



ADMINISTRATIVE PROCEDURES

PURCHASING POLICY

AP-001

Finance Department
February 2023

TABLE OF CONTENTS

1. Procurement Overview / General Information 1

 1.1. Definitions 1

 1.2. Code of Ethics 3

 1.3. Conflict of Interest 3

 1.4. Prohibition Against Splitting of a Bid or Project; Circumvention of Procurement Requirements 3

 1.5. Expenditure of Public Funds 3

 1.6. Unauthorized Purchases 4

 1.7. Recycled Product and Environmentally Sustainable Procurement 4

 1.8. Local Preference 4

 1.9. Capital Assets 4

 1.10. Federal or Passthrough Funding 4

 1.11. Self-Accrual of Sales Tax 5

 1.12. Document Retention and Office of Record 5

2. Limits 5

 2.1. Authority Limits 5

 2.2. Purchasing Limits 7

3. Solicitation Types and Award Methods 11

 3.1. Formal Bidding 11

 3.2. Informal Bidding 12

 3.3. Requisitions and Purchase Orders 12

 3.4. Contract Types 15

 3.5. Contract Award Methods 17

 3.6. Contract Determination 17

 3.7. Contract/Agreement Procedures 17

 3.8. Contract Templates 18

 3.9. Contract Amendments 19

 3.10. Public Works Projects Bidding Requirements 21

4. Non-Competitive Procurement 23

 4.1. Cooperative Purchasing 23

 4.2. Piggyback Agreements 23

 4.3. Sole Source, Sole Brand 23

 4.4. Request for Exceptions to Bidding Requirements 24

 4.5. Exceptions to Bidding Requirements – Approved Purchase Types 25

- 4.6. Procurement Due to Emergencies; Unusual and Compelling Urgencies26
- 5. Payment Authorization Form.....27
- 6. Disposition of Surplus Property27
- 7. Step by Step Procedures28
 - 7.1. RFP/RFB – General Services and Professional Services.....28
 - 7.2. RFP Procedures – Pre-Qualification Services.....28
 - 7.3. RFB Procedures28
 - 7.4. Routing Procedures28

1. PROCUREMENT OVERVIEW / GENERAL INFORMATION

The purpose of the Purchasing Policy relates to the authority granted by City Council in the adoption of City Council Policy F-14 as an “Administrative Procedure.” This Administrative Procedure shall apply to the procurement of *public works, goods, equipment, materials and services*. The Purchasing Policy provides a comprehensive set of policies and procedures to ensure the City procures the highest-quality, environmentally sustainable public works, goods, equipment, materials and services at the lowest total cost; to comply with applicable Federal, State and local laws and regulations; and mitigate the risks of doing business through the contracting process.

Charter Section 1106 establishes a centralized purchasing system to be used by all City departments. The intent of a centralized purchasing system is:

- a) To obtain the highest possible value in exchange for public funds;
- b) To provide for the fair and equitable treatment of all suppliers and contractors; and
- c) To safeguard the quality and integrity of the purchasing process.

All City employees shall adhere to the Purchasing Policy when obtaining public works, goods, equipment, materials, and services necessary in fulfilling their duties to the community and its citizens.

All City employees shall impartially assure fair competitive access to City procurement opportunities by responsible suppliers and contractors. In addition, all City employees shall conduct themselves in a manner that avoids any impropriety, or appearance of impropriety, and that fosters public confidence in the integrity of the City’s procurement process.

1.1. DEFINITIONS

The following are definitions of the mechanisms and terms most commonly used by the City’s procurement process:

“Blanket Purchase Order” (BPO): An agreement between the supplier and organization to deliver goods or services with a set price on a recurring basis over a specified time period.

“Capital assets”: Equipment or furniture at a unit cost of \$5,000 or greater (including tax, shipping and installation) with a useful life of two years or greater are considered Capital Assets.

“Consultant”: The individual or entity that enters a contract with the City to provide professional services in the form of advisement, the proposal of solutions, design services, or the like.

“Contracts for public works”: Contracts used for the construction or improvement of public buildings, works, streets, drains, sewers, utilities, parks or playgrounds, and every purchase of supplies or materials for any such project, as well as all projects for the maintenance or repair of such facilities intended to extend their useful life.

“Contractor”: The individual, partnership, or corporation that enters into a contract with the City for specific tasks that has a set completion date.

“Emergency”: A public disaster or similar situation where there is an immediate need to prepare for national or local defense; a breakdown of critical machinery or the loss of ability to perform an essential service immediately affecting public health, safety, or welfare.

“Federal or pass-through funding”: Funds from federal grants or awards received directly by the City or from a pass-through agency such as the State of California.

“Formal bidding”: Procurement that meets the requirements of federal, state, and local law, and any policies and procedures approved by the City Council or City Manager consistent with the Purchasing Policy.

“General services”: Service types that are not public works, or professional in nature, also known as non-professional services. These services are typically operational, including, but not limited to printing, transportation, tailoring, rentals, recycling, laundry, and towing.

“Independent instructional and recreation contractors”: Independent contractors for instructional, educational, cultural, or recreational purposes where the fees paid by the City are based upon either a percentage of fees collected by City for a program or on a flat rate basis for tasks performed by the contractor.

“Informal bidding”: Procurement where a bid, quote or estimate is obtained through a vendor letter quotation or proposal, vendor e-mail quotation, online, pricing on a City-generated response form or pricing solicited from research such as internet pricing.

“Legal services agreements”: Contracts for legal services and outside counsel to the City Attorney.

“Maintenance and repair”: Services that are not strictly professional in nature but where such maintenance and repair services extend the life of City assets, facilities and/ or infrastructure.

“On-call services”: Services including, but not limited to, professional services, maintenance and repair services, that are needed from time to time where the size of the job does not warrant the expense of entering into individual agreements for each service.

“Professional services”: Services of a professional nature, and due to the ethical codes of some of the professions involved, as well as the nature of the services provided, do not readily fall within the competitive bidding process.

“Public projects”: The construction, reconstruction, erection, alteration, renovation, improvement, demolition, and repair work involving any publicly owned, leased or operated facility. This includes the painting and repainting of any publicly owned, leased or operated facility.

“Purchasing”: The office within the City’s Finance Department responsible for the procurement of goods, equipment, materials, and services.

“Purchase Order” (PO): A legally binding document issued by Purchasing that authorizes a purchase transaction and once accepted by a vendor, becomes a contract binding on both parties. A Purchase Order sets forth the descriptions, quantities, prices, discounts, payment terms, date of performance or shipment, other associated terms and conditions, and identifies a specific vendor.

“Purchase Requisition” (PR): A formalized request from a department to Purchasing to procure goods, equipment, materials and services.

“Qualifications-based selection”: Process used to select a consultant or service provider in cases where the desired services dictate that factors other than pricing are appropriate for proposal evaluation.

“Qualified contractors”: Contractors licensed by the State to perform the subject work.

“Service Purchase Order” (SPO): Purchase Order for low-risk, low dollar services such as basic repair and maintenance conducted on City property.

“Sole source” and “sole brand”: A situation where only one individual or entity is capable of providing a good, equipment, material or service, or there is only one brand of the good, equipment, material or service, and therefore it would be impossible, not practical, or would not provide any competitive advantage to solicit proposals, bids or statements of qualifications from multiple sources.

“Vendor”: Individual or entity that provides goods, equipment, materials, or services to the City.

1.2. CODE OF ETHICS

The City desires to maintain a reputation that embodies the very highest standards of ethical conduct and advocates a code of conduct that prohibits breach of public trust by any attempt to realize personal gain by a public employee through conduct inconsistent with the proper discharge of the employee's duties.

City employees shall demonstrate loyalty to the City by diligently following lawful instructions, using reasonable care, and using only authority granted. City employees are expected to know and obey the letter and the spirit of laws governing the purchasing function and remain alert to the legal ramification of purchasing decisions.

It is the responsibility of all City employees to endeavor to maintain the good name of the City, to develop and maintain good relations between the City and its suppliers, and to keep in mind that personal contacts form much of the basis for public opinion. City employees must place the interests of the City first in all transactions and expose questionable practices wherever discovered.

1.3. CONFLICT OF INTEREST

Section 3.4 of the Employee Policy Manual – Conflicts of Interest and Acceptance of Gifts and Other Gratuities – must be followed. Negotiations with suppliers shall be based on sound business judgment. The City expects its employees to be fair and neither perform nor accept favors. It is prohibited for City employees to accept, solicit, or demand personal advantages. Entertainment, gifts, free services, discounts on personal purchases, whether for the City employee or anyone else in his/her family or household is forbidden. Favors must be declined, and gifts must be returned pleasantly, diplomatically, and firmly. Relations with suppliers should be friendly, objective, and strictly for business.

