



PINOLE CITY COUNCIL FINANCE SUBCOMMITTEE AGENDA
September 30, 2020
3:00 PM

VIA ZOOM TELECONFERENCE

DUE TO THE STATE OF CALIFORNIA'S DECLARATION OF EMERGENCY – THIS MEETING IS BEING HELD PURSUANT TO AUTHORIZATION FROM GOVERNOR NEWSOM'S EXECUTIVE ORDERS – CITY COUNCIL AND COMMISSION MEETINGS ARE NO LONGER OPEN TO IN-PERSON ATTENDANCE.

SUBMIT PUBLIC COMMENTS TO CITY CLERK BEFORE OR DURING THE MEETING VIA EMAIL

hiopu@ci.pinole.ca.us

Comments received before the close of the item will be read into the record and limited to 3 minutes. Please include your full name, city of residence and agenda item you are commenting on.

WAYS TO WATCH THE MEETING

LIVE ON CHANNEL 26. They are retelecast the following Thursday at 6:00 p.m. The Community TV Channel 26 schedule is published on the city's website at www.ci.pinole.ca.us.

VIDEO-STREAMED LIVE ON THE CITY'S WEBSITE, www.ci.pinole.ca.us. and remain archived on the site for five (5) years.

If none of these options are available to you, or you need assistance with public comment, please contact the City Clerk, Heather Iopu at (510) 724-8928 or hiopu@ci.pinole.ca.us .

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Note: Staff reports are available for inspection on the City Website at www.ci.pinole.ca.us. You may also contact the City Clerk via e-mail at hiopu@ci.pinole.ca.us .

Finance Sub-Committee Membership:

Mayor Swearingen, Mayor Pro Tem Martinez-Rubin and Treasurer Long

Staff: City Manager, Andrew Murray
Assistant City Manager, Hector De La Rosa
City Attorney, Eric Casher
Finance Consultant, Genie Rocha
Development Services Director, Tamara Miller
City Clerk, Heather Iopu

A. CALL TO ORDER

B. PUBLIC COMMENT

C. CONSENT ITEMS

1. [Approve the Minutes of the August 26, 2020 meeting](#)

D. BUSINESS ITEMS

1. [Review Revised Procurement Policy](#)
[Review and provide direction (E. Casher)]

No action is requested. The Subcommittee is an advisory committee which makes recommendations to the City Council.

E. ADJOURNMENT

Posted: September 24, 2020 at 5:00 p.m.

Heather Iopu, CMC
City Clerk

PINOLE FINANCE SUBCOMMITTEE
MINUTES
August 26, 2020

A. CALL TO ORDER

Mayor Swearingen called the meeting to order at 2:04 P.M. The meeting took place via Zoom teleconference and was broadcast from Pinole City Hall Chambers, 2131 Pear Street.

Board Members Present:

Mayor Swearingen
Mayor Pro Tem Martinez-Rubin
Treasurer Debbie Long

Staff Members Present:

City Manager, Andrew Murray
Finance Consultant, Genie Rocha
City Clerk, Heather Iopu
Development Services Director/City Engineer Tamara Miller
Senior Project Manager, Misha Kaur

B. PUBLIC COMMENT

The following speaker submitted written comments that were read aloud and will be filed with the agenda packet for this meeting: **David Rupert (Read under Item D1)**

C. CONSENT ITEMS

1. Approve the Minutes of the August 21, 2019 and May 13, 2020 meetings

Mayor Swearingen stated the August 21, 2019 meeting minutes could not be approved as the majority of committee members present were not in attendance.

Treasurer Long stated that she would prefer summary minutes with more details included rather than action minutes.

ACTION: Motion by Swearingen/Martinez-Rubin to Approve the Minutes of the May 13, 2020 meeting.

Vote: Passed 2-1 (No: Long)

D. BUSINESS ITEMS

1. Review Capital Improvement Plan 2020-21 [Review and discuss plan (T. Miller)]

Community Development Services Director/City Engineer Tamara Miller introduced the item and thanked staff who contributed to the completion of the CIP.

Senior Project Manager Misha Kaur gave a presentation highlighting the details of the CIP.

City Clerk Iopu read public comment from David Ruport, submitted for Agenda Item B.

Community Development Services Director/City Engineer Tamara Miller responded to the public comment. Noted CIP projects that have been affected by the COVID-19 pandemic.

