



PURCHASING MANUAL

DECEMBER 2000

CITY OF HEALDSBURG
ADMINISTRATIVE POLICY

Date: December 1, 2000
Effective: December 1, 2000

SUBJECT:

Purchasing Manual

PURPOSE

The intent of this policy is to establish efficient procedures for the purchase of supplies, services and equipment at the lowest possible costs as provided for in Ordinance No. 934.

The provisions included in the attached Purchasing Manual dated December 2000 will be followed when purchasing/procuring supplies, equipment and services.

The Purchasing Policy herein stated shall become effective upon the date of approval and signature by the City Manager. All prior purchasing policies shall be deemed canceled as of this date.

 /s/ Greg Rogers
Greg Rogers, Finance Director

 /s/Chet Wystepek
Chet Wystepek, City Manager

INTRODUCTION

In 1996 and in 1999, the Healdsburg City Council adopted ordinances establishing the City's purchasing system to establish efficient procedures for the purchase of supplies, services and equipment at the lowest possible cost commensurate with quality needed, to exercise positive financial control over purchases, to clearly define authority for the purchasing function, and to assure the quality of purchase. The information mentioned below is taken directly from Ordinance Numbers 934 and 954, passed and approved by the Healdsburg City Council on December 2, 1996 and May 4, 1999.

BIDDING

The purpose of the bid process is to ensure that the city gets the kind of services, supplies, and equipment that is needed at the lowest possible cost. Also, the bid process gives vendors who offer services and items to the City equal chance to sell to the City.

If a Healdsburg based business is not included in the three written or verbal quotes, the requesting department must attach a brief note describing the effort made to solicit bids from the businesses based within Healdsburg's City Limits.

COMPETITIVE BIDDING GUIDELINES

The following bidding guidelines should be utilized for the purchase of **supplies, equipment and services with an estimated value of:**

1. *Five hundred dollars (\$500.00) or less - informal quotes* should be obtained from vendors, but are *not required*.
2. *Five hundred one dollars (\$501.00) to five thousand dollars (\$5,000.00) - informal quotes must be received-- in writing* or taken verbally and logged *in writing*.
3. *Five thousand one dollars (\$5,001.00) to twenty five thousand dollars (\$25,000.00) - written quotations* from vendors must be obtained. At the *discretion* of the *City Manager* and the *Purchasing Officer*, the *formal sealed bid procedures may be followed*, except that the award of contract or rejection of bids may be by the Purchasing Officer.
4. *Twenty five thousand one dollars (\$25,001) and greater - formal sealed bids are required. Advertising* the notice inviting bids in a newspaper is **necessary**. Bids are awarded by Council.
5. Electric Department purchases between **\$25,001 and \$75,000** may be authorized by the City Manager. Formal bidding process must be used. Council authorization required for amounts over \$75,000.
6. For *products* or *services*, which are purchased on a regular basis throughout the year, the bidding procedures used will be consistent with the *estimated cumulative expenditures during a twelve (12) month period*.

FORMAL SEALED BID PROCESS

When the estimated amount of value involved exceeds twenty-five thousand dollars (\$25,000.00), the purchase shall be made by the City Council through a sealed competitive bid process as outlined below:

- a. Notice inviting bids should include a general description of the services and/or articles to be purchased or sold, where bid blanks and specifications may be obtained, the time and place for bid openings, and whether a bid deposit or bond will be required.
- b. Notice inviting bids shall be published in a newspaper generally available throughout the City.
- c. The Purchasing Officer shall also directly solicit sealed bids from known responsible prospective suppliers whose names are on the bidders list or who have requested their names to be added thereto and may advertise the notice inviting bids in applicable publications.
- d. When deemed necessary by the Purchasing Officer or City Council, any bidder may be required to submit a bid deposit or bond in an amount determined by the Purchasing Officer or City Council. Bidders shall be entitled to return of bid security, provided, that a successful bidder shall forfeit his bid security upon refusal or failure to execute the contract within ten days after the notice of award of contract has been mailed, unless the city is responsible for the delay. The City Council may, on refusal or failure of the successful bidder to execute the contract, award it to the next lowest responsible bidder. If the City Council awards the contract to the next lowest bidder, the amount of the lowest bidder's security shall be applied by the City to the difference between the low bid and the second lowest bid, the surplus, if any, shall be returned to the lowest bidder.
- e. When deemed necessary by the Purchasing Officer or City Council, any person or entity entering into a contract with the City may be required to furnish a faithful performance deposit or bond in an amount determined by the Purchasing Officer or City Council.
- f. Sealed bids shall be submitted to the purchasing officer and shall be identified as bids on the envelope. Bids shall be opened in public at the time and place stated in the public notices. A tabulation of all bids received shall be open for public inspection during regular business hours for a period of not less than thirty (30) calendar days after the bid opening.
- g. At its discretion, the City Council may reject all bids presented and re-advertise for bids.
- h. Contracts shall be awarded by the City Council to the lowest responsible bidder, except as otherwise provided herein.
- i. If two (2) or more bids received from responsible bidders are for the same total amount or unit price, quality and service being equal, preference shall be given to the local vendor, or the City Council may accept the lowest bid made by negotiation with the tie bidders and the Purchasing Officer at the time of bid opening.