Upon discovery of an actual or potential conflict of interest, an employee shall immediately withdraw from further participation in the procurement process

Any violations of these requirements shall subject the employee or agent to disciplinary actions. Questions regarding potential conflicts of interest shall be directed to the Human Resources Department, to seek final determination from the City Attorney as appropriate.

1.4. PROHIBITION AGAINST SPLITTING OF A BID OR PROJECT; CIRCUMVENTION OF PROCUREMENT REQUIREMENTS

The splitting of a bid, separating of a project into smaller units, or the intentional mischaracterizing or misclassifying the scope of work for a project for the purpose of evading the provisions of this Purchasing Policy or any of the City's procurement requirements is prohibited. Splitting or separating a transaction includes reducing the amount of any supplies or nonprofessional services to be furnished to the City under circumstances where there is a reasonable knowledge that the same supplies or nonprofessional services will be additionally required within the same fiscal year, there are funds available for that purchase, and the sole purpose is to knowingly avoid formally calling for bids.

1.5. EXPENDITURE OF PUBLIC FUNDS

Except in cases of emergency or in cases where specific authority has been first obtained from the City Manager, the following requirements apply for all expenditure of public funds:

- a) The funds must have been appropriated by the City Council, either as part of the adopted budget approved via resolution, or through a properly approved Budget Amendment authorized under the terms outlined in City Council Policy F-3.
- b) Bids or competitive proposals may be required depending on the amount of the purchase of the goods, equipment, materials, or services purchased.
- c) A contract or PO may be required depending on the amount of the purchase of the goods, equipment, materials, or services purchased.

1.6. UNAUTHORIZED PURCHASES

A PO or contract is required for all purchases over \$5,000. A PO must be issued **before** the vendor provides the goods, equipment, materials or services. City Staff **shall not** authorize vendors to proceed with fulfilling orders to fulfill or provide services unless a PO has been issued. Exceptions are set forth in [Section 3.3.2](#).

- a) Unauthorized purchases are void and not considered an obligation of the City.
- b) Invoices without an authorized PO shall be returned to the department or vendor unpaid.
- c) POs shall be issued to a vendor when ordering supplies and services and not “after the fact” for work already done or materials already ordered.

Approval of unauthorized purchases shall follow [Section 4.4](#) and require City Manager approval prior to processing or City Council approval should the limit exceed the authority of the City Manager.

1.7. RECYCLED PRODUCT AND ENVIRONMENTALLY SUSTAINABLE PROCUREMENT

Preference shall be given for the purchase of recycled content products whenever the fitness and quality are no less than or equal to; and the cost is available at no more than the total cost of the non-recycled products; as detailed in AP-005 of the City’s Administrative Procedures.

1.8. LOCAL PREFERENCE

Preference shall be given to individuals and entities maintaining an established place of business within the City, quality and prices being equal.

1.9. CAPITAL ASSETS

Capital assets will be assigned a capital asset number by Finance. Questions about the classification of a capital asset are determined by the City’s Accounting division. A PO must be issued (Service Purchase Orders and Blanket Purchase Orders are not allowed). At the time of receipt, an asset tag will be issued and affixed to the asset by Finance. The City’s Fleet Services Division is responsible for all vehicle purchases, along with all other “rolling stock” requiring DMV registration and/or maintenance, such as golf carts.

Aggregate assets over their capitalized limit should be considered capital assets, such as the purchase of multiple computers costing \$1,200 each where the capitalized limit is \$5,000.

1.10. FEDERAL OR PASSTHROUGH FUNDING

Procurements expending funds from federal grants or awards received directly by the City from the general government or from a pass-through agency such as the State of California, must comply with the provisions of Title 2 of the Code of Federal Regulations (CFR) 200.318 through 200. 327. This includes procurements made in preparation of, during, and after an emergency declared by the President of the United States and that may be subject to federal funding or reimbursement.

The expenditure of contracts involving federal funds is detailed in the City’s Administrative Procedures AP-014.

1.11. SELF-ACCRUAL OF SALES TAX

Per State of California Franchise Tax Board regulations, the City is responsible for paying sales tax on all purchases (unless specifically tax-exempt). Sales tax is typically invoiced for purchases and paid directly to the vendor, but for transactions with vendors that do not collect sales tax (e.g., internet/online vendors or out-of-state vendors), the City is responsible for self-accruing the sales tax amount and paying directly to the State of California as use tax on a quarterly basis.

When obtaining bids, the omission of sales tax is not permitted in evaluating bids and formulating potential cost savings. If a vendor submits a bid without a listed sales tax amount, the evaluating department shall include the appropriate sales tax amount when evaluating the bid.

1.12. DOCUMENT RETENTION AND OFFICE OF RECORD

The City Clerk’s Office is the office of record for all contracts entered into by the City. The City Clerk assigns a contract number to each contract and maintains a document image database with all fully executed contracts in accordance with the City’s record retention policies and applicable state and federal law.

2. LIMITS

2.1. AUTHORITY LIMITS

The authority to enter into original contracts is delegated as summarized in the tables below. Further details are included in the subsequent subsections.

Reference Table – Authority Limits for Contract Approvals Amount

Authority	Professional Services, On-Call Agreements, and General Services	Independent Recreation Contractors	Public Works, Maintenance & Repair Agreements*	Legal Service Agreements
City Attorney	N/A	N/A	N/A	Notify City Council of any agreements that exceed \$120,000 on not less than a quarterly basis.
Director	Not to exceed \$75,000	Notice to City Manager when exceeding \$75,000	Not to exceed \$75,000	N/A
City Manager & Assistant City Manager	Not to exceed \$120,000	Notice to City Council when exceeding \$120,000	Not to exceed \$120,000	N/A
City Council	All	All	All	All

* Maintenance and Repair Agreements used to perform public works

Reference Table – Authority Limits for Contract Approvals Term (inclusive of all amendments)

Authority	Professional Services, On-Call Agreements, General Services and Independent Recreation Contractors	Maintenance & Repair Services
Director and City Manager	Up to 5 years	Up to 10 years for defined/fixed agreements Up to 5 years for on-call agreements
City Council	At discretion	At discretion

2.1.1. CITY MANAGER

The City Manager is authorized to award and sign all contracts and agreements for services or PRs for the acquisition of public works, goods, equipment, materials or services, without prior City Council approval, in an amount not to exceed \$120,000, provided funding is available as part of the annual approved budget. The City Manager has authority to approve requests for budget increases without City Council approval at the level set forth in the City Council Policy F-3 (Budget Adoption and Administration), Section E-1. For public works projects, the applicable amount is \$120,000 as adjusted in accordance with Charter Section 1100. With the exception of grants and donations, which are covered in City Council Policies F-3, F-25 and B-17, the City Manager is authorized to sign all contracts without prior City Council approval where the City is receiving or expending an amount not to exceed \$120,000. The City Manager’s authority shall not be delegated below the Assistant City Manager level.

2.1.2. DEPARTMENT DIRECTOR

Department Directors, including the City Attorney and City Clerk, are authorized to award and sign contracts or PRs for the acquisition of public works, goods, equipment, materials or services, without prior City Manager or City Council approval, in an amount not to exceed \$75,000, provided funding is available as part of the annual approved budget. The Department Director’s authority may not be delegated below the Assistant or Deputy Director level.

- a) The Human Resources Director shall have authority to enter into contracts to resolve claims, litigation and other legal disputes where the City is receiving or expending an amount not to exceed \$75,000. This authority may not be delegated below the Department Deputy Director or Risk Manager level.
- b) The City Attorney is authorized to award and sign contracts for all services for outside counsel, investigators, and experts related directly to and necessary for prosecution and defense of pending litigation as defined in the Brown Act, and for services for outside counsel, investigators, and experts necessary to address other pending or potential legal claims or legal issues so long as funds for outside counsel, investigators, experts and related legal services were approved by the City Council as part of the approved annual budget. The City Attorney shall keep City Council informed regarding any such expense that exceeds \$120,000 on not less than a quarterly basis and shall seek budget amendments, if needed, within a timely fashion.

Examples of Authority Limits.