Treasurer Long asked questions regarding details of the report; sidewalk maintenance, patching/crack seal equipment, prioritization of projects, Wastewater Treatment Control Plant Lab Remodel project, status of delayed projects and pavement maintenance program, and Hazel Street closure.

At 2:41 p.m. discussion held regarding timing of City Hall improvements such as HVAC and roof replacement.

Treasurer Long requested a clarification regarding the Waste Pollution Control Plant Lab Remodel funding sources. Director Miller responded. Treasurer Long asked that a note be added to reflect that the City of Hercules will pay 50% of the remodel project costs.

Treasurer Long asked for clarification regarding funding sources for the pavement project for Tennent Avenue from San Pablo Avenue to the treatment plant. Director Miller responded that funding sources are a combination of SB1 funds and remaining escrow funds from the control plant project account. Treasurer Long recommended that staff consider finding a way to attribute ongoing maintenance of the road to plant operations so that the Sewer Enterprise Fund could be used to cover costs.

Treasurer Long asked how residential street sign replacements are funded. Director Miller responded that these improvements are funded out of the operational budget.

Treasurer Long asked if the Faria House restoration should be included in the CIP as an unfunded project. Director Miller responded that at this time, unfunded projects are not listed in the CIP. Treasurer Long recommended that unfunded projects be included in the CIP. City Manager Murray advised that we now have an IT system that will house catalog of all the City's capital assets which will help to track unfunded projects over time.

Treasurer Long recommended that the original budget amount be maintained in the CIP as changes are made over time.

At 3:16 p.m. Mayor Pro Tem asked whether the graphs of funding sources can be added to the City's website for the public.

Mayor Pro Tem asked for clarification regarding the Bocce Ball courts and Master Plan Projects. Director Miller responded to questions.

Mayor Pro Tem requested that staff provide an update on CIP projects before the next annual review.

At 3:34 p.m. Mayor Swearingen requested a line item in the CIP for the restoration of the baseball park at Fernandez Park. Director Miller advised that the parks are being given more attention by Public Works staff and she recommends support for increased resources in operations for continued improvement.

Mayor Swearingen asked if landscaping at City Hall is included in the painting estimate. Director Miller advised that she will look into the matter.

2. Review Revised Financial Policies [Review and discuss policies (G. Rocha)]

The following speaker submitted written comments that were read aloud and will be filed with the agenda packet for this meeting: **Rafael Menis**

City Manager Murray responded to the public comment providing answers to the speaker's questions.

City Manager Murray presented a report to the committee highlighting the changes to the financial policies; Reserves Policy, Structurally Balanced Budget Policy, Revenue Policy, and addition of the Receivables Policy.

Mayor Pro Tem Martinez-Rubin made comments regarding the non-specific language in the policies as they relate to spikes and above-normal levels of recurring revenues. City Manager Murray responded to comments.

At 4:14 p.m. Treasurer Long recommended that a section on disaster reserves be added to the Reserves policy.

Discussion held regarding whether or not to add an emergency reserve fund of \$50K as part of the reserve policy. Committee gave its consensus for staff to make that addition before the policies are presented to Council for approval. Treasurer Long advised that she will research the last time this issue was discussed and report back.

Treasurer Long made comments regarding the language used in the policies and recommended that staff review the use of terminology to maintain consistency and ensure most appropriate usage.

At 4:35 Treasurer Long asked whether or not staff should add a defined period of when the City's investment portfolio is reviewed. City Manager Murray advised that staff will review the Investment Policy in more depth and bring back proposed changes within the next review.

E. ADJOURNMENT

At 4:51 p.m., Mayor Swearingen adjourned the meeting to a future Finance Subcommittee Meeting.

Submitted by:

Heather Iopu, City Clerk



FINANCE SUBCOMMITTEE REPORT

D1

DATE: SEPTEMBER 30, 2020

TO: FINANCE SUBCOMMITTEE MEMBERS

FROM: ERIC CASHER, CITY ATTORNEY

SUBJECT: REVISED CITY OF PINOLE PROCUREMENT POLICY

RECOMMENDATION

Staff recommends that the Finance Subcommittee receive an update and provide direction on revisions to the City of Pinole Procurement Policy.

BACKGROUND

The City of Pinole's Procurement Policy (the "Procurement Policy") was adopted on May 15, 2007. Since adoption there have been very few updates to the policy.

