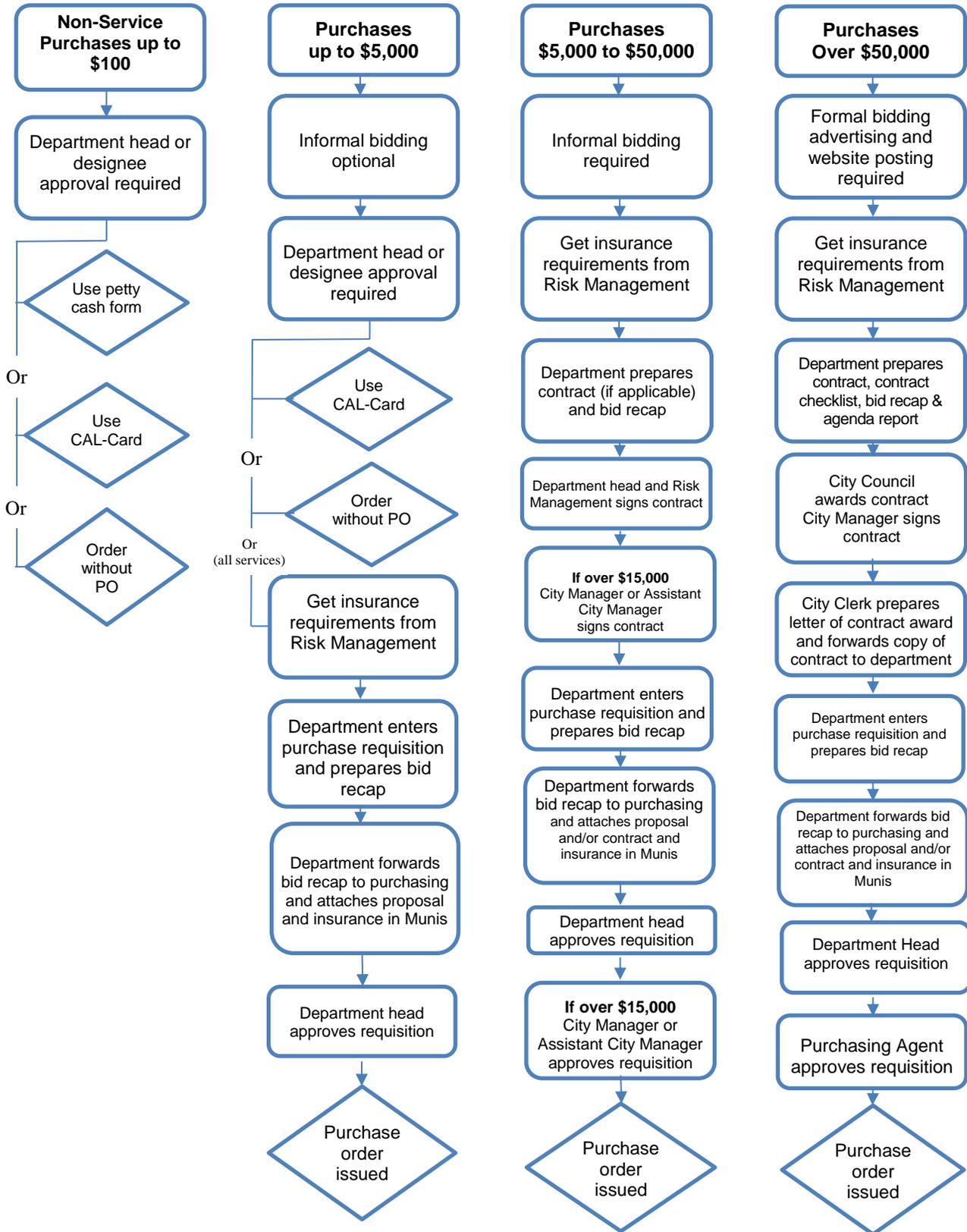
* As Designee of City Manager

CYBER SECURITY

Due to the sensitive and confidential nature, the City Manager is authorized to negotiate and approve contracts for products or services related to Cyber Security up to the City Council approved budget appropriation.

Purchase of Materials, Supplies, Equipment, and Non-Public Projects

Check for DIR requirements for any service over \$1,000
 Confirm ethical and legal requirements before any purchase

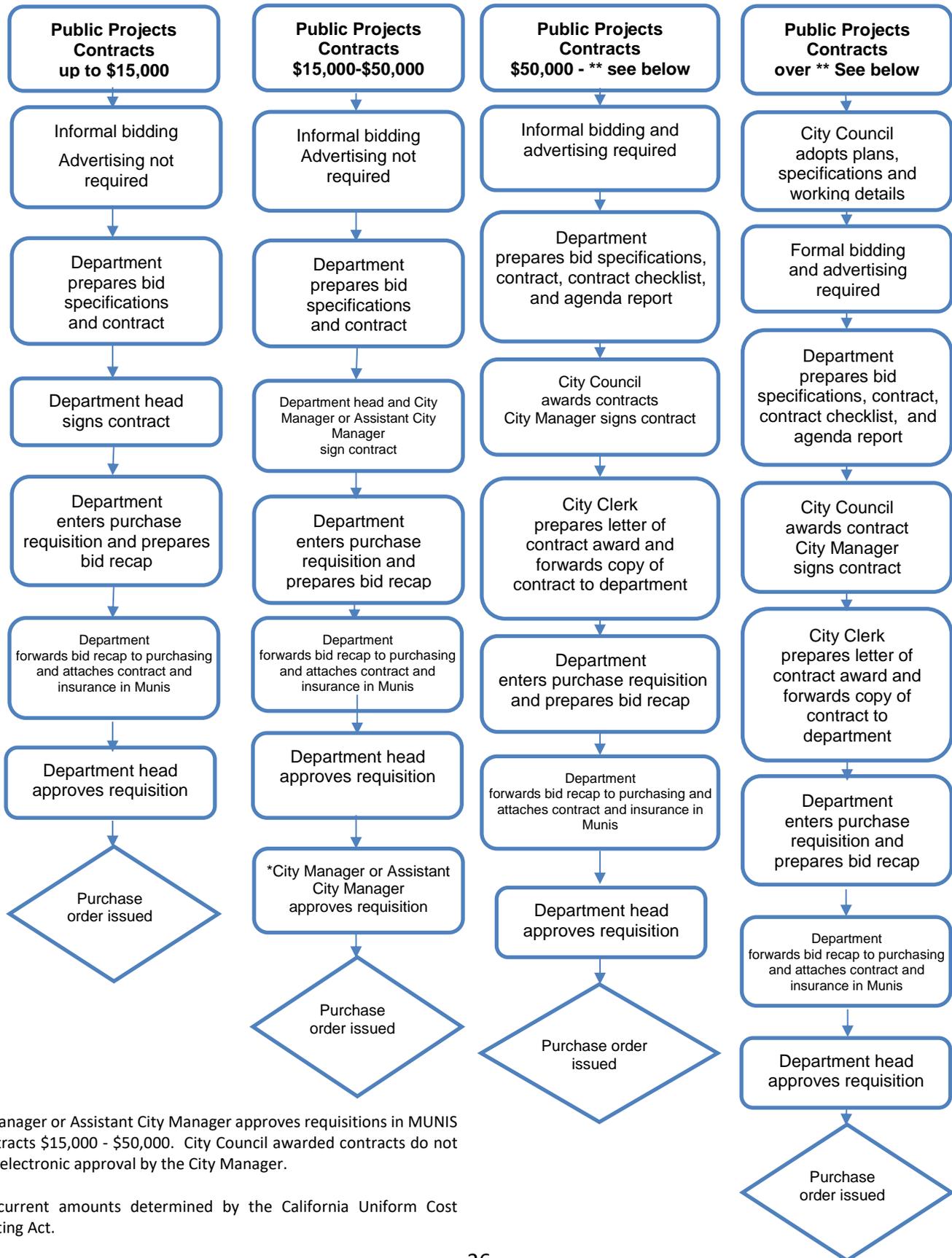


Public Projects Contracts

Check for DIR requirements for any service over \$1,000

Confirm ethical and legal requirements before any purchase

Check with Risk Management for insurance requirements for all dollar levels



*City Manager or Assistant City Manager approves requisitions in MUNIS for contracts \$15,000 - \$50,000. City Council awarded contracts do not require electronic approval by the City Manager.