- i) *Situation: Department has a \$74,000 contract request.*
Solution: Department Director may award and sign the contract.
- ii) *Situation: Department has a \$100,000 contract request.*
Solution: The City Manager may award and sign the contract.
- iii) *Situation: Department has a \$130,000 contract request.*

Solution: The contract must go to the City Council for authorization to award the contract and the Mayor, Mayor pro tem, or the City Council's designee shall sign the contract.

Authority limits shall be assessed based on the entire term of a contract. Example:

A five-year contract valued at \$50,000 per year is considered a \$250,000 contract and requires City Council approval. Any additional terms that may be added by the exercising of an option are considered part of the overall term of the contract.

2.2. PURCHASING LIMITS

The following limits are applicable when purchasing goods, equipment, materials, and services, inclusive of taxes, shipping, and handling charges, with exceptions listed in [Section 4.5](#).

2.2.1. INFORMAL BIDDING LIMIT

Purchases up to \$5,000:

A PR form, PO or Payment Authorization form is not required. A SPO is required in such instances where services are conducted on City property such as but not limited to consulting, maintenance, repair or installation.

For the submittal of invoices for purchases up to \$5,000, the original department shall indicate on the invoice "Goods and Services Received," affix the appropriate budget number(s) and signature(s) and forward the invoice to Accounts Payable.

All departments should periodically review vendor lists and obtain competitive quotations to ensure the best price and value for all purchases. Purchasing maintains a list of the City-authorized vendors that shall be made available upon request.

There are some instances in which a vendor will require a PO to complete an order despite the total purchase amount being less than \$5,000. In these instances, the department should submit a PR for electronic approval and Purchasing shall timely issue a PO.

Purchases over \$5,000 and up to \$25,000:

Department is required to submit PR for electronic approval and Purchasing will issue a PO. For services conducted on City property, a SPO is required. For services conducted outside of City property that are low risk such as equipment repair, printing, or embroidery, the department shall submit a PR for electronic approval.

A minimum of one (1) informal bid is required and may be obtained by either the department or Purchasing. If department wishes to obtain bids, Purchasing staff maintains the City-authorized vendors that shall be made available upon request, and bids must be attached to the PR form. In the City's best interest, Purchasing, at its sole discretion, may require a minimum of three (3) informal bids.

SPOs shall not exceed \$10,000 per PO or \$20,000 per vendor, per department per fiscal year.

To reduce risks associated with certain services, Purchasing may require the use of a separate written contract in a form approved by the City Attorney. These services include but are not limited to the following:

- a) Removal of hazardous waste;

- b) Construction services;
- c) Major software license agreements;
- d) Work that takes longer than a year to complete; and
- e) Goods purchased which require servicing by the same vendor.

For services conducted on City property over \$10,000 and up to \$25,000, a contract is required, however Purchasing, at their its discretion, may require a formal solicitation for services.

Purchases of goods, equipment, materials, or services over \$25,000 and up to \$75,000:

Department is required to submit a PR for electronic approval and Purchasing will issue a PO. A minimum of three (3) informal bids must be obtained by either the department or Purchasing and bids must be attached to the PR.

For services conducted on City property, a contract is required, however the Purchasing Division, at its sole discretion, may require a formal solicitation for services. For services not conducted on City property, and are of low risk, Purchasing may require the use of a separate written contract in a form approved by the City Attorney or request the department to submit a PR for electronic approval.

2.2.2. FORMAL BIDDING LIMITS

Purchases over \$75,000 and up to \$120,000:

Formal bidding coordinated by Purchasing staff is required unless a specific waiver is approved in writing by the City Manager. The Purchasing and Contracts Administrator, or designee, shall review and approve the bids. Should a PO be required, department must submit a PR for electronic approval by the Department Director and Purchasing will issue a PO.

Purchases over \$120,000:

The City Council must approve all purchases exceeding \$120,000. Formal bidding coordinated by Purchasing staff is required and a contract for goods, equipment, materials, and services is required unless a specific waiver is approved by City Council. The Purchasing and Contracts Administrator, or designee, shall review and approve the proposal or bid. Should a PO be required, the department must submit a PR for electronic approval by the Department Director and Purchasing will issue a PO.

Reference Table – Purchasing Limits for Goods, Equipment, Materials and Services (non-public works projects)

Amount	Solicitation Method	Min. # of Quotes/Proposals	Procedures
Up to \$5,000*	None required	1	Direct Pay (except for services completed on City property).
			P-Card (see AP-003 for restrictions to charges allowed by P-Card) - tiers may differ according to the preauthorized level.
			PR for PO/BPO/SPO.
			Purchasing may require a contract for services completed on City property.
Over \$5,000, up to \$25,000*	Informal bid	1	P-Card (see AP-003 for restrictions to charges allowed by P-Card) - tiers may differ according to the preauthorized level.
			PR for PO/BPO/SPO (SPO may not exceed \$10,000 per PO, per vendor, and \$20,000 total per vendor, per department, per fiscal year).
			For services on City property, a contract is required for a single service above \$10,000 and service above \$20,000 in a fiscal year. A contract may be required for services outside of City property.
Over \$25,000, up to \$75,000*	Informal bid	3	PR for PO/BPO.
			A contract is required for all services completed on City property and a contract may be required for services outside of City property.
Over \$75,000, up to \$120,000*	Formal bid	1	PR for PO/BPO
			A contract is required for all services completed on City property. A contract may be required for services outside of City property, goods, equipment, and materials.
Over \$120,000*	Formal bid	1	PR for PO/BPO – City Council approval required.
			City Council approval is required. A contract is required for all services completed on City property. A contract may be required for services outside of City property, goods, equipment, and materials.

*Inclusive of taxes, shipping, and handling charges

Reference Table – Purchasing Limits for Contracts

Service Type	Amount	Process Type	Facilitator	Proposals Received	Min. # of Proposals	Evaluation	Approval
Professional Services	Up to \$25,000	Informal RFP	Department	Letter Proposal/ Quote	1	Department Discretion / Pre-Qualification	Department Director
	Over \$25,000 to \$75,000	Informal RFP	Department	Letter Proposal/ Quote	3	Department Discretion / Pre-Qualification	Department Director
	Over \$75,000	Formal RFP/RFQ	Purchasing	Sealed Proposals + Sealed Fees Separated	1	Review Board - QBS / Pre-Qualification	City Manager up to \$120,000 / City Council when exceeding \$120,000
Non-Public Works On-Call, Maintenance & Repair Services	Up to \$25,000	Informal bid, RFP/RFE	Department	Letter Proposal/ Quote or Bid	1	Department Discretion / Pre-Qualification	Department Director
	Over \$25,000 to \$75,000	Informal bid, RFP	Purchasing	Letter Proposal/ Quote or Bid	3	Review Board – Cost Consideration	Department Director
	Over \$75,000	Formal RFP/RFB	Purchasing	Sealed Proposals (Fees Included) or Bids	1	Review Board – Cost Consideration	City Manager up to \$120,000 / City Council when exceeding \$120,000
General Services	Up to \$25,000	Informal RFP RFE	Department	Letter Proposal/ Quote or Bid	1	Department Discretion / Pre-Qualification	Department Director
	Over \$25,000 to \$75,000	Informal RFP	Department	Letter Proposal/ Quote	3	Department Discretion / Pre-Qualification	Department Director
	Over \$75,000	Formal RFQ/RFP / RFB	Purchasing	Sealed Proposals + Sealed Fees Separated	1	Review Board - QBS / Pre-Qualification	City Manager up to \$120,000 / City Council when exceeding \$120,000
Public Works Projects, Public Works Related Maintenance & Repair Services	Up to \$25,000	Informal bid, RFP/RFE	Department	Letter Proposal	1	Department Discretion / Pre-Qualification	Department Director
	Over \$25,000 to annually adjusted limit by City Council resolution	Informal bid, RFP	Purchasing	Letter Proposal/ Quote or Bid	3	Review Board – Cost Consideration	Department Director up to \$75,000, City Manager up to \$120,000 / City Council when exceeding \$120,000
	Over annually adjusted limit by City Council resolution	Formal RFB	Department	Sealed Proposals + Sealed Fees Separated	1	Review Board	City Council

3. SOLICITATION TYPES AND AWARD METHODS

3.1. FORMAL BIDDING

The limit for formal bidding requirements of public works projects shall follow Charter Section 1110 and the procedures are outlined in [Section 3.10](#). Procurement of public works projects may be conducted by the Public Works department. The procurement of non-public works related goods, equipment, materials and services shall be coordinated by Purchasing staff. Templates and directions for issuing and conducting formal bidding processes are detailed in the Intranet and [Section 7](#). Types of formal procurement methods include:

- a) Request for Bids (“RFB”): RFBs are generally used for the solicitation of scheduled/fixed maintenance and repair services, non-professional services, purchase of goods, materials or equipment, and public works projects. An RFB is known as a *formal means of awarding a PO or contract*; a bidding process takes place in which vendors submit sealed bids and there is a public bid opening. RFBs that exceed the informal bidding limit referenced in [Section 2.2.1](#) shall be facilitated by Purchasing. Bids shall be awarded to the lowest responsible bidder and as such, all critical factors shall be disclosed in the RFB document as to allow for objective evaluation. Generally, no other factor aside from cost should be considered in the evaluation of bids.
- b) Request for Proposals (“RFP”): An RFP is another formal means of awarding a project or contract coordinated through Purchasing staff when the City realizes a service need but is either unsure how, or is open to, suggestion on how to approach said need. Seeking proposals by means of an RFP enables the City to consider extraneous factors and award contracts based on a “best fit” basis, aside from cost.