PURCHASING AWARD: FACTORS TO BE CONSIDERED

Guidelines for evaluating bids shall include:

- a. The ability, capacity and skill of the bidder to perform the contract or provide the service required.
- b. The ability of the bidder to perform the contract or provide the service promptly, or within the time specified, without delay or interference.
- c. The reputation and experience of the bidder, including the City's previous experience with the bidder.
- d. The quality, availability and adaptability of the supplies or contractual services to the particular use required.
- e. The ability and availability of the bidder to provide future maintenance and service for the use of the subject of the contract.
- f. The conditions attached to the bid by the bidder.

SERVICE CONTRACTS

Professional Services Contract

Contracts are usually prepared for professional services. While bids for goods and services are always awarded to the lowest qualified bidder, a contract may be negotiated with a professional who is qualified to do work in a certain field. For major contracts, the best qualified to do work in a certain field. For major contracts, the best-qualified professional is identified through a "Request for Proposal" (RFP) process. Contracts valued at \$25,000 or less are subject to the purchasing procedures described herein and may be let on a purchase order basis. Contracts of \$1,500 or less require only the approval of the Department Head. Those costing between \$1,500 and \$25,000 also require the approval of the Purchasing Officer, Department Head and City Manager. Contracts over \$25,000 require the approval of the City Council.

For the awarding of a contract for professional services valued at over \$25,000, the department(s) in charge must prepare and distribute a Request for Proposal describing the services needed and the qualifications the City would require. A **minimum of three proposals**, whenever possible, must be received and evaluated. Suggested guidelines for evaluating proposals are described below.

In case of non-routine or nonrecurring types of contracts, interviews by the Department Heads involved may also be used in this evaluation process. The Department Head(s) responsible will then make a recommendation to the City Council. The City Manager's concurrence in the recommendation is provided for in the City Council agenda process. A majority vote of the members of the City Council present is necessary for approval.

Suggested guidelines for the evaluation of professional service proposals:

Amount of experience in the area of service

- volume in relation to total volume of the firm
- length of time involved in the area
- experience of the key personnel
- number of staff qualified in the area
- present activities and number of projects

Financial profile

- estimated annual capacity
- cost of the proposal
- banking reference
- financial capability

General Business Profile

- average volume of work over the last five years in dollars
- largest job at any time
- approximate office space (in square feet)
- outside consultant and associates usually employed
- names of business references
- former firm names.

Other Services Contracts

For services, which are purchased repeatedly through the year, the bidding procedures used will be consistent with the **estimated cumulative expenditures during a twelve (12) month period**. All contracted services involving **cumulative expenditures of over \$500.00** will be formalized in a **contract**. Approval for Other Services Contracts will be the same as mentioned above in the **Competitive Bidding Guidelines**.

PURCHASE AGREEMENTS

Purchase Agreements up to an amount of twenty-five thousand dollars (\$25,000.00) may be authorized by the Purchasing Officer. Purchase Agreements **exceeding twenty-five thousand dollars (\$25,000.00)** shall be authorized by City Council.

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SURPLUS SUPPLIES AND EQUIPMENT

At such times as determined by the Purchasing Officer, reports shall be prepared showing all supplies and equipment which are no longer used or which have become obsolete or worn out. The Purchasing Officer shall have the authority to sell, trade or exchange all supplies and equipment. All surplus property valued at **more than five hundred dollars (\$500.00)** requires a

Council Resolution declaring it surplus. Upon declaration of an asset as surplus, the City Manager shall have the authority to dispose of supplies and equipment in whatever manner shall best serve the interests of the City. Surplus property shall be offered first for gift or sale to local public schools and then to local 501(c)(3) charitable organizations before being disposed of by other methods.

INSPECTION AND TESTING OF PURCHASES

The Purchasing Officer shall order the inspection of supplies and equipment delivered to determine their conformance with the specifications set forth in the order or contract. The purchasing officer shall have authority to require chemical and physical tests of samples submitted with bids and samples of deliveries which are necessary to determine their quality and conformance with the specifications.