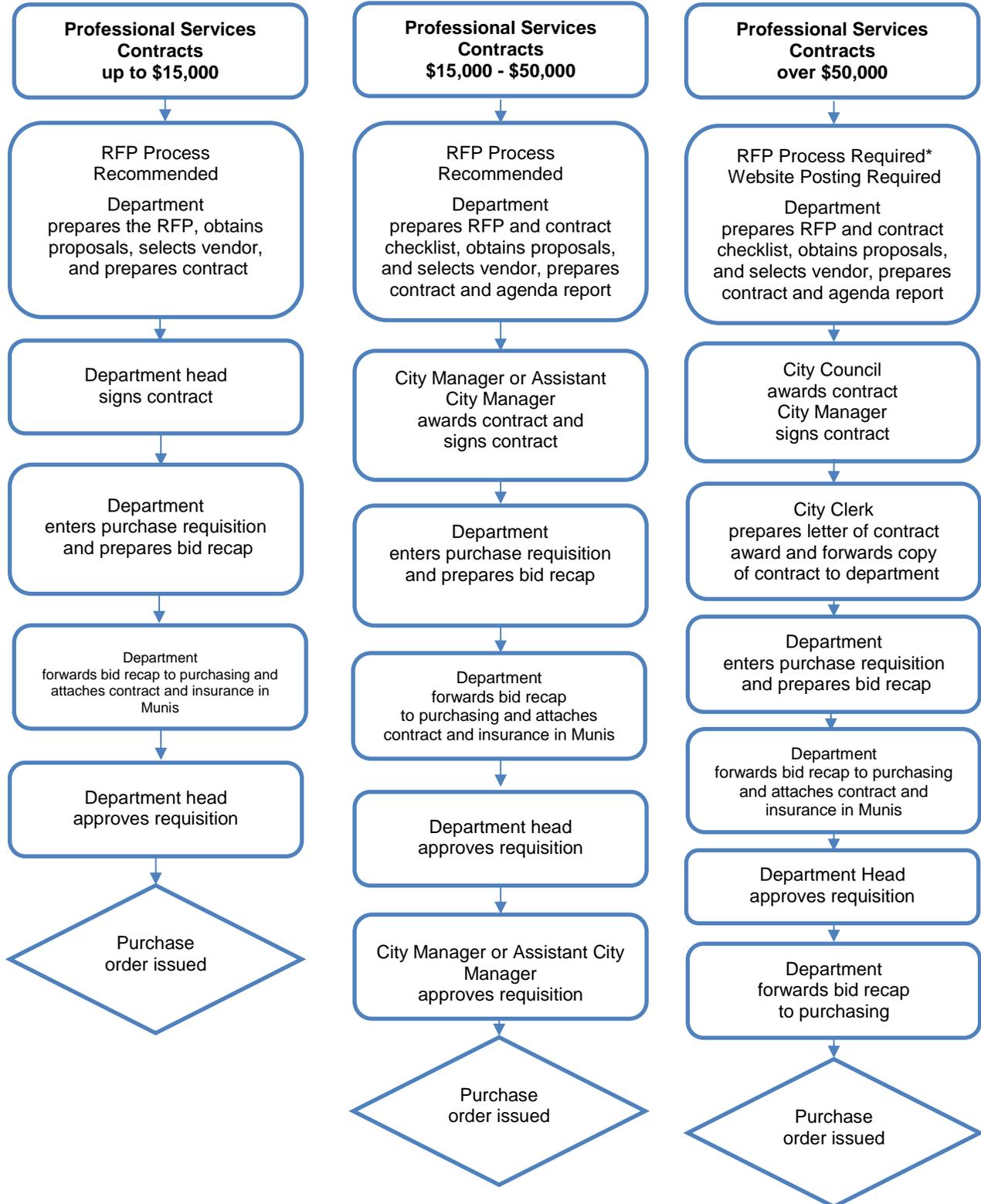
**Use current amounts determined by the California Uniform Cost Accounting Act.

Professional Services Contracts

Check for DIR requirements for any service over \$1,000

Confirm ethical and legal requirements before any purchase

Check with Risk Management for insurance requirements for all dollar levels



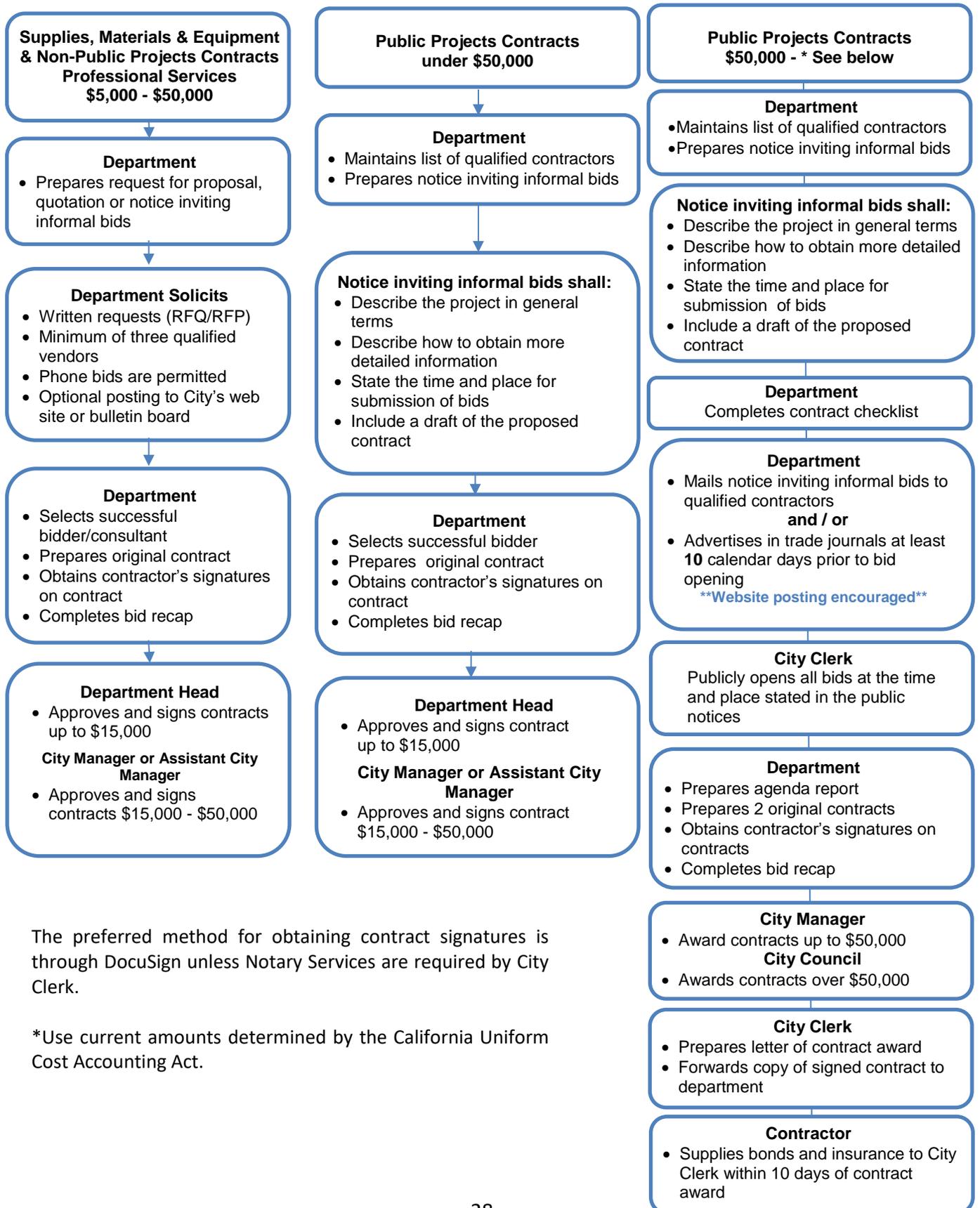
* See Exceptions to Competitive Bidding Requirements

INFORMAL BIDDING PROCEDURES

Check for DIR requirements for any service over \$1,000

Confirm ethical and legal requirements before any purchase

Check with Risk Management for insurance requirements for all dollar levels



The preferred method for obtaining contract signatures is through DocuSign unless Notary Services are required by City Clerk.

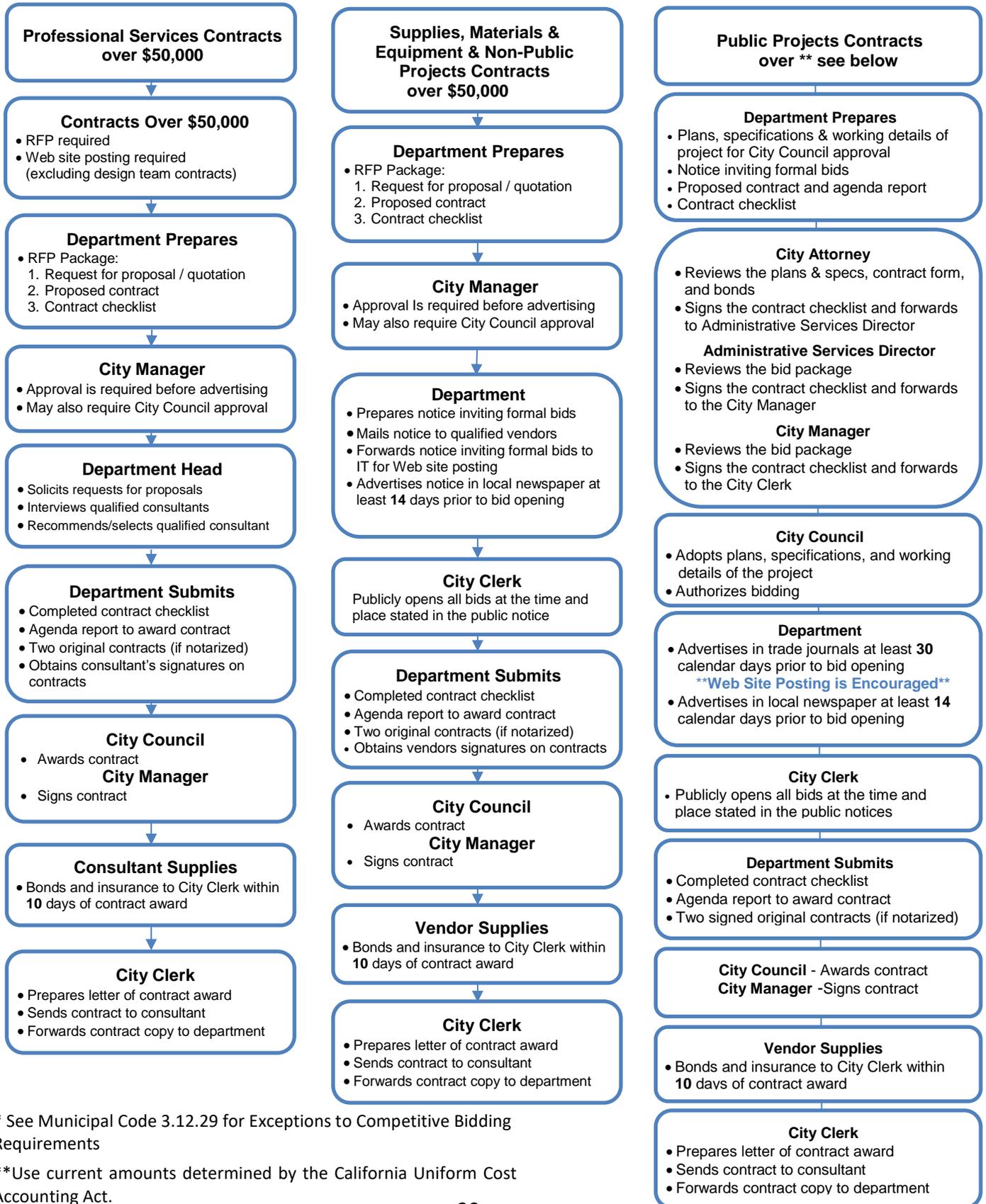
*Use current amounts determined by the California Uniform Cost Accounting Act.