RFPs related to Professional Services which require a high degree of technical or individual skill shall be based on demonstrated competence and utilize a Qualifications-Based Selection (QBS). Examples of Professional Services are found under [Section 3.4](#).

- c) Qualifications-Based Selection (“QBS”) Processes: Proposals received in response to an RFP for Professional Services shall be evaluated in accordance with a QBS process. QBS is used to determine contract award because these services dictate that factors other than pricing are appropriate for proposal evaluation. There are two different QBS processes, the use of which is determined by the type of service being procured. Refer to the list of professional services in [Section 3.4](#) to determine whether the QBS process is required.
 - i) Professional Services: RFPs for these services shall be structured so that all proposals received contain cost elements in a sealed envelope separate from all other elements of the proposal. Proposals shall be evaluated based on the QBS procedure outlined in [Section 7.1](#).
 - ii) Services Relating to Capital Improvement, Construction for the Improvement of Construction of Public Works, and Applicant-Funded Projects: RFPs for these services may follow the procedures listed above for Professional Services, or depending on the nature of the project, a “Pre-Qualification” process may be utilized. Detailed instructions for this process shall be found in [Section 7.2](#).
- d) Request for Qualifications (“RFQ”): An RFQ is used as part of the informational phase of the RFP process and enables the City to gauge interest on a potential RFP or a shortlist of interested firms based on qualifications. For Professional Services, an RFQ may also be used to develop a Pre-Qualified Consultant list, as detailed in [Section 7.3](#).

Awards of contracts may be on an individual basis, a group basis, or on a low total bid basis for the total contract amount, whichever is determined to be in the best interest of the City. Awards may be made to a secondary, and in some cases, tertiary or more vendors when there is a reasonable possibility of supply or service disruption and having an alternate source is clearly in the best interest of the City. The process for multiple awards on a low total bid basis is based on the following:

- a) Primary award shall go to the lowest responsible bidder; secondary award will go to the second lowest responsible bidder, etc.
- b) The primary contractor will always be contacted first and, only if that contractor is unable to provide the required supply or service within the time required, shall the secondary contractor, etc. be contacted.

When it is in the best interest of the City, a pre-bid meeting shall be held. The purpose of the meeting is to further define or detail the City's needs and to answer or understand the issues associated on the part of the bidder. Any changes, deletions, additions, or clarification to the bid solicitation will be issued as an Addendum to the bid posting. Pre-bid meetings shall not be mandatory unless it is clearly in the best interest of the City.

3.2. INFORMAL BIDDING

The informal bidding limits shall follow [Section 2.2.1](#) and the requirements and procedures for public works projects shall follow [Section 3.10.2](#). Types of informal procurement methods include:

- a) Request for Estimate ("RFE"): An RFE is an *informal means of awarding a PO* and may be facilitated by the department or Purchasing. Pricing received from vendors through the course of an RFE process may be a vendor letter quotation, vendor e-mail quotation, pricing on a City-generated response form or pricing obtained from research such as internet pricing. An RFE is generally used to obtain simple, small-scale goods, equipment and materials that are in accordance with the informal bidding limit.
- b) Request for Proposals ("RFP"): An RFP may be used as an *informal means of requesting a proposal directly to a consultant related to the City's provided statement of work or specifications for a non-public works project or procurement* and may be coordinated through the department. RFPs are not typically appropriate for award to the lowest responsible proposer submitting a responsive proposal. Prior to releasing an informal RFP, the department shall prepare a combination of the following elements:
 - i) Statement of Work or Specification
 - ii) Schedule of Timelines
 - iii) Deliverables
 - iv) Sample Contract
 - v) Terms and Conditions
 - vi) Special Contractual Requirements
 - vii) Submittal Instructions
 - viii) Evaluation Criteria

3.3. REQUISITIONS AND PURCHASE ORDERS

3.3.1. REQUISITION PROCESS

A request for goods or services is entered electronically into the financial system by the department requisitioners for conversion into a PO by the Purchasing Division. The PR is approved electronically by the appropriate department designee, but never by the same employee who entered the PR.

The Purchasing and Contracts Administrator, or designee, retains the authority to place the PR and controls all documentation related thereto. The Purchasing and Contracts Administrator may delegate

authority to the requisitioner to place orders against a SPO or BPO as set forth in the Purchasing Policy. The Purchasing and Contracts Administrator may delegate authority to a Senior Buyer and/or Buyer to process the PR at a limit approved by the Finance Director.

All PRs must contain or reference a comprehensive scope of work, specification sheet and detailed pricing information. This information may be in the form of a referenced contract, PO Exhibit, detailed proposal, or stated on the face of the PO. A PR must include a detailed description of the good or service, proper account number, vendor number, quantity, price, and vendor and staff email address. All required supporting documentation must be attached to the electronic PR prior to management approval. Detailed procedures relating to entering PRs are set forth in the "Purchasing & Contracting Training Materials" section posted on the Intranet.

PRs entered into the financial system without the necessary supporting documentation and/or do not meet requirements according to [Section 2.2](#) shall be rejected.

3.3.2. PURCHASE ORDERS

A standard PO sets forth the descriptions, quantities, prices, discounts, payment terms, date of performance or shipment, other associated terms and conditions, and identifies a specific vendor. A PO encumbers a portion of the budget for a specific purchase.

Some purchases are not readily adaptable to the PO process. These purchases are usually for items where the competitive process is not applicable. These purchase exceptions are submitted to Accounts Payable for payment processing. The following are examples of allowable exceptions:

- a) Asset seizure payments/evidence reimbursements;
- b) Payment for procurement through a City Procurement Card;
- c) Collection services;
- d) Escrow fees, and closing and rehabilitation loans (wire transfers);
- e) Fiscal agent trustee fee;
- f) Payroll deductions;
- g) Refunds, rebates, and reimbursements (including petty cash);
- h) School tuition;
- i) Employee benefit payments;
- j) Commission and committee member stipends;
- k) Utilities (gas, electricity, water, etc.); and
- l) Expenses for travel and conferences.

Additional types of POs include:

- a) Blanket Purchase Order (BPO): Used for the purchase of goods within the current fiscal year. BPOs are encumbered in the financial system, and therefore, **shall only be valid for the current fiscal year**. The authority to place orders against the BPO is delegated to the requisitioner by Purchasing. Purchasing shall review BPO requests based upon the following criteria:
 - i) Geographic location
 - ii) Responsiveness and capabilities
 - iii) Average dollar value and type of items purchased
 - iv) Frequency of need
 - v) Vendors pricing methodology

BPO's shall follow the bidding requirements for POs and each item shall not exceed \$25,000. The department shall provide a rate sheet, a detailed quote, or reference an online price guide with a list of the items purchased throughout the fiscal year. For vendors where the purchase of items exceeds ten (10) types of items, a rate sheet or detailed quote shall include a minimum of the top ten (10) items purchased by quantity or amount. BPOs that are over \$25,000 and up to \$75,000 shall follow the bidding requirements where rate sheets or detailed quotes are required. BPOs that are over \$75,000 shall follow the formal bidding process. BPOs over \$120,000 shall require Council approval.

If the vendor for the BPO has undergone a competitive bidding process or is associated with a Cooperative Purchasing Agreement, then the items purchased using the BPO must be consistent with the underlying contract/sole source dollar value as set forth in this procedure and cannot exceed the expiration date of the underlying agreement or current fiscal year, whichever expires first.

At the end of each fiscal year, all BPOs are closed, requiring a new BPO to be generated for ongoing requirements.