On November 15, 2016, the City of Pinole adopted the California Uniform Construction Cost Accounting Act which adjusted the approval process for public projects falling within specific monetary thresholds. On March 7, 2017, the City adopted Ordinance #2017-02, increasing the City Manager's signing authority from \$20,000 to \$45,000, consistent with the California Uniform Construction Costs Accounting Act. Finally, on January 16, 2018 the Procurement Policy was updated to incorporate language needed for Caltrans funding requirements. Besides the before mentioned updates, no other substantive changes have been made to the Procurement Policy.

For a number of reasons City Staff now recommends a substantive update to the Procurement Policy to clarify inconsistencies in policy language, to incorporate changes in the law and methods of procurement for public agencies, and to create a more user friendly document for City staff and the public.

REVIEW & ANALYSIS

In preparing the revised Procurement Policy (the "Revised Procurement Policy") Attachment A, carried forward most of the existing policy language and requirements from the original Procurement Policy. However, there are a number of notable updates included in the Revised Procurement Policy that provide greater guidance and clarity to staff when purchasing goods, services and supplies on behalf of the City.

The following sections are new, and have been incorporated in to the Revised Procurement Policy:

- “Contracting Principles” to provide a guide for implementation of the policy requirements;
- “Standards of Conduct / Ethical Considerations” for City employees and vendors;
- “Design-Build Contracting” requirements;
- “Cooperative Procurement” requirements;
- “Micro-Purchasing”
- “Information Technology Purchases”;
- “Qualified Vendors”; and
- “Definitions” section.

In addition, the following Sections of the Revised Procurement Policy were significantly expanded to provide greater guidance for staff, and clarity in use of the policy:

- “Sole Source Procurement”;
- “Emergency Procurement”; and
- “Purchase Orders”.

The Revised Procurement Policy is intended to be a high level policy document setting forth the general requirements for the purchasing of goods, services and supplies by the City. In addition to the Revised Purchasing Policy, City staff will prepare a document reflecting internal procurement procedures for implementation and use of the Revised Procurement Policy. The Internal Procurement Procedures document will provide greater detail on the practical aspects of procurement, for example, the routing of contracts for signature, the use of standard form agreements, and guidance for internal contract management. The Internal Procurement Procedures document will be adopted at the City staff level, and will not require City Council approval.

Attachment B is a copy of the prior version of the Procurement Policy, for your reference, and to cross-reference with the Revised Procurement Policy.

FISCAL IMPACT

There is no direct fiscal impact from the adoption of the Revised Procurement Policy.

ATTACHMENTS

- A. Revised City of Pinole Procurement Policy
- B. City of Pinole Procurement Policy dated January 18, 2018

CITY OF PINOLE PROCUREMENT POLICY

(effective as of _____)

I. PURCHASING POLICY OVERVIEW

The purpose of this policy is to outline the guiding principles, rules, and standards applicable to all purchases of goods, services, and supplies made by the City of Pinole.

II. CONTRACTING PRINCIPLES

The requirements contained in this policy are informed by several guiding principles. Adherence to these principles ensures that the City's purchases are consistent with applicable legal requirements and best practices and that public funds are expended responsibly.

A. COMPETITIVE PROCESS

This policy is designed to promote full and open competition among potential vendors. Through full and open competition, the City is able to realize better pricing and more favorable terms. In interpreting this policy, staff should rely on interpretations that favor greater and more robust competition among vendors.

B. BEST OVERALL VALUE

This policy is designed to ensure that the City is getting the best value for its money when making purchases. When not required by law to select the lowest bidder, this principle permits the City to consider factors other than just price in determining what constitutes the best overall value to the City.

C. FAIRNESS AND TRANSPARENCY

This policy is designed to promote fairness and transparency in the City's purchasing system. Complying with this policy fosters equal opportunities for vendors wishing to do business with the City and ensures that public expenditures are made in an open and consistent manner.

D. COMPLIANCE WITH LAW AND BEST PRACTICES

This policy is informed by and incorporates applicable laws, regulations, and best practices applicable to public procurements. Compliance with this policy ensures that purchases are conducted in accordance with the City's legal and ethical obligations and responsibilities.

III. STANDARDS OF CONDUCT/ETHICAL CONSIDERATIONS

A. CODE OF CONDUCT

Employees are responsible for providing access to City procurement opportunities in a fair and impartial manner to all responsible suppliers, vendors, and contractors. In addition, all employees shall behave in a manner that avoids improprieties or the appearance of improprieties to maintain the public's confidence in the integrity of the City's purchasing system.