Formal Bidding Procedures*

Check for DIR requirements for any service over \$1,000

Confirm ethical and legal requirements before any purchase

Check with Risk Management for insurance requirements for all dollar levels



* See Municipal Code 3.12.29 for Exceptions to Competitive Bidding Requirements

**Use current amounts determined by the California Uniform Cost Accounting Act.

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Methods of Purchasing

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New Vendor Procedure

Before making purchases by any method, other than Petty Cash and CAL Card, the vendor needs to be approved and set up in the City's financial system. Have new vendor fill out, sign, and submit a W9 Request for Taxpayer Identification Number form and a Vendor Approval Application, both forms are available in the "Forms" section of the Intranet. The completed forms will be submitted to the Administrative Services Analyst for review. Once approved a vendor number is assigned and all departments can begin using the vendor for purchases.

Specific information included on the Vendor Approval Application is subject to disclosure under the Public Records Act.

Conflict of Interest

Administrative Regulation number 502 sections 1-4 establishes a policy regarding the procurement of contract services involving current and former City employees, to prevent the appearance of conflicts of interest and/or favoritism. Vendors hiring former employees within 12 months of leaving the City should be avoided as well as firms employing an individual in a personal relationship with a current employee. The City Manager will review all instances and make a determination in the best interest of the City.

Uniform Guidance – Federal Funding (Check sam.gov for vendor debarment or suspension. A local advantage is not allowed when using Federal funds.)

When purchasing with Federal money follow the stricter of either the Uniform Guidance, 2 CFR Par 200 Subpart A §200.318 General Procurement Standards through §200.326 Contract Provisions, or City Policy. *The following is a summary of procurement types under the Uniform Guidance:*

- Micro Purchases –
 - \$50,000 aggregate - \$2,000 if for construction subject to Davis-Bacon Act (01/01/23)
 - Quotes not required
 - Equitable distribution among qualified vendors
- Small Purchases –
 - Single and informal procurement methods
 - Not more than the simplified acquisition threshold
 - Price and rate quote must be obtained from adequate number of qualified sources
- Sealed Bids –
 - Above simplified threshold
 - Preferred for construction projects
 - Must be publicly advertised
- Competitive Proposals –
 - Above simplified threshold
 - More than one source for proposal
 - Usually used for fixed fee or cost reimbursement
 - A written method of evaluation and selection
 - Award must go to "most advantages" proposal
- Sole Source – (Must meet at least one of the criteria):
 - Single source availability
 - Public emergency
 - Written request has been made and approved by federal or pass-through entity (PTE)
 - Competition is determined to be inadequate

Grant Funding Purchases

When purchasing with grant money each department is responsible for knowing and following the grant requirements. Purchases should comply with the stricter of the grant requirements or City policy.

Purchase Order Exemptions

Certain purchases are not readily adaptable to the informal or formal bidding process. These purchases are generally for items where the competitive bid process is not applicable or where a check is required to accompany the order. In these instances, a purchase order would not be required. However, if a vendor requires a purchase order prior to accepting an order, a purchase order can be initiated. Following is a list of allowable exemptions to the purchase order requirement.

Advertisements and Notices

Banking and bank card processing and service fees

Bond Issuance Related Services

City Attorney Services

Fuel

Instructional Services Agreements

Insurance Claims and Premiums

License & Permits to other agencies (Not subject to dollar thresholds)

Medical Payments including veterinary services

Membership Dues

Organization Meetings

Other Legal Services

Performing Arts Agreements

Postage

Publications

Subscriptions

Trade Circulars or Books

Travel Expenses

Utility Payments- (When a multi-year contract is required and each single year does not exceed \$50,000, the City Manager has authority to approve and sign)

Petty Cash

Petty cash is used for small, incidental expenditures that could be impractical to process through the purchase order system. Petty cash may be used when the item/expense is needed immediately and/or costs less than \$100.

The Administrative Services Director approves the establishment of all petty cash funds, determines the appropriate funding level for each fund, approves administrators, and is responsible for assuring compliance with these procedures. Each fund has a designated administrator who is responsible for the daily operations and security of the fund. Six petty cash funds are currently authorized.

Use the Petty Cash Form located in the Administrative Services "Forms" section of the Intranet for advances or claims.

Petty Cash Advances

To receive an advance, the employee should fill in the date, the dollar amount requested, the item, the account number to be charged, and employee's printed name on the petty cash form, prior to obtaining approval from department head or designee. Give the approved request to the Petty Cash Administrator (Administrator) to receive the advance. The form is kept in the petty cash box as a placeholder until the employee completes the purchase.

Petty Cash Claims

If the employee has requested an advance, present an itemized receipt for the purchase to the Administrator. The Administrator will pull the form used to receive the advance from the petty cash box, so the employee can fill in the actual expense amount, sign the form, and attach the receipt. The Administrator will determine whether money is owed to City or due to the employee to complete the transaction.

If the employee did not receive a petty cash advance before the purchase, the employee needs to fill out the form, except for the advance amount. The employee should then get the department head or designee's approval, sign the form, and attach an itemized receipt, prior to submitting it to the Administrator for reimbursement.

Petty Cash Fund Reconciliation and Audits

The Administrator is responsible for reconciling and replenishing the fund as needed, based on receipts received. Periodic audits may be performed by the Administrative Services Department to ensure compliance with these procedures.

Exceptions

At the discretion of the City Manager, the amount of a single petty cash transaction may exceed the \$100 limit.

Verbal Purchase

Materials, supplies, equipment, and some offsite services (contingent on type of service) up to \$5,000 can be purchased without a purchase order. If a vendor requires a purchase order number for non-service purchases up to \$5,000, a computer-generated purchase requisition should be initiated. To expedite this process the workflow has been minimized to include only the Administrative Services Analyst and the purchase order will be printed promptly.

All services (of any amount, excluding those noted in the previous paragraph) and purchases over \$5,000 require a computer-generated purchase order with full workflow approvals. (See Purchase Order Requisition section below)

CAL Cards

Employees with a City issued CAL card can make the same types of purchases that are allowed by verbal purchase, that is **materials, supplies, equipment, and some services** up to \$5,000. The CAL Card policies can be found in the Credit Card Policies of this manual.

Purchase Order Requisitions

All other purchases require purchase order requisitions created using the City's financial software. Purchase order requisitions are initiated by each department and they go through a workflow for approvals depending on the dollar amount of the requisition.

1. Requisition entry
2. Review and approval by Department Director
3. Analysis by Administrative Services Analyst-Purchasing
4. Review and approval by City Manager or Assistant City Manager (for certain departments) if between \$15,000.01 and \$50,000
 - a. Under \$15,000 and over \$50,000 (City Council approved) skips step 4.
5. Review and approval by Director of Administrative Services Director (Purchasing Agent) and/or Administrative Services Manager-Purchasing
6. Return to Administrative Services Analyst-Purchasing to convert and print Purchase Order
7. Purchase Orders are distributed
 - a. A department copy of the Purchase Order (including account codes) is emailed to the requisition initiator. This is an internal copy and is not to be mailed or emailed to the vendor.
 - b. Vendor copy of Purchase Order and one original contract (if applicable) is mailed to vendor by Administrative Services Assistant

Each purchase order requisition and change order requires:

- A Bid Recap (found in the Administrative Services “Forms” section of the Intranet)
- Documentation supporting the cost of the item or service. Possible documentation includes proposals, contracts, purchase agreements, or quotes.

When a contract is used, send to the vendor for signatures via DocuSign. If a notary is required, send two original PDF or hard copies to vendor for signature.. Two corporate officer signatures are required or one signature if a Sole Proprietor. City staff will sign after all vendor signatures are obtained. Staff authorized to sign contracts are:

- Up to \$15,000 Department Director
- Up to \$50,000 Department Director and City Manager or Assistant City Manager (for certain departments) (two are required)
- Over \$50,000 City Manager, City Clerk, and City Attorney (City Council approval and all three signatures are required)
- All contracts, all amounts are signed by the Risk Management Administrator

For contracts up to \$50,000, forward executed contracts through DocuSign to the Administrative Services Analyst. A copy is kept in in Munis.

For contracts approved by City Council, both original signed contracts are returned to the City Clerk’s office. One is sent to the vendor and the second is filed in the City Clerk’s office. Attach a copy of the contract to the purchase order requisition in Munis.

Receiving

When the item is received, the originator of the order must obtain an itemized invoice, packing slip, or cash register receipt. This documentation should be signed by the person receiving the goods to indicate actual receipt of the item(s). The receiver should be personally knowledgeable of the delivery or receipt of the products. Orders can only be shipped or delivered to City facility addresses unless approved prior to ordering.

Payment

Give the signed invoice and related documents to the person in your department responsible for entering invoices into Munis for payment. Once entered all other approvals are electronic through workflow.

The City's standard payment terms are Net 30 meaning a check must be issued to the vendor no later than thirty days after the invoice date. In some instances, the City and vendor have agreed to alternate terms and payment must be made within those terms to receive a discount or for contract compliance, depending on the agreement. It is important that all invoices are entered and approved in a timely manner to pay within agreed upon terms.

Contact the Accounting department for additional information on discounts.

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Types of Purchases

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Materials, Supplies and Equipment and Non-Public Projects

Examples of purchases in this category are items such as office equipment and furnishings, fitness equipment, playground equipment and supplies, landscape and irrigation supplies, power tools, janitorial supplies, vehicles, printed forms, radio and telephone equipment.

A non-public project is typically maintenance work which includes all of the following, and if \$1,000 or more in a fiscal year Department of Industrial Relations registration and prevailing wage requirements may apply:

1. Routine, recurring and usual work for the preservation or protection of any publicly owned or publicly operated facility for its intended purposes.
2. Minor repainting.
3. Resurfacing of streets and highways at less than one inch.
4. Landscape maintenance, including mowing, watering, trimming, pruning, planting, replacement of plants, and servicing of irrigation and sprinkler systems.
5. Equipment repair or maintenance
6. Electrical installations

Professional and Special Services

Examples of purchases in this category are service contracts for technical support, staff assistance, environmental impact and feasibility studies, project design and administration, production and broadcasting, financial advisory and banking services, tax auditing, engineering and other professional design services, and educational or instructional services.