Payments for orders against BPOs are facilitated through the City's electronic invoice approval process, with specific account codes applied per invoice.

- b) Service Purchase Order (SPO): Used for the purchase of services that present a low risk to the City within the current fiscal year. SPOs are encumbered in the financial system, and therefore, shall only be valid for the current fiscal year. The authority to place orders against the SPO is delegated to the requisitioner by Purchasing. It is the responsibility of the requisitioner to ensure the insurance requirements of the City are met and insurance documentation is available for review before a SPO is issued. Purchasing shall review SPO requests based upon the following criteria:
- i) Geographic location
 - ii) Responsiveness and capabilities
 - iii) Average dollar value and type of services required
 - iv) Frequency of need
 - v) Vendors pricing methodology
 - vi) Certificate of Insurance
 - vii) Risk to the City

Should a single service exceed \$10,000, a contract shall be required. The purchase of the service shall not be split among two or more SPOs.

3.3.3. PURCHASE ORDER CHANGE ORDER

- a) In order to minimize administration costs and efforts associated with completion of procurements, all departments have authority through a written request to the Purchasing Division for a change order to the PO of up to fifteen percent (15%) of the PO amount or a PO total of \$5,000, for the purchase of any good, equipment, material or service issued. A written request to decrease a PO may be requested without obtaining approval. Change orders for BPOs and SPOs may be increased to the pre-approved purchasing limit maximum.
- b) Any change order that exceeds fifteen percent (15%) of the original PO amount shall be electronically approved through the requisition process. Change orders where the new cumulative total of the PO amount exceeds the City Manager's signature authority shall require approval from City Council prior to execution.

3.4. CONTRACT TYPES

The City utilizes written contracts to document each party's obligation and to minimize the City's risks during the performance of work. The written contract often incorporates much more detail than a PO alone provides, especially related to the operating terms and conditions, the details of the transaction itself, insurance and liability. Contracts include standard terms and conditions that serve as the framework and a statement of work that serves as the substance, of the contract. During the course of the relationship between the parties, the contract serves as a point of reference which may quickly resolve any misunderstanding. The following is a list of the various types of contracts and agreements that are available for departments to enter into with a consultant or contractor.

- a) **On-Call Agreements:** These agreements are typically for professional services and maintenance and repair services that are needed from time-to-time where the size of the job does not warrant the expense of entering into individual agreements for each service. For example, an On-Call Agreement may be used to contract with an electrician who may be called on to perform minor electrical repair work on an as-needed basis. On-Call Agreements shall not extend longer than five (5) years, unless otherwise approved by the City Council.

- b) **Professional Services Agreements:** These agreements/contracts are reserved for firms performing services of a complex and highly technical nature therefore making factors other than pricing necessary in determining contract award. For purposes of this procedure and City Council Policy F-14, Professional Services Agreements shall be used for all services listed as "Professional Services" below. Professional Services Agreements are also required for applicant-funded projects.
 - i) Engineering (civil, mechanical, electrical, structural, traffic, geotechnical, etc.);
 - ii) Building Plan Review and Grading Plan Review and/or Inspection Services;
 - iii) Architecture, Landscape Architecture;
 - iv) Construction Project Management;
 - v) Environmental Review;
 - vi) Planning, Plan Review Services;
 - vii) Economic Analysis;
 - viii) Property Appraisals;
 - ix) Land Surveying;
 - x) Financial Services;
 - xi) Data Processing Services;
 - xii) Legal Services not otherwise authorized in [Section 2.1.2](#);
 - xiii) Artist; and
 - xiv) Training and Temporary Labor Services.

- c) **Non-Professional Services Contracts:** Also referred to as General Services, the City shall select service contractors through a Request for Proposals (RFP) or a Request for Bids (RFB) process, whichever serves the City's best interest. Contracts through a RFB process shall be awarded based solely on pricing and minimum qualifications to determine the lowest responsible bidder. Contracts through an RFP process shall be awarded based on both qualifications and pricing to determine the best value to the City. Services that are not strictly professional in nature but where such services are needed by the City include, but are not limited to the following:
 - i) Janitorial Services;
 - ii) Printing Services;
 - iii) Closed Circuit Television Services;
 - iv) Steam Cleaning;
 - v) Window Washing; and

vi) Refuse Collection.

- d) Maintenance and Repair Contracts: Include, but are not limited to: pavement patching, roof repairs, heating and air conditioning repairs, electrical repairs, painting of public buildings, plumbing and facilities maintenance services.

If a contract for these types of services is fixed or a defined nature (not on-call) and over the annually adjusted limit by City Council resolution, the City shall follow the Charter Section 1110 as a public works contract. If the contract for these types of services is on-call, the City may select services contractors through an RFP or RFB process, whichever serves the City's best interest based on the service to be provided. Contracts through an RFB process will be awarded based solely on pricing and minimum qualifications to determine the lowest responsible bidder. Contracts through an RFP process will be awarded based on both qualifications and pricing to determine the best value to the City.

- e) Independent Instructional and Recreation Contractors: Department Directors are authorized to award and sign contracts with independent contractors for instructional, educational, cultural, or recreational purposes where the fees paid by the City are based upon either a percentage of fees collected by the City for a program or on a flat rate basis for tasks performed by the contractor. Contracts with such independent contractors may be up to five (5) years in duration but must include a termination clause granting the City the right, at its sole discretion and with or without cause, to terminate the contract at any time by giving seven (7) calendar days' prior written notice to the contractor. Should fees paid to any contractor exceed \$75,000 during the term of the contract, the Department Director shall provide written notice to the City Manager identifying the program and independent contractor. The City Manager shall give written notice to the City Council should fees paid exceed \$120,000.
- f) Legal Services Agreements: City Council Policy F-14 delegates the authority to award and sign contracts for legal services and outside counsel to the City Attorney. The City Attorney shall notify the City Council of any such agreements that exceed \$120,000 on not less than a quarterly basis.
- g) Public Works Contracts: Used for the construction or improvement of public buildings, works, streets, drains, sewers, utilities, parks or playgrounds, and every purchase of supplies or materials for such project, as well as all projects for the maintenance or repair of such facilities intended to extend their useful life.

Public works projects that are above the limit for small public works project as defined by the Department of Industrial Relations (DIR) and below the formal bidding limit shall utilize the Public Works Informal Contract approved by the City Attorney.

- h) Purchase and Installation Agreements: Used for the procurement of goods, equipment, and materials in addition to a service element where the total exceeds the informal bidding limit. These procurements may be conducted through issuance of a Purchase Agreement. These agreements contain insurance and liability provisions that are needed to protect the City when dealing with the purchase of special, complex, or risk prone goods, equipment, material or services. The Purchase Agreement is not intended to replace the City's standard contracts and agreements; rather it serves to bridge the gap between POs and contracts or agreements in liability protection afforded to the City.
- i) Performance Agreements: Used for performers, speakers, or entertainers providing services on City property at a designated time.

3.5. CONTRACT AWARD METHODS

- a) Public Works Contracts: Contracts for public works where the total expenditures for the project exceed the annually adjusted limit specified by City Council resolution, shall be awarded consistent with the provisions of Charter Section 1110 and Chapter 15.75 of the Newport Beach Municipal Code and applicable provisions of the California Public Contract Code.

On-call maintenance and repair contracts for a public works project shall not be used for a project that exceeds the annually adjusted limit specified by City Council resolution as detailed in City Charter Section 1110 unless the use of the contract is first approved by City Council.

- b) Non-Public Works Contracts: Contracts for non-Public Works Contracts shall follow the limits established in Purchasing Limits (reference [Section 2.2](#)) using the Solicitation Types (reference [Section 3](#)).
- c) Contracts for Federal or Pass-Through Funding: Procurements expending funds from federal grants or awards received directly by the City or from a pass-through agency such as the State of California, must comply with the provisions in [Section 1.10](#).

3.6. CONTRACT DETERMINATION

If the department is unsure as to which process is required for a particular project, Purchasing shall assist in determining how a service will be procured. Purchasing staff shall make this determination based on City Council Policy F-14 requirements, precedent, and if necessary, consultation with the City Attorney's Office (CAO). The CAO shall also be consulted as to which contract form is appropriate for each service request. There are some instances in which the procurement of a service will not require a formal contract; Purchasing shall determine these instances and issue a PO attached with a Purchase Agreement.

3.7. CONTRACT/AGREEMENT PROCEDURES

In instances where a written contract or agreement may be required to initiate service with a contractor or consultant, each City department shall have a designated Contract Facilitator or Facilitators who shall handle all contractual matters for their respective department in coordination with the CAO.