EXCEPTIONS TO COMPETITIVE BIDDING

The following are **exempt** from the competitive bidding procedures:

1. Purchase of products or services which can be provided by only one (1) supplier or only from one (1) source due to a patent or copyright;
2. Contracts for advertising, ordinary travel expense items, subscription to publications.
3. Situations where no bids have been received following bid announcements or all bids received exceed budget appropriations or costs estimates.
4. Emergency conditions which require that an order be placed with the most expedient source of supply.
5. Products or services for which other public agencies have gone through a competitive bidding process and are able to have the bid prices they received extended to the City of Healdsburg. These "cooperative purchasing" or "piggyback purchasing" agreements (including, but not limited to, CCOP State Department of General Services, U.S. General Services Administration, Los Angeles County, Sonoma County and State Cooperative Purchasing pools) may satisfy the competitive bidding requirement and the Purchasing Agency does not need to solicit additional bids.
6. Public projects over \$5,000 as defined by the State of California in the Public Contracts Code, relating to "Contracting by Local Agencies and Cities, Section 20160, et seq."

CAL CARD CREDIT CARD

Departments are authorized to initiate Cal Card procurement for materials, tools or supplies with any individual value of \$500.00 or a cumulative value of \$1,500.000 except when such items are included in inventory or under annual contract for supplies.

CONTRACTS FOR SUPPLIES

Procurement Services will bid or negotiate annual supply contracts for estimated annual volumes based on unit prices or discounts from established commodity pricing lists. Annual contracts may include such items as office supplies, housekeeping supplies or other items where Purchasing Services deem a material costs savings can be achieved.

ANNUAL SERVICE CONTRACTS

Procurement Services will bid or negotiate service contracts for recurring services including but not limited to janitorial, radio, computer, copier, and hearing and air conditioning maintenance. Annual contracts will address the needs for all departments and will generally be limited to areas funded by City wide service funds. Exceptions shall include park maintenance, traffic signal maintenance, tree trimming and relative recurring needs.

VISA CARDS

All departments will utilize VISA Cards for conference meetings, training, registration fees, travel and hotel costs subject to department procedures.

CENTRALIZED PURCHASING

Purchasing Services or other Finance Department divisions will prepare all purchase orders. Departments will request procurement of any item not addressed otherwise herein through a Request to Purchase form. The Finance Department may utilize any procurement techniques described herein within bidding limits.

PUBLIC WORKS PROJECTS

Public Works Annual Contracts

Procurement Services in cooperation with the Departments will identify recurring variable quantity needs for public construction and shall bid annual contracts on behalf of the Department. Such annual contracts shall include but are not limited to recurring sidewalk removal and replacement, patching, trench excavation and backfill, water service replacement, and minor water and/or sewer main replacements. Such contracts shall be bid in accordance with Public Works Contract Guidelines.

Other Public Works Project Contracts

The departments are required to bid on a competitive formal sealed basis all projects costing over \$5,000. Advertising the notice inviting bids in a newspaper is necessary. For projects costing between \$1,500 to \$25,000, award of contract or rejection of bids shall be made by the Purchasing Officer. Projects under \$1,500 may be awarded by a Department Head. For projects costing over \$25,000, award of contract or rejection of bids shall be made by the City Council.

For minor public works projects costing \$500 - \$5,000, informal quotes either received or taken verbally and logged in writing shall be obtained. Award of contract or rejection of bid shall be made by the Purchasing Officer.

All public works construction contracts shall be signed by the City Manager. For change orders, the following approvals are required prior to payment authorization:

1. Change orders below \$5,000 or end of contract quantity balancing shall be in writing with approval by the department head.
2. Change orders over \$5,000 but less than \$25,000 shall be in writing with approval by the Department Head and City Manager.
3. Change orders over \$25,000 shall be in writing with approval by City Council.

VEHICLE AND SPECIALIZED EQUIPMENT

These items shall be submitted annually for approval to the City Council as part of a multi-year pay-as-you-go vehicle service and budget. Procurement Services will bid vehicles and specialty equipment utilizing the City's competitive bidding guidelines.

Specialty Vehicles

For the purchase of specialty vehicles (police cars, electrical line trucks, fire trucks, transit vans, and other similar vehicles), if such vehicles are available through State Cooperative Purchasing or other approved pool programs, the above bidding policy shall be deemed satisfied.

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Routine Vehicles

In the purchasing of routine vehicles, other than specialty vehicles, the State Cooperative Purchasing or other approved pool prices shall be considered bona fide bids.

INVENTORY MATERIALS, OTHER EQUIPMENT AND NON- INVENTORY MATERIALS

Inventory materials

Procurement Services will be responsible for purchasing inventory materials and will follow the City's Competitive Bidding Guidelines. Inventory items that are bid shall utilize all approved vendors in the bid process. For all inventory procurement costing under \$25,000, the General Services Manager is the designee of the Finance Director.

Other equipment and non-inventory materials

The departments or Procurement Services will procure other equipment and non-inventory materials following the City's competitive bidding guidelines.

NCPA PROCUREMENT

Procurement on behalf of Northern California Power Agency (NCPA) shall be in accordance with the agreement between the City and NCPA which currently provides award to the lowest responsible bidder or through State Cooperative Purchasing utilizing the City procurement rules.