Definition of Professional Services

Professional services are those services provided by an educated or licensed specialist or a consultant. Consultant services include services that are of an advisory nature, that provide a recommended course of action or personal expertise, and that have an end product, which is basically a transmittal of information. Rather than competitive bidding, contracts negotiated for professional services must be based on demonstrated competence, professional qualifications for the services required, availability, and fair and reasonable cost.

Selecting the Professional Service Provider

In choosing a specialist to provide services, the department head should consider the consultant's capability and professional qualifications. Also, to encourage competition and to obtain quality services at a reasonable price, selecting a consultant on a sole source basis should be kept to a minimum.

Professional Services Consultant Team (PSCT)

The City has established contracts with specific vendors designated as Professional Services Consultant Team (PSCT) members to provide services on a project-by-project basis. Departments using the PSCT for a project or service should make every effort to obtain multiple proposals from team members. When contracting for services with a PSCT member, it is not necessary for the department to prepare a new contract. A written proposal outlining the scope of work and payment terms will be adequate. Proposals over \$50,000 require City Council approval.

Public Projects

Examples of purchases in this category are contracts for new street construction, major street resurfacing, intersection improvements, construction or renovation of a public facility, parking lot construction, sidewalk construction, and traffic signal installation.

Change Orders

The department head can approve change orders for additional work as long as the cumulative total of the contract does not exceed \$15,000. For contracts less than \$50,000, the City Manager or Assistant City Manager (for certain departments) has the authority to approve change orders for additional work, as long as the cumulative total of the contract does not exceed \$50,000. The City Manager can approve change orders for contracts originally approved by the City Council up to an additional \$50,000. The department head must request City Council approval for any change orders in excess of \$50,000.

Emergency Purchases (FEMA reimbursed and non-FEMA)

The City Manager may authorize the purchase of material, supplies, equipment, and services when an emergency exists and the public health, safety or welfare of the community would be affected, if the normal purchasing procedures (i.e., competitive bidding) were followed. All emergency purchases that would otherwise require City Council approval must be submitted to the City Council for ratification at the next regular Council meeting after the purchase is authorized.

The City Manager declares the need for an emergency purchase using the Emergency Purchase Authorization form. The form can be found in the "Forms" section of the Intranet. The originator of the form should describe the emergency, including its location, in the sections provided. The estimated cost of the materials, supplies, and/or equipment and the estimated cost of labor or installation should be provided, as well as the selected vendors for the costs given. If applicable, the department should also indicate on the Emergency Purchase form, the date of the next Council meeting at which the emergency purchase can be ratified.

After the department head of the originating department and the City Manager sign the form, the department will select the vendors to complete the necessary work. If time permits, the department will prepare two original contracts and obtain the selected vendor's signatures. If time is of the essence, then a signed proposal is sufficient to submit for Council ratification (see following information to determine if Council adoption is required). The department then enters the required requisitions, in the financial software program, and the department head electronically approves the requisitions. The department then forwards the original Emergency Purchase form and the completed contracts, if applicable to Purchasing. As emergency purchases are exempted from competitive bidding, no Bid Recap form is required. The additional approval of the City Manager is required for requisitions exceeding \$15,000. Purchasing will print the Purchase Order and mail it and one original contract to the vendor.

If the emergency purchase would have otherwise required formal bidding procedures, the department must obtain City Council ratification of the purchase at the next regularly scheduled meeting. The department will prepare the Agenda Report requesting City Council ratification and attach a copy of the Emergency Purchase form. The originating department should retain a copy of the Emergency Purchase form for its records.

Bidding Procedures

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Introduction to Bidding Procedures

The Mission Viejo Municipal Code requires following certain bidding procedures when purchasing products, materials, supplies, or equipment; contracting for professional services; and contracting for public projects and other projects. The competitive bidding process ensures that the City will obtain the best combination of pricing, quality, service, and availability of products and services. **Splitting a purchase to circumvent the bidding limits is specifically prohibited by the City's Code and by State law.** *When applicable Department of Industrial Relations (DIR) registration is required before vendor submits bids.*

The dollar value of the products, services, or projects determines whether formal or informal bidding procedures must be followed. In certain instances, bidding procedures may not be required.

Each department is required to maintain a list of qualified vendors for soliciting informal and formal bids.

Documenting the Bid Process

Informal and formal bidding procedures must always be documented. The department is responsible for completing a Bid Recap form for all purchase order requisitions. The Bid Recap form identifies the vendors contacted, the name of the successful bidder, the amount of the purchase, and the reason(s) for the bidder selection.

Sole Source Purchases

Commodities and services that can only be obtained from one vendor are exempt from competitive bidding. Sole source purchases may include proprietary items sold directly from the manufacturer, items that have only one distributor authorized to sell in a specific area or a certain product has been proven to be the only acceptable product available. All sole source purchases must be justified by written documentation (Bid Recap). Refer to Uniform Guidance on page 33 for sole source purchases with Federal money.

Dollar Conditions

Materials, Supplies and Equipment and Non-Public Projects Contracts

- Up to \$5,000: Bidding is recommended but not required
- \$5,000 - \$50,000: Informal bidding is required
- Over \$50,000: Formal bidding is required

Professional Services Contracts

- Contracts up to \$50,000: Request for proposal process is recommended
- Contracts over \$50,000: Request for proposal process mandatory – web posting required (See Exceptions to Competitive bidding requirements on page 52)

Public Projects (When determining bidding level, all costs need to be considered including staff time, individually purchased supplies, materials, and services.)

- Up to \$50,000: Informal bidding: City Manager or Assistant City Manager (for certain departments) awards contract
- \$50,000 - amount based on current California Uniform Cost Accounting Act: Informal bidding: City Council awards contract
- Amount based on current California Uniform Cost Accounting Act: Formal bidding: City Council awards contract

P SCT Request for Proposal

When contracting for professional services under \$50,000, the RFP procedure should be used to the extent possible, as time and circumstance allow. The RFP procedure is **required** for all professional services contracts that exceed \$50,000. Website posting is also required. Unlike other formally bid contracts, the City Clerk does not publicly open proposals for professional services.

Each Request for Proposal should include the reasons for requiring the RFP, a description of the objectives, any problems or difficulties to be addressed, a time schedule including beginning and completion dates, required progress reports, and any descriptive information that will assist the vendor to better understand the reason for the RFP. The RFP should be sent to at least three qualified consultants.

Informal Bidding

– **Vendor DIR registration is required before bids are received** (for up to date DIR vendor and City reporting and registration requirements go to <https://www.dir.ca.gov/PublicWorks/PublicWorks.html>)

Purchases (Non-Public Projects Contracts) or Public Project Contracts up to \$50,000

Informal bidding procedures have been established for all purchases of materials, supplies and equipment, professional service contracts, non-public projects, and public projects contracts up to \$50,000. Advertising is not required. The department is to solicit written and/or phone bids from multiple vendors. It is recommended that the department solicit a minimum of three qualified vendors via phone, email, fax and/or City web site. For Public Projects the bids should be solicited from contractors on the qualified bidders list. The department head awards contracts up to \$15,000. The City Manager or Assistant City Manager (for certain departments) awards contracts between \$15,000 and \$50,000.

Tie Bids up to \$50,000

If multiple informal bids are received that are in all respects equal, the City Manager or designee may accept the one deemed to be in the best interest of the City.

Rejection of Bids up to \$50,000

The requesting department may recommend rejection of any or all informal bids if determined to be in the best interests of the City. The City Manager or designee may reject all bids with or without cause and submit the supplies, equipment or service involved to a new bidding process. If all bids are rejected, the City Manager or designee may re-solicit bids, negotiate a contract for the purchase or abandon the purchase.

Contract Award up to \$50,000

Informally bid contracts are awarded by the City Manager, or Assistant City Manager (for certain departments), or designee to the lowest responsible bidder. The bidders located within the City of Mission Viejo are granted a 1% price competitive advantage if their goods are subject to California Sales Tax. A local advantage cannot be considered for Federal funded contracts. For more information see Uniform Guidance 2 CFR Ch. II §200.319 (7)(b).

Public Projects Contracts \$50,000 - amount based on current California Uniform Cost Accounting Act (https://www.sco.ca.gov/ard_cuccac.html)

– **Vendor DIR registration is required before bids are received** (for up to date DIR vendor and City reporting and registration requirements go to <https://www.dir.ca.gov/Public-Works/PublicWorks.html>)

Prior to soliciting or advertising the Notice Inviting Informal Bids, the department is required to complete the Contract Checklist form and obtain approval from both the Director of Administrative Services and the City Manager. The Contract Checklist form identifies the project, funding sources, contract type, insurance and bond requirements, and the types of advertising required. In some instances the City Manager may require City Council approval prior to advertising. Informal bidding procedures have been established for all public projects contracts up to an amount based on current California Uniform Cost Accounting Act. The City of Mission Viejo has elected to become subject to the Uniform Construction Cost Accounting procedures, which provides alternative informal bidding requirements. Public Contract Code 22034 requires that **not less than 10 calendar days before** bids are due, a Notice Inviting Informal Bids shall be mailed to:

- all contractors on the list for the category of work being bid, and/or
- all applicable construction trade journals
 - A current listing of Trade Journals can be found in the Cost Accounting Policies and Procedures Manual located at https://www.sco.ca.gov/ard_cuccac.html. A current copy of the policy is also in the Purchasing Department
 - An electronic copy of plans and specs have to be available at no charge to any requesting plan room. (Assembly Bill 2036)

As of June 2018, publication in **each** of these two trade journals is required:

<p>CIP List https://ciplist.com/</p>	<p>Dodge Data & Analytics 830 Third Avenue, 6th Floor New York, NY 10022 Phone: 877-784-9556 e-mail: support@construction.com Website: www.construction.com</p>
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Publication in **two** of the following three journals is also required:

<p>Bidnet Direct Website: https://www.bidnetdirect.com/</p>	<p>BidAmerica 41085 Elm Street Murrieta, CA 92562 Phone: 909-677-4819 e-mail: support@bidamerica.com Website: www.bidamerica.com</p>
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**Associated General Contractors of America
San Diego Chapter, Inc.**
6212 Ferris Square
San Diego, CA 92121
Phone: 858-558-7444
e-mail: planroom@agcsd.org
Website: <http://www.agcsd.org>

The City Manager, City Clerk, City Attorney, and Risk Management Administrator each sign the contract documents. Within 10 days of Council award, the successful bidder must supply to the City Clerk’s Office any applicable bonds and required certificates of insurance. When the contracts have been signed and the bonds and certificates of insurance have been received, the City Clerk prepares and mails the Letter of Contract Award along with one executed contract to the successful bidder. The City Clerk’s Office forwards a copy of the contract to the initiating department to enter a purchase order requisition. The City Clerk’s Office maintains all City Council approved contracts.