- a) Contract/Agreement Type.
The specific contract or agreement for the project will be determined during Contract Determination, prior to the RFB or RFP being published. The Contract Facilitator may obtain a template of the proper contract or agreement through "Contract Worksheets & Samples" on the Intranet or Purchasing may also furnish Contract Facilitator with a copy of the proper document form. The Contract Facilitator shall be responsible for obtaining the City Manager's approval for accommodating a vendor's request for exception or modifying a contract template.
- b) Support Documentation.
For any contract or agreement, Contract Facilitator will need four (4) key pieces of information: Scope of Work, Fee Schedule, contracts worksheet and Secretary of State Statement of Information. The Scope of Work and Fee Schedule shall be included as Exhibits in a finalized contract and provided to the Contract Facilitator by Purchasing, compiled as part of the RFP process. If the department facilitated an informal RFB or RFP process, the Scope of Work to be attached to a contract is the scope that is developed by the department as opposed to a scope that the proposed contractor or consultant submits. The Contractor Facilitator shall ensure the proper signatories are requested.
- c) Insurance Requirements.

All contractors and consultants engaged in business with the City are required to maintain certain minimum insurance requirements (subject to change based on project at hand and with the approval of the City's Risk Manager). Department is responsible to verify insurance fulfillment, secure proper documentation and obtain approval from the City's Risk Manager. Insurance requirements are listed in the draft agreement available on the Intranet.

d) Routing Procedures.

Contract Facilitator shall route completed contracts through the proper departmental approval channels prior to presenting the contract to the CAO for approval as to form. Detailed routing instructions based on contract type are included in [Section 7.4](#) and available on the "Contract Worksheets & Samples" in the Intranet.

e) Purchasing Assistance.

Purchasing shall assist all departments in completing any of the processes outlined in this section, upon request.

f) Staff Report Template and Routing Procedures.

Templates are available through Word's "My Templates" and on the intranet at <http://citynet.newportbeachca.gov/index.aspx?page=187&parent=7>.

3.8. CONTRACT TEMPLATES

A list of the most frequently used contract types is as follows:

a) Professional Services

Professional Services Agreement
CEQA Professional Services Agreement
On-Call Professional Services Agreement
Amendment to Professional Services
Legal Service Agreement

b) Maintenance / Repair and /or Janitorial Services

Maintenance and Repairs Services Agreement
As Needed Maintenance and Repair Services Agreement
Purchase and Installation Agreement
Janitorial Services Agreement

c) Recreation Instructor Agreements

Independent Contractor Agreement: Recreation Instructor
Independent Contractor Agreement: Personal Trainer
Independent Contractor Agreement: Sports Official/Umpires
Independent Contractor Agreement: Senior Services
MOU: Youth Sports Commission Member Organizations

d) Performance Agreements

e) Public Works Formal and Informal Contracts

f) Purchase and Installation Agreements

g) Employment Agreements

Temporary Employment Agreement
Post ERIP Temporary Employment Agreement

h) Franchise Agreements

Commercial Solid Waste Non-Exclusive Franchise Agreement

i) Parking Agreements

Model Non-Reciprocal Access and Parking Agreement
Model Reciprocal Access and Parking Agreement

Contract Templates are available on the intranet at

<https://staffweb.newportbeachca.gov/Employee-Corner/Administrative-Policies-Procedures/Contract-Worksheets-Samples>

3.9. CONTRACT AMENDMENTS

If circumstances arise that were not reasonably foreseeable by the parties at the time of contracting which make extra work or material necessary for the proper completion of the service originally contracted for, a contract amendment and corresponding increase in total contract amount may be necessary. Under those circumstances, the City Manager, Department Directors, City Clerk and City Attorney are authorized to amend contracts as outlined below. For purposes of this policy, "total contract amount" is defined as the total consideration paid over the term of the agreement, including any previous amendments to the contract. "Original contract amount" is defined as (i) the amount of compensation agreed upon when the contract was first entered into or (ii) in the case of a contract approved by City Council, the amount of compensation that **includes the amendment most recently approved by the City Council and all preceding amendments**, whether approved by City Council or City Manager.

The City Manager may sign and award any contract amendment, including but not limited to, amendments to extend the term of a contract, so long as the total contract amount as amended does not exceed \$120,000 and the maximum allowable contract term. For contracts approved by the City Council, the City Manager may sign and award any contract amendment or number of amendments, including but not limited to, amendments to extend the term of a contract, so long as the total contract amount does not exceed 125% of the original contract amount or the original contract amount plus an additional \$120,000, whichever amount is less.

The Department Director, including the City Clerk, or City Attorney, who entered into the contract, or whose department is designated as the contract administrator in the contract, may sign and award any contract amendment, including but not limited to, amendments to extend the term of a contract, so long as the total contract amount as amended does not exceed \$75,000 and the maximum allowable contract term.

In certain situations, a contract amendment may be needed that will cause the total contract amount to exceed the City Manager's amendment signature authority, and the timing is such that a work stoppage or other undesirable consequence will result if approval of the change is delayed until the next City Council meeting. In these situations, the City Manager may approve an amendment that increases the total contract amount up to 150% of the original contract amount. Within twenty-four (24) hours, the City Manager shall notify the City Council Members of any such amendment.

Public works construction contracts are amended through the construction contract change order procedure, as set forth in the Public Works Formal Contract.

Reference Table – Contract Amendments

Authority	Professional Services, On-Call Agreements, and General Services	Independent Recreation Contractors	Public Works and Public Works Related Maintenance & Repair Agreements*	Legal Service Agreements
City Attorney	N/A	N/A	N/A	Notify City Council of any agreements that exceed \$120,000 on not less than a quarterly basis.
Director	Not to exceed a total contract amount of \$75,000	Notice to City Manager when exceeding \$75,000	Not to exceed a total contract amount of \$75,000	
City Manager & Assistant City Manager	1. Not to exceed a total contract amount of \$120,000; OR 2. Whichever is less: a. 125% increase of original contract (or last City Council approved amount); or b. Not to exceed an increase of \$120,000.	Notice to City Council when exceeding \$120,000	1. Not to exceed a total contract amount of \$120,000; OR 2. Whichever is less: a. 125% increase of original contract (or last City Council approved amount); or b. Not to exceed an increase of \$120,000.	N/A
City Council	All	All	All	All

*

Examples of Contract Amendment Limits.

- a) *Situation: Department has an original contract for \$50,000 and needs to process a contract amendment adding \$24,000 to the contract, bringing it to a total of \$74,000.*

Solution: Department Director may authorize and sign this amendment because the total contract amount is \$74,000 which is still under the \$75,000 limit for Department Directors.

- b) *Situation: Department has an original contract for \$70,000 and needs to process a contract amendment adding \$10,000 to the contract, bringing it to a total of \$80,000.*

Solution: The City Manager must authorize and sign this amendment because the total contract amount is \$80,000 which is beyond the Department Director authority limit, but still under the City Manager authority limit.

- c) *Situation: The City Council has previously approved a contract for \$100,000 and there is a request to process a contract amendment adding \$25,000 to the contract, bringing it to a total of \$125,000.*

Solution: The City Council must approve this amendment because even though the amount of the addition (\$25,000) is well within the City Manager’s authorization limit of 25%, the total contract amount is beyond the City Manager’s authorization limit of \$120,000 and must be approved by the City Council.

d) *Situation: The City Council awards and signs a contract for \$600,000.*

(i) *First Scenario: Contract needs to be amended to add \$100,000 to the contract amount.
Solution: City Manager may sign since the additional \$100,000 is less than 25% of the original contract amount and not more than \$120,000.*

(ii) *Second Scenario: The contract needs to be amended by \$130,000.
Solution: The amendment must go to the City Council for authorization because \$130,000 exceeds the City Manager's authority of \$120,000 even though it does not exceed 25% of the original contract amount.*

e) *Situation: The City Council awards and signs a contract for \$400,000 and contract needs to be amended to add \$110,000 to the contract amount.*

Solution: This amendment must go to the City Council for authorization since it exceeds 25% of the original contract amount even though it is within the City Manager's authority limit of \$120,000.

f) *Situation: The City Council awards and signs a contract for \$400,000 and contract was amended and approved by City Council to add \$100,000 to the contract amount. The amended contract amount is \$500,000. The contract needs another amendment to add \$100,000 to the contract.*

Solution: The amendment is within the City Manager's authority limit of \$120,000 or 25% as the last approved amount by City Council is \$500,000.

g) *Situation: The City Council awards and signs a contract for \$400,000 and contract was amended by the City Manager to add \$80,000 to the contract amount. The contract was amended again and approved by City Council to add \$120,000. The new contract amount after the second amendment is \$600,000. The contract needs another amendment to add \$100,000 to the contract.*

Solution: The new amendment is within the City Manager's authority limit of \$120,000 or 25% as the last approved amount by City Council is \$600,000.