Bond Requirements

A faithful performance bond and a labor and materials bond are established in an amount necessary to protect the best interests of the City. All bond requirements must be stated in the Notice Inviting Bids. The City Council, at its discretion, may waive the requirement for bonds*.

- Bonds may be required for Non-Public Projects as determined by the Risk Manager, City Attorney, and/or department head
- Bonds are required for Public Projects

*Federal funded contracts exceeding the “simplified acquisition threshold” require each of the following at a minimum and these may not be waived by the City Council:

- Bid guarantee equal to five percent (5%) of the bid price
- Performance bond on the part of the contractor for 100 percent
- Payment bond on the part of the contractor for 100 percent of the contract price

Splitting a purchase to circumvent the informal bidding limits is specifically prohibited by City code and State law.

When determining bidding level for Public Projects covered by the California Uniform Cost Accounting Act (https://www.sco.ca.gov/ard_cuccac.html), all costs need to be considered including staff time, individually purchased supplies, materials, and services.

Formal Bidding

Formal bidding procedures have been established for all purchases of materials, supplies and equipment, professional service contracts, and non-public projects contracts that exceed \$50,000 and public project contracts over an amount based on the current California Uniform Cost Accounting Act (https://www.sco.ca.gov/ard_cuccac.html). The department is required to complete the Contract Checklist form and obtain approval from both the Director of Administrative Services and the City Manager prior to soliciting or advertising a Notice Inviting Formal Bids.

Vendor DIR registration is required before bids are submitted, and a list of registration numbers for the contractor and all subcontractors needs verification prior to opening bids.

Bond Requirements

Formal bids must be accompanied by security, either cash, cashier's check, certified check or surety bond in a sum equal to ten percent of the bid amount, when deemed necessary by the Purchasing Agent or designee. All bond requirements must be stated in the Notice Inviting Bids.

A faithful performance bond and a labor and materials bond are established in an amount necessary to protect the best interests of the City. All bond requirements must be stated in the Notice Inviting Bids. The City Council, at its discretion, may waive the requirement for bonds*.

- Bonds may be required for Non-Public Projects as determined by the Risk Manager, City Attorney, and/or department head
- Bonds are required for public projects

*Federal funded contracts exceeding the "simplified acquisition threshold" require each of the following at a minimum and these may not be waived by the City Council:

- Bid guarantee equal to five percent (5%) of the bid price
- Performance bond on the part of the contractor for 100 percent
- Payment bond on the part of the contractor for 100 percent of the contract price

Purchases – Non-Public Projects over \$50,000

The City's Municipal Code 3.12.150 requires advertising a Notice Inviting Formal Bids in a local newspaper at least 14 calendar days prior to bid opening. Section 3.12.170 of the City's Municipal Code requires that a notice of all pending, non-public projects formal bids, except for professional services contracts below \$50,000 and Professional Services Consultant contracts, be posted to the City's website. For professional services contracts up to \$50,000, the decision to post a notice of the Request for Proposals or Qualifications on the City's website is left to the discretion of the department head.

Public Projects over an amount based on the current Cost Accounting Act

The City Council shall adopt plans, specifications, and working details for all public projects exceeding the amount based on the current Cost Accounting Act before soliciting formal bids.

Public Contract Code 22037 requires that the Notice Inviting Formal Bids be published in a newspaper of general circulation at least 14 calendar days before bid opening. Additionally, Public Contract Code

22037 requires that the Notice Inviting Formal Bids be mailed to all applicable construction trade journals not less than 30 calendar days before bid opening. To meet the advertising requirements for formal bids the City of Mission Viejo is required to publish in the four construction trade journals previously listed in the informal bidding section of this document. AB 2036 also requires all bid specs be made available in an electronic version when requested by any plan room, free of charge.

While not mandatory, department heads are also encouraged to post bid notices for public projects over the amount based on the current California Uniform Cost Accounting Act to the City’s website.

City Website Posting Requirements

	Materials, Supplies & Equipment – Non-Public Projects	Professional Services	Public Projects
Up to \$50,000	At the discretion of the department head		Encouraged
\$50,000 to amount based on current California Uniform Cost Accounting Act	Required	Required except for PSCT contracts	
Over Amount based on the current California Uniform Cost Accounting Act			

Formal Bid Opening

Sealed bids are submitted to the City Clerk and identified as bids on the envelope. DIR registration is verified for all contractors and subcontractors prior to bid opening. The City Clerk publicly opens and records all bids at the time and place stated in the public notices. All bids received will be available for public inspection in the City Clerk’s office during regular business hours for a period of not less than 30 calendar days after the bid opening. The City Clerk is responsible for tabulating all bids and the department is responsible for completing the Bid Recap form.

No Bids Received

When no formal bids or responsive bids are received, the City Manager or designee is authorized to negotiate for written proposals. A recommendation may be presented to the City Council and the award, if any, will be made in compliance with current purchasing ordinances and procedures.

Tie Formal Bids – over \$50,000

If multiple bids have the same total amount and unit price, quality and service being equal, the City Council may, in its discretion, award the contract to the one it chooses or accept the lowest bid following negotiation with the tie bidders at the time of the bid opening.

Rejection of Formal Bids – over \$50,000

The City Council may reject any and all formal bids presented and they may re-advertise for bids.

Formally Bid Contract Awards – over \$50,000

Formally bid contracts are awarded by City Council to the lowest responsible bidder. Bidders located within the City of Mission Viejo are granted a 1% competitive advantage if their goods are subject to California Sales Tax, except when not allowed by the Federal Uniform Guidance (see page 33).

Lowest Responsible Bidder (Responsive and Qualified)

Bids should be awarded to the responsive and qualified bidder submitting the lowest bid; however, cost is not the only determining factor when selecting the responsible successful bidder.

In addition to price, consider the following elements to determine if a bid is responsive:

- A responsive bid is in substantial conformance with the requirements of the invitation to bid, including specifications and the City’s contractual terms and conditions. Conformance may also include providing proof of insurance, completed forms, references, and all other information as requested in the bid document.
- Bidders who substitute terms and conditions or who qualify their bids in such a manner as to nullify or limit their liability shall be considered non-responsive.
- The successful bidder must demonstrate the ability to fulfill a contract, including providing subsequent and continuing service. Staff may request proof of a prospective bidder’s reliability, proof of financial resources, a list of current or previous customers, and other pertinent data. Such requests may also be taken after receipt of bids.
- A bidder may be determined to be non-responsive if the bidder fails to furnish proof of qualifications when required.

Consider the following to determine if a bidder is qualified:

Qualified and Responsible Bidder

A qualified bidder demonstrates the following characteristics:

- Can provide product quality, fitness, and capacity for the required usage
- Has the ability, capacity, and skill to perform the contract or provide the service required
- Has demonstrated character, integrity, reputation, judgment, experience, quality of performance and efficiency, particularly with reference to past purchases by the City or other public agencies
- Has the ability to perform within the required time
- Can meet all insurance and DIR requirements <https://www.dir.ca.gov/Public-Works/PublicWorks.html> or page 23.

Preparing and Awarding the Contracts

After the successful bidder has been selected, the department prepares two original contracts and

obtains the contractor's signatures on both contracts. The department then submits an Agenda Report recommending Council award of the contract, along with a copy of the completed Contract Checklist form and two signed original contracts to the City Clerk's Office, as part of the normal agenda review process for contract awards over \$50,000.

Within 10 days of the Council award, the contractor/successful bidder must supply all applicable bonds and required certificates of insurance to the City Clerk's office. When the contracts have been signed and the bonds and certificates of insurance have been received, the City Clerk prepares and mails the Letter of Contract Award along with one executed contract to the contractor. The City Clerk's Office maintains all City Council-approved contracts.

Splitting a purchase to circumvent the formal bidding limits is specifically prohibited by City code and State law.

Exceptions to the Competitive Bidding Requirement (Municipal Code Section 3.12.290)

The City Council has determined the following contract types can be excluded from the competitive bidding requirements:

- The estimated amount is less than \$5,000.
- The purchase can only be made from one vendor (Sole Source).
- The City Manager deems an emergency exists and determines that the public health, safety, or welfare of the community would be affected if the normal procedures were followed. (All emergency purchases which would otherwise require formal bidding must be submitted to the City Council for ratification at the next regular Council meeting after the purchase is authorized).
- Contracts for personal services, for professional and consultant services, and non-public works and contractual services.
- Any agreement, including cooperative or piggyback contracts, involving acquisition of supplies, equipment, or services entered into with another governmental entity.
- When City Council determines that compliance with the requirements of Chapter 3.12 of the Municipal Code would not be in the best interests of the City, or would be impractical or uneconomical, or would not provide the City with the highest quality and cost effectiveness.
- Public safety contracts (including police and fire services).
- Contracts with other governmental agencies.
- Contracts for financial audits and banking services, which are addressed under Council Policy 0300-1 and Council Policy 0300-5.
- Employment contracts for the City Manager and the Assistant City Manager
- Contracts for City Attorney services

Also excluded from the competitive bidding requirements are contracts for architectural, engineering, land surveying, and construction management professional services. State law (section 4526 of the Government Code) mandates that local agencies select firms to provide these services based on demonstrated competence and professional qualifications. The City's Professional Services Consultant Team process addresses the selection of these contractors. For these exclusions, the City Council may

direct staff to investigate alternative methods for the provision of these services. In addition, the City Council will rely on City staff to periodically investigate alternatives and bring them before the City Council.

The City Council shall determine the selection requirements on a case-by-case basis for all contracts/franchises which may be excluded from competitive bidding requirements. The City Council will adhere to any state or federal requirements governing such contracts/franchises when making this determination.

As with all contracts over \$50,000, the City Council will make the final determination before any of the above exclusions are granted.

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City Standard Contracts

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City Contracts

The City Attorney has developed several standard City contracts to use when acquiring products or services. These contracts address the vendor's and the City's rights and responsibilities, specific tasks to be performed, payment terms, and insurance requirements. Contact the Risk Management Administrator for recommended contract and insurance requirements. The contract forms are:

Original Forms

- Contract up to \$50,000
- Contract over \$50,000
- Minor Construction Project Contract Agreement
- Public Project Contract Agreement
- Instructional Services Agreement
- Performing Arts Agreement

Changes to Original Contract/Agreement Forms

- Contract Amendment
- Maintenance Contract Amendment
- Change Order to Public Project Contract Agreement

Other Contract Forms

- Professional Services Consultant Team (PSCT)

All standard contracts can be found on the City's Intranet.

Standard Contract Terms

- To facilitate the estimation of contract services costs for a two-year budget period, the standard contract term for contracts over \$50,000 shall be two years, with a single, optional two-year extension. The City Council may elect not to renew the contract within its sole discretion.
- No contract over \$50,000 may exceed a total term, including the extension, of four (4) years, except where specifically authorized by the City Council. The City Council may determine that longer contracts will more effectively and efficiently serve the City of Mission Viejo.
- Contracts eligible for the two-year extension shall be submitted by City staff to the City Council for their review, during the period that is no less than 90 days and no greater than 180 days prior to the expiration of the initial two-year contract term. The 90-day deadline will provide City departments sufficient time to rebid if the City Council elects not to renew the contract.
- To be eligible for consideration for contract extension, contractors must have performed satisfactorily throughout the term of the original contract.
- To the greatest extent possible, the contract period for contracts subject to this policy shall commence July 1 of odd-numbered years.
- Upon the expiration of the two-year contract and the single two-year extension, the City will again obtain multiple quotes/proposals for the services rendered.
- The current service provider shall not be excluded from participating in the quotation process.

- For contracts/franchises that are excluded from this policy, the City Council shall determine the selection requirements on a case-by-case basis adhering to any state or federal requirements governing such contracts/franchises.

Choosing the Correct Standard Contract Form

One of the standard contract forms must be used when entering into an agreement with a vendor, consultant, or contractor to provide services to the City. Exceptions to the use of City contracts are other public agency contracts, such as law enforcement services from the County of Orange, certain office equipment lease/purchase agreements, software licensing and renewals, maintenance, and technical consulting agreements. Once approved and a contract and insurance are on file the City's Professional Services Consultant Team contractors need only submit proposals and reference the PSCT contract number to be considered.

Contract Forms – Indemnification and Insurance Requirements

The most commonly used contract forms are contract, and the contract amendment form. The other forms listed are for more specialized services, such as to hire an instructor to teach tennis lessons (Instructional Services Agreement) or to hire a band for a dance (Performing Arts Agreement). The level of **potential risk** to the City will determine the insurance requirements. Contact the Risk Management Administrator for insurance requirements before bidding and issuing a contract.

Completing the Form

Although the contract is a standard format, it is flexible enough to accommodate other negotiated terms and conditions. The contract title should be updated to reflect the type of service and the name of the contractor or vendor whose services are being used.

Standard payment terms are Net 30; however, you may be able to negotiate a discount for earlier payment, such as 2% 10 Net 30, in which the City will receive a 2% discount for services if payment is made within 10 days.

Signatures

All of the standard contract forms, except for the Performing Arts and Instructional Services Agreement forms, have two signature blocks for the consultant/contractor/vendor. When the contract provider is a corporation, two officers must sign the contract, regardless of the dollar amount of the contract. If only one person from the corporation has the authority to sign, then a resolution from the corporation attesting to that fact must be attached to the contract. This requirement does not apply to sole proprietorships, partnerships, limited liability companies, or limited liability partnerships. In those cases, the department can remove the second signature line from the standard contract form. All signatures should be obtained using DocuSign, unless a Notary is required.

On the City side, the department head signs for contracts up to \$15,000 and the City Manager, Assistant City Manager (for certain departments), or designee signs for contracts between \$15,000 and \$50,000. Contracts, contract amendments, change orders, and maintenance contract amendments over \$50,000 require the City Manager or designee to sign on behalf of the City Council.

In some instances, a non-standard contract will also be forwarded to the City Attorney for approval.

Surplus Property

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Disposition of Surplus Property/Capital Assets

Surplus Property Definition

Supplies and equipment are considered surplus if they are no longer required by the using department, because of decreased use, poor condition, damage not worth the cost of repair, and/or obsolescence. Examples of property include small items, such as binders, calculators, and electric staplers, as well as those items inventoried in the City's fixed assets, such as printers, pool cars, and desks. Property can also include capital assets, which are the items that generally have a higher unit cost. Examples of capital assets are water fountains, playground equipment, and building or structural components, such as roofs, restrooms, and pool decking. This definition of surplus property excludes land.

Surplus Property Determination/Valuation

The Department Head should first determine if a supply, piece of equipment, or capital asset has become surplus, based on the definition given above. The next step is to determine the current value of the surplus property item, either from an existing source document or a reasonable estimate of replacement value, if the original source document is no longer available through the City's records management system.

If the current value of the surplus property item is less than \$500, the Department Head or designee should bring the surplus property item directly to the Administrative Services Department so that the Purchasing Division can log its receipt, determine its disposition, and then coordinate its disposal.

Surplus Property/Capital Asset Disposition Form

If the property item is deemed surplus and its current value is over \$500, then the Department Head must complete a Surplus Property/Capital Asset Disposition form. This form is available on the City's Intranet. One copy of the form should be circulated for signatures.

On the disposition form, the Department Head should list the item's description, serial number, fixed asset tag number (if applicable), location, and condition. The Department Head should indicate the property's condition (good, fair, poor, or broken) and then recommend a method of disposal for the property (see the following section for descriptions of disposal methods).

After selecting the recommended action and noting any other comments, the Department Head must sign and date the Surplus Property/Capital Asset Disposition form and forward it to the Purchasing Agent.

Methods of Disposal

There are several ways to dispose of surplus property, including:

- Transfer to another department
- Trade in for new material, equipment or credit
- Sell
- Donate
- Scrap

Transfer to Another Department

Departments can transfer surplus property to one another, subject to the approval of both of the Department Heads affected by the transfer. If the current value of the item is \$500 or above, the department transferring out the property should initiate a Surplus Property/Capital Asset Disposition form and both Department Heads should sign the form. If a fixed asset is being transferred (unit price of \$5,000 and above), the Accounting staff will record the new location of the property in the City's fixed asset system.

Trade-In

Surplus property can be offered as trade-in for new equipment or material or for credit towards the acquisition of new property. If the current value of a surplus property item slated for trade-in is \$500 or over, then a Surplus Property/Capital Asset Disposition form should be completed. The estimated trade in value of the surplus property or capital asset should be noted on the Surplus Property/Capital Asset Disposition form and on the purchase order issued for any new property resulting from the trade in.

Selling Surplus Property

Surplus property may be offered for sale. All surplus property is for sale "as is" and "where is," with no warranty, guarantee, or representation of any kind, expressed or implied, as to the condition, utility or usability of the property offered for sale.

For any sale of surplus property with a current value of \$500 or above, the Department Head should indicate on the Surplus Property/Capital Asset Disposition form the recommended selling method and any other notations, in the Department Head approval. Appropriate methods of sale are as follows:

- ***Public Auction*** – City staff may conduct public auctions or the City may contract with a professional auctioneer and/or an Internet auctioneer for this service.
- ***Sealed bids*** – Sealed bids may be solicited for the sale of surplus property. Surplus property disposed of in this manner shall be sold to the highest responsible bidder.
- ***Negotiated Sale*** – Surplus property may be sold outright if the Purchasing Agent determines that only one known buyer is available or interested in acquiring the property.
- ***Selling to City Employees*** – Staff will comply with Government Code 1090 on all surplus sales to employees and contract based consultants. If recommended by the Purchasing Agent and approved by the City Manager, certain surplus property items may be offered for sale to City employees on an exclusive basis or in conjunction with sales to the public; however, those employees whose job responsibilities involve central purchasing administration and/or functional control over the surplus property are not permitted to participate in such sales.
- ***Selling as Salvage*** – Equipment, materials, supplies, fixtures, or facility components that are no longer capable of performing their intended function without extensive repair, or that are of no value except for reclamation purposes, may be considered salvage. Surplus property may be sold as salvage if the Purchasing Agent deems that the value of the raw material exceeds the value of the property as a whole.

Donation of Surplus Property

The Department Head may recommend and the Purchasing Agent may authorize, subject to the approval of the City Manager, the donation of surplus property to a non-profit organization or school district located or operating in Mission Viejo or, secondarily, to any other non-profit organization or private organization that provides assistance to nonprofit organizations. *(See Municipal Code Section 3.12.340).*

If surplus property has been approved for donation, the Purchasing Agent will notice the availability of such property for donation, indicating the quantity, description, and location of the surplus property, by one or more of the following methods: in a local newspaper, on the City's web site, and/or on the City's public access television channel (MVTV Channel 31). This notice will also indicate a closing date for the receipt of all requests for donation and indicate the way in which interested parties can receive additional information. Requests for donation will be accepted on a first-come, first-serve basis. The Purchasing Agent will send a letter to the non-profit organization(s) or school district(s) that respond to the notice to advise them of the City's terms and conditions of the donation. As per the Municipal Code section 3.12.340, the terms and conditions that the requestors must meet are: (1) accepting the property "as is," with no implied warranties, (2) stating an immediate need for the property and putting it into immediate use; (3) agreeing that the property will not ever be sold or otherwise transferred for profit; and (4) assuming all costs and liability associated with the removal and transportation of the surplus property from the City. A return letter, signed by an authorized agent from the non-profit organization or school district, accepting the City's terms and conditions is required before the surplus property can be released.