3.10. PUBLIC WORKS PROJECTS BIDDING REQUIREMENTS

Contracts for public works where the total expenditure for the project or contract exceed the formal bid dollar amount adjusted annually specified by City Council resolution, shall be awarded consistent with the provisions of Charter Section 1110 and Chapter 15.75 of the Newport Beach Municipal Code and relevant provisions of the California Public Contract Code. This section will outline the formal and informal bidding procedures for expenditures related to public works.

3.10.1. FORMAL BIDDING PROCESS

Notice inviting formal bids shall state the time and place for the receiving and opening of sealed bids and distinctly describe the project. The notice shall be published in the official newspaper of general circulation by one or more insertions; the first of which shall be at least ten (10) days before the time for opening bids.

The notice inviting formal bids shall also be sent electronically, if available, by either facsimile or electronic mail, and mailed to applicable construction trade journals. The notice shall be sent at least ten (10) calendar days before the date of opening the bids.

All bids shall be accompanied by either a certified or cashier's check, or a bidder's bond executed by a corporate surety authorized to engage in such business in California, made payable to the City. Such security shall be in an amount not less than that specified in the notice inviting bids or in the specifications referred to therein, or if no amount be so specified then in an amount not less than ten percent (10%) of the aggregate amount of the bid. If the successful bidder neglects or refuses to enter into the contract, within the time specified in the notice inviting bids or in the specifications referred to therein, the amount of his or her bidder's security shall be declared forfeited to the City and shall be collected and paid into its general fund, and all bonds so forfeited shall be prosecuted and the amount thereof collected and paid into such fund.

In its discretion, the City Council may:

- a) Reject any and all bids presented and readvertise in its discretion; or
- b) Without advertising for bids, or after rejecting bids, or if no bids are received, declare and determine that, in its opinion, based on estimates approved by the City Manager, the work in question may be performed better or more economically by the City with its own employees or the supplies or materials may be purchased more economically on the open market, and after the adoption of a Resolution to this effect by at least five (5) affirmative votes of the Council may proceed to have said work done or said supplies or materials purchased in the manner stated, without further observance of the provisions of this section. Such contracts likewise may be let without advertising for bids, if such work or supplies or materials shall be deemed by the City Council to be of urgent necessity for the preservation of life, health or property, and shall be authorized by Resolution passed by at least five (5) affirmative votes of the Council and containing a declaration of the facts constituting such urgency.

If a contract is awarded, it shall be awarded to the lowest responsible bidder. If two or more bids are the same and the lowest, preference is given to the local provider, or the City Council may accept the one it chooses.

If no bids are received through the formal or informal procedure, the project may be performed by the employees of the public agency by force account or negotiated contract without further complying with the Purchasing Policy.

Projects for the maintenance or repair of such facilities are excepted from the requirements of this paragraph if the City Council determines that such work may be performed more economically by a City department than by contracting for the doing of such work.

3.10.2. INFORMAL BIDDING PROCESS

Each department shall defer to the Public Works Department for a list of qualified contractors as part of an informal bidder's list, identified according to categories of work. The minimum criteria for development and maintenance of the contractors list shall be determined by the Public Works Department and updated on an as needed basis. Notifications may be sent to construction trade journals and exchanges or public posting in lieu of notifications to contractors on an informal bidders list. All contractors on the list for the category of work being bid shall be mailed, faxed, or emailed a notice inviting informal bids unless the product or service is proprietary. All mailing of notices to contractors pursuant to this section shall be completed not less than ten (10) calendar days before bids are due.

The notice inviting informal bids shall describe the project in general terms and how to obtain more detailed information about the project, and state the time and place for the submission of bids.

4. NON-COMPETITIVE PROCUREMENT

Except as otherwise provided by law, the following purchases of non-public works project related goods, equipment, materials and services, shall not require compliance with the bidding requirements of this Purchasing Policy.

4.1. COOPERATIVE PURCHASING

Cooperative purchasing (“co-op”) is an optional method used to procure goods, equipment and materials that have been previously competitively awarded by another public agency. It eliminates the need for the City to facilitate its own Bid process so long as the goods, equipment or materials were procured in accordance with minimum requirements of the Purchasing policy. Please keep in mind certain cooperative purchasing offerings such as the California Multiple Awards Schedule (CMAS) may not have been previously competitively awarded or will require the City to pay an administrative fee. Please contact the Purchasing staff for more information.

Should the Purchasing and Contracts Administrator determine that the purchase of the goods, equipment, materials or services from a provider is lower than the cooperative agreement, the Purchasing and Contracts Administrator may utilize the provider.

4.2. PIGGYBACK AGREEMENTS

The City may engage in the procurement of goods, equipment, materials and services as a third-party agency “piggybacking” on another agency’s competitively bid agreement so long as the goods, equipment, materials or services were procured within the prior twenty four (24) months, are at the same or better price, terms, and/or conditions as the supplier previously offered to another city or other public agency as the lowest bidder in accordance with the bidding or proposal procedures of the City; provided that:

- a) A copy of the solicitation was obtained from the originating agency and reviewed by the Purchasing and Contracts Administrator for compliance with the Purchasing policy; and
- b) The specifications of the goods, equipment, materials or services required by the City are not materially different from those specified in the originating agency’s solicitation.

4.3. SOLE SOURCE, SOLE BRAND

Occasionally, during the procurement process, there may be situations when it would be impossible or not practical to solicit bids, in such that there is no competitive advantage to be gained by soliciting bids from multiple vendors.

The supporting documentation for a sole source or sole brand vendor shall include the following:

- a) Name and contact information of the supplier;
- b) Context of the sole source (i.e., how is this service or good used?); and
- c) Reason for the unique capability as to why this is the only source or brand available.

Additional supporting documentation for a sole source or sole brand vendor may include the following:

- a) A sole source statement/confirmation letter from the vendor stating they are the sole source vendor for the product or service;
- b) A memo detailing the timeline and justification and/or vendor response for compatibility; or
- c) A memo detailing the sole brand justification of the product or service benchmarked against the competition factoring cost.

Sole Source and Sole Brand justifications are to be utilized sparingly and only after careful consideration of all procurement options and requirements. Sole Source and Sole Brand justification must be signed by the Department Director in the format posted in Finance Forms on the Intranet, approved by the Finance Director, Deputy Director, or designee, prior to award of the contract or PO. Sole Source and Sole Brand justifications shall be valid for a period of two fiscal years.

4.3.1. SOLE SOURCE

There is only one vendor that is able to provide the service or good and there is only one specific service or good that will reasonably meet the need. The following conditions apply to a sole source vendor:

- a) The entity could be the manufacturer, distributor or reseller of the service or good.
Examples:
 - i) The manufacturer does not have authorized distributors or resellers.
 - ii) The distributor/reseller has exclusive rights for customers in a given territory.
 - iii) The manufacturer requires services, and the equipment is so specialized that only the manufacturer is capable of servicing the equipment.
 - iv) A vendor service agreement where the equipment has been purchased according to the Purchasing policy.
- b) Compatibility is an issue.
Examples:
 - i) Only one vendor carries the part or is able to provide the service to the equipment.
 - ii) Time is of the essence: there are no other vendors available to provide the service or good within the time required.
 - iii) Only one type of part will meet the performance requirements according to the manufacturer's specifications.
- c) There are no substitutes for the service or good in the market available.

4.3.2. SOLE BRAND

There is only one manufacturer/brand that is able to meet the need but the service or good may be purchased from more than one vendor. The following condition apply to a sole brand vendor:

- a) The brand matches the other brands currently in use in order to ensure standardization of service or good.
Examples:
 - i) Light poles, electronics, waste receptacles, or park benches to match the same items in the surrounding area.
- b) The attribute of the product such as performance or durability is quantifiably better than other competitive brands.
- c) Compatibility of using another brand may cause harm or risk.

Sole brand does not automatically eliminate the bidding requirements as the item may be available from more than one vendor. Sole brand cannot be based on quality without a competitive brand comparison.