If, in the opinion of the Purchasing Agent, the donated property has a current value of less than \$1,000, then the City Manager can approve the release of the property to the recipient(s) that meet the above criteria and agree to the City's terms and conditions. If, in the opinion of the Purchasing Agent, the donated property has a current value of \$1,000 or more, the Purchasing Agent will prepare a report to identify the specific property to be donated, the estimated current value of the property, and the proposed recipients(s) of the property for approval by City Council. After City Council's approval, the surplus property approved for donation may then be released.

The department from which the donated property is being taken should remove any fixed asset or Mission Viejo property tags before the property is officially transferred to the recipient organization(s).

Scrap/No Value Item

Scrap, as one method of surplus property disposal, essentially means throwing an item into the trash. Scrap is recommended only after determining that none of the other methods of disposal – selling, exchange, trade-in, donation, or salvage - is feasible. Broken items that can be repaired economically will be fixed and returned to the using department.

For any broken or inoperable piece of property that, based on the recommendation of the Department Head and the judgment of the Purchasing Agent, cannot be economically repaired, traded in, sold, auctioned, donated or salvaged, the item may be scrapped, regardless of the original purchase price.

If the Department Head or designee recommends that an unbroken surplus property item with a current value below \$500 or several unbroken surplus property items with a collective current value below \$1,000 be scrapped, then he/she should bring the item(s) directly to the Purchasing Division for disposal. If the surplus property is obsolete or nonfunctional and cannot be traded in, sold auctioned, donated or salvaged, the Purchasing Agent, with the approval of the City Manager, may scrap such surplus property.

If a surplus property item recommended to be scrapped is not broken and has a current value equal to or above \$500, or for multiple items, a combined current value equal to or above \$1,000, then the Department Head must complete a Surplus Property/Capital Asset Disposition form. Under these conditions, especially if City staff will directly dispose of the item(s), Council approval to scrap will also be required. If City staff does not directly scrap this category of surplus property but a contractor is instead hired to remove and replace the property, then the disposal method is considered to be a trade in, not scrap, and the Council approval requirement does not apply.

For multiple items proposed to be scrapped, the size of the lot and thus the total current value will be based on the items and values entered on the Surplus Property/Capital Asset Disposition form(s) submitted by the department. Splitting of surplus lots on these forms to avoid the City Council reporting requirements is prohibited. The report to Council to request approval to scrap will be prepared by the Purchasing Division after receipt of the completed Surplus Property/Capital Asset Disposition form. Once Council approval is granted, the Purchasing Agent will then scrap the item(s).

Purchasing Agent's Review and Final Disposition

In the case of surplus property items with a current value below \$500 for a single item or below \$1,000 for multiple items within one lot, the departments do not have to complete a Surplus Property/Capital Asset Disposition form. Instead, the departments will physically bring the items to the Administrative Services department. The Purchasing Division will receive these items from the department, and the Purchasing Agent will determine the best method for disposal of these items. A description of these surplus property items, as well as the date received from the departments, the disposal method, and the disposal date will be recorded on a surplus property log maintained by the Purchasing Division.

For all surplus property items with a current value equal to or above \$500 for a single item or equal to or above \$1,000 for multiple items within one lot, the Purchasing Agent will review the department's completed Surplus Property/Capital Asset Disposition form, concur with or recommend an alternate action, and then forward the form to the City Manager for approval. The Purchasing Agent will also ascertain whether Council approval is required to donate or scrap surplus property items, depending on the current value of the items listed on the form. If further Council action is required, then the Purchasing Agent will indicate that a report to Council for final approval will be necessary. After the City Manager has approved the Surplus Property/Capital Asset Disposition form, it will be returned to the Purchasing Agent for either preparation of a report to Council, if needed, or for final disposition of the property.

After the disposal of the surplus property, the Purchasing Agent will complete and sign the Surplus Property/Capital Asset Disposition form, noting the date, disposal method, and any proceeds received, if the property was sold. The Purchasing Agent will also note the date that Council approved the donation or scrapping of surplus property if that level of approval was required.

After all signatures have been obtained, a copy of the form will be sent to the initiating department and to the Accounting Division, which will remove any surplus property items that had been classified as fixed assets from the City's Fixed Asset Records. Purchasing will keep the completed original form on file.

Proceeds

Proceeds received from the trade-in or sale of surplus property will be credited to the General Fund, or when applicable to the MVTV, Animal Services, or Golf Operations Fund.

Credit Card Policies

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Credit Card Purchases

Voyager Fuel Card for City Fleet Automobiles

Each City employee who is assigned a City of Mission Viejo vehicle or Sheriff's Department patrol officer who is assigned a motorcycle is provided with a Voyager Fleet Systems Fuel Card (otherwise known as "Voyager Card") to fuel the vehicle, upon the approval of his/her department head. Purchases are restricted to fuel, oil, and car washes for City vehicles only.

CAL Card Program

Introduction

The City of Mission Viejo uses a variety of methods for the purchase of goods and services. However, for small dollar purchases, processing an express or regular purchase order is not always cost-effective or efficient. In addition, occasionally local suppliers refuse to accept either type of purchase order.

To address this need, the State of California Department of General Services (DGS) developed a Master Service Agreement with U.S. Bank to provide VISA bank cards to State and local government employees as a payment method for small purchases of goods and/or services. This unique government credit card has the employee's name embossed on it and is identified as a State of California U.S. Bank VISA Card – also known as the "CAL-Card."

The CAL-Card helps promote increased supplier/contractor acceptance, improves the timely delivery of products and services, and reduces certain business-related costs. For example, using this card will centralize invoice processing and provide opportunities for greater efficiencies. This program has a 45-day payment cycle, along with rebates for early payment.

The CAL-Card program is not intended to, nor will it be used to, circumvent any existing statutes, laws, or City of Mission Viejo procurement procedures and policies.

Basic Guidelines/Responsibilities

The following CAL-Card policies and procedures establish guidelines for the use of the credit card by City of Mission Viejo employees. The Administrative Services Department will be responsible for the overall coordination and administration of the program.

The person whose name appears on the card is the "Cardholder," and is the only person authorized to purchase for the City of Mission Viejo with the card. The Cardholder must not, under any circumstances, permit the card to be used by another person. The security and correct use of the CAL-Card are the responsibilities of the Cardholder and the Approving Official (whose roles and responsibilities are defined in the following pages).

All Cardholders are assigned to an Approving Official, who must be either a supervisor, manager, or Director.

Purposes and Goals of the CAL-Card Program

- To provide an alternative method for purchasing small dollar items
- To reduce the administrative burden of processing numerous individual invoices
- To expedite purchases of needed supplies and payments to suppliers
- To capture savings through bank rebates for early payments
- To promote overall operational efficiency in the purchasing and accounting processes

Authority to Establish Program

The authority to establish the CAL-Card program at the City of Mission Viejo is granted to the Purchasing Agent by Municipal Code Chapter 3.12 and City Council approval to implement the CAL-Card Program.

CAL-Card Program Structure and Definitions

The **Program Administrator** oversees the entire CAL-Card program, including the administration and setup of new accounts, reporting, and payment processing. ***The Director of Administrative Services has appointed the Administrative Services Manager – Purchasing to serve as the City of Mission Viejo’s Program Administrator.***

The **Administrative Services Analyst** is responsible for reviewing and importing transactions into the Munis financial system.

The **Administrative Services Manager – Accounting (or designee)** is responsible for reviewing accounts payable information for accuracy prior to posting for payment.

The **Director of Administrative Services** is responsible for authorizing payment to U.S. Bank Visa after verifying the accuracy of invoices.

The **Approving Official**, often the cardholder’s direct supervisor, is responsible for reviewing and approving monthly statements for each employee under their supervision at the end of each monthly billing period. The Approving Official is responsible for ensuring that all cardholders’ monthly Statements of Account are reconciled and submitted to the Administrative Services Analyst within the required time period. The Department Head will appoint Approving Officials. A probationary employee may not serve as an Approving Official, except Directors

The **Cardholder** is a current (non-probationary*) regular employee who has been authorized to use the CAL-Card for City-related business purchases. Cardholders are responsible for keeping records of each transaction and must complete the monthly reconciliation within the time frame determined by the Administrative Services Department. The Program Administrator can only issue a CAL-Card with authorization from the employee’s Department Director and the City Manager. *The City Manager may approve card issuance to probationary employees when deemed in the best interest of the City.

Cardholder Responsibilities

The CAL-Card program provides a number of unique controls that ensure the card can be used only for specific purchases and within specific dollar limits. In addition, each Cardholder must certify all purchases, and the Approving Official must verify the cardholder's statement before the bill is submitted to the Administrative Services Analyst.

Individual CAL-Card Controls

The CAL-Card has both the cardholder's name and the City of Mission Viejo embossed on it. Only the cardholder is authorized to use the card. The CAL-Card has been specially designed to distinguish it from personal credit cards. While it works like a regular credit card, it may not be used for personal purchases. The cardholder is responsible for the security of the CAL-Card.

Each CAL-Card will be coded to allow specific categories (i.e., types) of purchases as well as a single transaction and monthly dollar limit. The cardholder will receive a statement of purchases each month by mail or by accessing the CAL-Card website.

Compliance with Purchasing Policies and Procedures

Cardholders must comply with the City of Mission Viejo Purchasing Policies and Procedures when using the CAL-Card. Use of this card is not to replace effective procurement planning, and the card should never be used to split orders to circumvent established bidding and purchasing requirements. Each transaction may be comprised of multiple items, but the total, including tax, cannot exceed the pre-established single purchase dollar limit. If the vendor does not collect sales and use tax on behalf of the State of California (CA) the total tax due should still be considered as part of the purchase price in relation to bidding and purchasing limits. Any sales and use tax not collected at the time of purchase will be paid directly to CA by finance staff and charged to the same program, fund, and object code of the purchase.

Reconciling Monthly Statements

A CAL-Card Cardholder's Verification of Monthly Statement form (log) has been developed to assist Cardholders with maintaining a monthly list of CAL-Card purchases (available on the City's Intranet). The cardholder should enter each transaction and appropriate account number on the log after each purchase. The log is designed to help with monthly review and verification of all charges to help ensure timely processing of the CAL-Card Statement of Account.