4.4. REQUEST FOR EXCEPTIONS TO BIDDING REQUIREMENTS

Other exceptions to bidding that are outside of the bidding procedure outlined in the Purchasing policy are reviewed case-by-case. Instances for exception to bidding include:

- a) Having an alternative source duplicating these capabilities would result in excessive cost to the agency such as a project evaluation charge to continue an on-going project.
- b) Having an alternative source would cause a delay or risk to the continuity of the project.
- c) Knowledge and qualitative familiarity or expertise with this project through preliminary work or previous work with end-user. An excessive long-term duration (through consecutive extensions) may result in a denial.
- d) Due to an emergency or unusual or compelling urgency, the time for solicitation of service or materials will cause risk or harm to public health, safety or welfare, or City operations, personnel, or assets (reference the emergency). Under these circumstances, an Exceptions to Bidding Requirements form may be submitted after procurement of services or materials.

The lack of preparedness does not constitute an emergency or an unusual or compelling urgency.

Exception to Bidding Requirements justifications are to be utilized sparingly and only after careful consideration of all procurement options and requirements. Mere familiarity and working history with a firm is not sufficient justification for an Exceptions to Bidding Requirements award. The Exception to Bidding Requirements form is available for download on the Intranet. Justification does not automatically award and must be signed by the Department Director in the format posted in Finance Forms on the Intranet and should be submitted to Purchasing Division for review and approval by the City Manager prior to a contract or PO is issued.

4.5. EXCEPTIONS TO BIDDING REQUIREMENTS – APPROVED PURCHASE TYPES

If the amount of the procurement is above the informal Purchasing Limit stated in [Section 2.2.1](#) where a PO is required, the following shall not require sole source, sole brand, or request for exceptions to bidding requirements:

- a) Professional licenses;
- b) Professional development training;
- c) Subscriptions to publications;
- d) Dues to associations or memberships;
- e) Patented software products;
- f) Renewal of software license agreements;
- g) Maintenance agreements for software or hardware from the manufacturer, authorized distributor or reseller;
- h) Intellectual property use licenses;
- i) Postage, courier or express mail services;
- j) Books;
- k) Advertising or legal notices;
- l) Legal settlement payments;
- m) Vendor maintenance and repair agreements from the equipment supplier where the equipment has been purchased competitively;
- n) Food purchased at retail;
- o) Interagency governmental agreements or purchases from public entities;
- p) Goods or services from nonprofit organizations under funding by the county, state, or federal government grants;
- q) Insurance claims and premiums;
- r) Repairs to damaged vehicles;
- s) Utility payments;
- t) Medical payments associated with workers compensation claims;
- u) Travel expenses and advances;
- v) Printing and reprographics services; and
- w) Acquisition of artifacts or items unique intrinsic, artistic, or historical character.

4.6. PROCUREMENT DUE TO EMERGENCIES; UNUSUAL AND COMPELLING URGENCIES

The lack of preparedness does not constitute an emergency or an unusual and compelling urgency.

4.6.1. PROCUREMENT UNDER DECLARATION OF LOCAL EMERGENCY

If a contract or PO for services is necessary under the provisions of Newport Beach Municipal Code Section 2.20.020, the City Emergency Procedures shall be followed. Within five (5) days after such emergency purchase, a record of each emergency procurement shall be made setting forth the vendor's name, the amount and type of the contract, the terms of the contract, and purpose of the purchase by the department. If the contract or PO amount exceeds the signing authority of the City Manager as authorized in this policy, then that contract or PO shall be brought to the City Council at its next regularly scheduled meeting for review or authorization. If the project constitutes a public work, follow the provisions in accordance with Charter Section 1110.

Whenever possible, the City shall enter Emergency Contracts with contractors or consultants who may be relied upon to assist the City in advance of any actual emergency. Emergency Contracts, that are entered into prior to an emergency, shall be submitted to City Council for approval after being reviewed and approved by the CAO. After the Emergency Contract is approved, services provided on an emergency basis under an Emergency Contract may be retained by oral commitment of the City Manager (or, in the case of an emergency described by Newport Beach Municipal Code Section 2.20.020, the Director or Assistant Director of Emergency Services), to be memorialized in a Letter Agreement between the parties as soon as possible thereafter. When a written contract has been entered into in order to address an emergency, a copy of the written contract shall be provided to the City Clerk as soon as possible.

4.6.2. UNUSUAL AND COMPELLING URGENCY PURCHASES

An unusual and compelling urgency purchase is a procurement that is required to address a non-emergency unforeseen circumstance and serious adverse repercussions to the City will result if competitive procurement procedures are followed. A purchase is considered an urgency purchase when the existence of an unusual and compelling urgency with serious potential repercussions for the City results in the impracticality of a competitive purchase.

For all purchases in response to an urgency that are up to \$120,000, Department(s) should create standard operating procedures to obtain approval prior to executing the purchase. The Exception to Bidding form shall be submitted after execution of the purchase to Purchasing for review and routing to the City Manager for final approval. For all purchases in response to an urgency that are over \$120,000, within five (5) days after such urgency purchase, a record of each urgency procurement shall be made by the department, setting forth the vendor's name, the amount and type of the contract, the terms of the contract, and purpose of the purchase. If the contract or PO amount exceeds the signing authority of the City Manager or Department Director as authorized in this policy, then that contract or PO shall be brought to the City Council at its next regularly scheduled meeting for review or authorization. If the project constitutes a public works, the department shall follow the provisions in accordance with Charter Section 1110.

Amount	Notification & Approval	Approval Method
Over \$120,000	City Council	Memo or Staff Report
Up to \$120,000	City Manager	Exception to Bidding form
Up to \$75,000	Department *	Exception to Bidding form

*Department(s) shall define the procedures and approval process.

5. PAYMENT AUTHORIZATION FORM

There are special instances in which a good, equipment or materials or services shall not require a PO. These instances shall require the completion of a Payment Authorization form accompanied by any invoices and a justification by the departments. Payment Authorization forms may be affixed to invoices for payment only for the below listed purposes. Any other use of the form than for the purposes outlined below requires approval from the Finance Director.

- a) Debt-related payments including principal, interest, and related fees
- b) Legal fees
- c) Payroll-related payments to CalPERS, health insurance providers, and other routine payments associated with the City's payroll operations
- d) Mileage, travel, or meeting reimbursements to City employees
- e) Requests for petty cash or cash advances
- f) Payments to utility providers for water, electric, refuse, gas, or similar services
- g) Refunds paid to City customers
- h) Certain payments to other federal, state, county, or municipal government agencies (limited to the remittance of fees collected on behalf of other government agencies through the permitting process)
- i) Payments to planning consultants as outlined in this policy when the costs are paid by a developer
- j) Legal settlements and liability claims payments

6. DISPOSITION OF SURPLUS PROPERTY

Surplus property shall be disposed of by the following methods, listed below:

- a) Donation of surplus property with a fair market value of up to \$5,000 per lot to local or county government agencies, special districts, Department of Education, and non-profit organizations. Approval from the City Manager is required for the donation of any surplus property that is a capital asset or an estimated value that is over \$5,000 in a form provided by the Purchasing Division.
- b) Auction or e-waste recycling (electronic items that hold memory)
- c) Recycling
- d) In instances where a private party has expressed interest in obtaining City surplus property for a price that staff as determined to be reasonable for items with a fair market value of up to \$5,000 per lot, staff shall present the proposal to the City's Finance Director if the total purchase price is up to \$5,000 per lot, or the City Manager if the total purchase price is over \$5,000 per lot.
- e) In instances where a private party has expressed interest in obtaining City fixed assets or items with a fair market value of over \$5,000 for a price that staff has determined to be reasonable, staff shall present the proposal to the City's Finance Committee for approval or rejection.
- f) Trash
- g) When purchasing items for which it is not necessary to advertise for bids, the Purchasing and Contracts Administrator may solicit and accept advantageous trade-in allowances for surplus property that has a scrap value of up to \$5,000 per unit. Approval from the City Manager is required for the trade-in allowance for surplus property that has a scrap value over \$5,000 per unit.

7. STEP BY STEP PROCEDURES

The procedures below are accessible on the Intranet by selecting the respective link:

- 7.1. [RFP/RFB – GENERAL SERVICES AND PROFESSIONAL SERVICES](#)
- 7.2. [RFP PROCEDURES – PRE-QUALIFICATION SERVICES](#)
- 7.3. [RFB PROCEDURES](#)
- 7.4. [ROUTING PROCEDURES](#)

Approved by the City Manager: _____ Date: _____