The City has established a billing cycle that runs from **the 25th of one month through the 24th of the following month**. The day after the close of each billing cycle, the cardholder can review their monthly Statement of Account on-line. A paper statement will be mailed to each cardholder after the 24th of each month.

Upon receipt of the monthly statement, the cardholder must:

- Verify the accuracy of all charges by comparing it with the CAL-Card log, note the appropriate program-fund, object and project/work order (when applicable) for each transaction, print and sign the CAL-Card log
- Attach all itemized receipts and packing slips to the CAL-Card log
- Note any disputed transactions and complete the Statement of Questioned Item form (see the Disputes section in the following pages)

- Submit the CAL-Card log and all itemized receipts to designated Approving Official within five (5) working days
- Email an Excel version of the CAL-Card log to the Administrative Services Analyst

The Administrative Services Department is authorized to change this procedure as technologies change.

If the Cardholder has purchased an item on the date the billing cycles closes, the purchase may be listed on the next month's statement. If the cardholder has returned an item, the credit voucher should be included with the CAL-Card log on which the credit appears.

If unavailable to review the Statement of Account, forward all receipts and other supporting documentation to Approving Official for proper review/verification of purchases. The Approving Official will have to download the cardholder's Statement of Account, code each transaction, sign and forward the cardholder's CAL-Card log and all itemized receipts to the Administrative Services Analyst.

If the Approving Official or Administrative Services questions a purchase, the Cardholder must be able to explain the nature and purpose of the purchase. If the cardholder cannot substantiate that the purchase was necessary and for official use, the cardholder may be subject to disciplinary action.

Missing Receipts

If the Cardholder does not obtain or loses the receipt, first contact the merchant to request a duplicate receipt. If a duplicate receipt cannot be obtained, the cardholder may be able to obtain a duplicate receipt from U.S. Bank Visa. If the cardholder is still unable to obtain a duplicate receipt, complete a Missing Receipt Form (available on the City's Intranet) and attach it to the CAL-Card log before forwarding to Approving Official.

The cardholder should not delay processing the monthly statement due to missing receipts.

Approving Official Responsibilities

An Approving Official is a person in the organization who approves cardholder purchases, verifies purchases are made only for official City use, and performs the following functions:

- Ensures CAL-Cards issued under their authority are used properly
- Reviews and certifies reconciled CAL-Card logs to ensure receipts and documentation are in order
- Ensures reconciled CAL-Card log, itemized receipts, and all appropriate documentation are received for each cardholder account
- Sign CAL-Card log indicating verification and approval
- Forward each CAL-Card log to the Administrative Services Analyst by the 10th of each month

Departure of Employee

If an employee terminates employment with the City, the CAL-Card must be returned to the Approving Official prior to the last day of employment with the City. The Approving Official forwards the employee's CAL-Card to the Program Administrator who will cancel the card with U.S. Bank and destroy the CAL-Card.

If an employee is transferred to another department, the Cardholder's Approving Official should notify

the Program Administrator of this change. In consultation with the new Department Head for the transferred employee, the Program Administrator will determine if the employee will continue to use the CAL-Card in their new department. If the Department Head in the new department decides that it is appropriate for the transferred employee to continue using a CAL-Card, the Program Administrator will change the cardholder's Approving Official.

Administrative Services Department Responsibilities

The Administrative Services Department is designated to receive and review the monthly invoice and authorize payment to U.S. Bank Visa.

Administrative Services Department functions:

- Receives and reviews the monthly Financial Summary/Invoice
- Receives and reviews certified CAL-Card logs from Approving Officials
- Submits invoice for timely payment
- Monitors the Invoice Status Report for invoice payments, past due debit or credit balances
- Monitors the Disputed Transaction Report for new, pending and resolved disputes, and reported fraud transactions

Program Administrator Responsibilities

The Program Administrator is responsible for the City's overall CAL-Card program administration and is the primary contact for U.S. Bank. The Program Administrator is also responsible for developing procedures, providing training, and ensuring compliance with the City's procedures and the terms of the CAL-Card Master Service Agreement.

The Program Administrator:

- Provides oversight responsibilities for the City of Mission Viejo's CAL-Card program
- Distributes information to Cardholders, Approving Officials, and Administrative Services Department
- Serves as primary contact for Cardholders and Billing Officials, and serves as liaison between Cardholders, Billing Officials, and U.S. Bank
- Develops and updates CAL-Card policies and training, and ensures program compliance at all levels
- Audits receipt retention and program compliance
- Notifies Cardholder's Approving Official of noncompliance issues
- Coordinates new account setups as well as account terminations
- Orders cards, card changes, and account changes
- Coordinates account maintenance changes in Access On-Line (revisions to addresses, spending controls, MCC blocking)
- Authorizes temporary changes for the Cardholder's spending limit, or Merchant Category Code (MCC) blocking
- Reviews renewal information for all accounts nearing expiration
- Orders reports
- Reviews declined transactions to limit fraudulent activity

Requesting a CAL-Card

All requests to participate in the City's CAL-Card Program shall be submitted by the Department Head to the City Manager and Program Administrator for approval. The Department Head will complete and sign the Authorization and Request for CAL-Card form, including appropriate dollar limits, transaction limits.

After providing the required codes and limits, the Department Head will forward the request to the Program Administrator who will complete the approval process. After U.S. Bank processes the card request, the Program Administrator will receive and distribute all procurement cards. Each employee participating in the CAL-Card program will be required to complete and sign the Cardholder Procurement Card Agreement before receiving their card; this agreement will also be made part of the employee's permanent personnel file. Each cardholder will also be required to attend a training session on the use of the procurement card.

Cardholder Spending Limits

The Program Administrator sets the maximum dollar amount for each single purchase and a total for all purchases made with a CAL-Card within a given billing cycle (30 day limit). Each time a Cardholder makes a CAL-Card purchase, these limits are verified and authorized by U.S. Bank Visa. If a single transaction or a 30 day limit is exceeded, the transaction is declined.

Unique situations may arise when a purchase exceeds a Cardholder's established limits. Prior to purchase, the Cardholder must contact the Department Director to request an increase in spending limits. The Department Director will then work with the Program Administrator to request a temporary increase to the Cardholder's spending limits. *At no time will this increase in spending limits circumvent City of Mission Viejo purchasing policies and procedures.*

Spending Controls

A number of unique controls have been established to ensure proper use of the CAL-Card. Spending controls are defined at both the Cardholder and the Approving Official levels and are established at account setup. Only the Program Administrator is authorized to make changes to the established spending controls.

The City of Mission Viejo uses the following spending limits:

- 1. Single Purchase Limit – \$5,000**
- 2. 30-Day Purchase Limit – varies based on department needs, average of \$5,000**
- 3. Merchant Category Codes** – In addition to dollar limits, a separate spending control based on merchant classification is established at the cardholder level. This control prevents cardholders from using the card at certain merchants. A list of merchant categories has been defined for the CAL-Card program.

Approved Uses

The CAL-Card is to be used only for official City of Mission Viejo business and only by the cardholder whose name is on the card*. The CAL-Card can be used for the purchase of approved supplies and certain services that cost less than \$5,000, including tax, as long as the vendor accepts VISA credit cards and the purchase is within the employee's approved merchant category codes, spending and/or transaction limits.

*Staff currently occupying the positions of Executive Administrator and Executive Assistant (or equivalents) are authorized to book business travel for City Council and City Manager using the CAL card assigned to the City Manager.

The CAL-Card can also be used to acquire necessary products and/or services during a City Manager proclaimed emergency, a State of California Emergency Proclamation, or a Presidential Declaration. Authorized situations include, but are not limited to, mutual aid response by outside agencies during any level of Emergency Declaration.

Prohibited Uses

The State of California has excluded the purchase of certain products or services from the CAL-Card program. The State has disabled the Merchant Category Codes embedded in the CAL-Cards for the following items:

- Financial institution/manual cash
- Financial institution/auto cash
- Financial institutions/merchandise
- Non-Financial Institutions/Foreign Currency/Money Order/Travelers Checks
- Security brokers and dealers
- Timeshares
- Fines
- Bail bond payments
- Wire transfer – money order
- Dating and escort services
- Massage parlors
- Betting/track/casino/lotto
- Tax Payments

The City of Mission Viejo also prohibits the following:

- Purchase personal items
- Split purchases to circumvent purchasing dollar limits
- Alcoholic beverages
- Ammunition
- Cellular Phones and Pagers and/or Related Monthly Service Charges
- Professional/Consultant Services
- Instructors, Speakers, or Performers
- Rentals and leases

The City Manager CAL-Card can only be used for travel-related expenses for self and current City Councilmembers.

The City's Purchasing Agent and/or the Cardholder's Approving Official reserve the right to add other prohibitions as needed.

Disputes

It is the cardholder's responsibility to resolve any questionable or disputed items on the Statement of Account. If any items purchased with the CAL-Card are found to be defective or unacceptable, the cardholder has the responsibility to return the item(s) to the merchant for replacement or credit. If the merchant refuses to replace the item or issue a credit, the purchase of this item will be considered to be in dispute. Any such disputes must be explained on the Cardholder Statement of Questioned Item (CSQI) form. A copy of the completed CSQI form should be retained for any follow-up with U.S. Bank Government Services, and another copy should be attached to the Statement of Account.

U.S. Bank Government Services must receive the dispute form on or before the 60th day after the close of the billing cycle, otherwise the dispute will automatically be denied, regardless of its validity.

After disputing an item, the cardholder should receive an "Acknowledgement of Dispute" letter from U.S. Bank Government Services. After the dispute is resolved, the cardholder should receive a "Resolution of Dispute" letter.

Mail CSQI form to:

*U.S. Bank Government Services
P.O. Box 6346
Fargo, ND 58125-6346
Fax: (701) 461.3466*

Home Depot Commercial Credit Card

A Home Depot Commercial Credit buyer identification card may be assigned for use by City staff when requested by the Department Director. This card can be used at Home Depot in person or online when making approved City purchases. Use of this card is not intended to, nor will it be used to, circumvent any existing statutes, laws, or City of Mission Viejo procurement procedures and policies.

Each employee assigned a card is responsible for turning in all receipts and invoices for payment within the 30-day account terms.