B. CONFLICT OF INTEREST

If an employee has a real or apparent conflict of interest, such employees may not participate in the selection, award, or administration of any contract, including those supported by a federal award or funding, that implicates that conflict of interest. If an employee participates in making a contract where

ATTACHMENT A

such employee has a real or apparent conflict of interest, such conflict may nullify or void a contract. As nullification or voiding of a contract is a serious matter with potentially significant consequences for the City, every employee is responsible for recognizing and reporting a potential conflict of interest in timely manner.

A conflict of interest may arise when the employee has a direct financial interest in, or would receive a direct or material benefit arising from a contract. Employees shall not be financially interested in any contract made by them in their official capacity, as such terms are defined in California Government Code Sections 1090 et seq. and 87100 et seq., and relevant case law. Prohibited interests include interests of immediate family members, domestic partners, and their respective employers or prospective employers.

Employees shall report any potential or actual conflict of interest to their respective Department Head or to the City Attorney as soon as a conflict is suspected or discovered. If employees are uncertain about whether they have a conflict of interest regarding a particular contract, the employees shall consult the City Attorney's Office as soon as practicable.

It is important to note that consultants of a public entity are considered public officials under Government Code section 1090 and are subject to the requirements therein. Employees should consult the City Attorney's Office on potential conflict of interest issues with respect to the City's third-party consultants and contractors.

C. CONDUCT WITH VENDORS

All employee interactions with vendors shall be conducted in a fair, open, and transparent manner. Employees shall:

- i. Refrain from showing favoritism to vendors or being unduly influenced by external factors outside the criteria outlined in this policy.
- ii. Select all vendors on the basis of meeting appropriate and fair criteria in accordance with the requirements of this policy.

D. NO GRATUITIES

No City employee shall solicit, demand, accept, or agree to accept, and shall avoid the appearance of accepting, a gift of goods or services, payment, loan, advance, deposit of money, or employment offer presented, promised in return for, or in anticipation of favorable consideration in a City procurement.

E. INTERNAL CONTROLS

Employees shall comply with the City's internal control procedures outlined in the City's Procurement Procedures. The policies guiding these internal control procedures are as follows:

- i. Employees must have or seek proper signature authority and expenditure authority for all transactions to ensure proper tracking and appropriate level of approval for all expenditures.

- ii. Duties must be segregated to diminish the risk and/or appearance of any improprieties. The Finance Director is responsible for separation of duties in an effort to negate any improprieties or the appearance of improprieties. If an employee has a question regarding separation of duties, he/she should reach out to the Finance Director for clarification.
- iii. Employees must create and maintain adequate documents and records supporting compliance with the City's procurement policies and procedures for all transactions and retain those records in accordance with the City's record retention schedule.

IV. CONTRACTING AUTHORITY

A. APPROVAL AUTHORITY

All City expenditures and purchases must be approved by either the City Manager, the Department Head (in the case of micro purchases), or the City Council. No expenditure shall be submitted or recommended to the City Council except upon approval of the City Manager or his or her authorized representative. Note that contract approval authority is distinct from budgetary approval authority. All City expenditures and purchases, regardless of amount, must be included and/or contemplated in the City's budget approved by City Council or approved by separate resolution of the City Council.

B. MONETARY THRESHOLDS

(See Appendix A for a reference chart depicting monetary thresholds by category).

ATTACHMENT A

1. **Non-Public Works Purchases.** The following monetary approval thresholds apply to expenditures/purchases that do not qualify as public works projects pursuant to the Public Contract Code.
 - (a) ***Department Head*** — Any expenditure, purchase, or contract (single-year or multi-year) valued under \$10,000 may be approved by a Department Head, provided that the funding for the purchase or contract is authorized in the budget approved by the City Council.
 - (b) ***City Manager Approval*** — Any expenditure, purchase, or contract (single-year or multi-year) valued at forty-five thousand dollars (\$45,000) or less may be approved by the City Manager, provided that the funding for the purchase or contract is authorized in the budget approved by the City Council.
 - (c) ***City Council Approval*** — Any expenditure, purchase, or contract (single-year or multi-year) that exceeds forty-five thousand dollars (\$45,000) shall be authorized and approved by resolution of the City Council.
2. **Public Works Projects.** The Public Contract Code prescribes special procurement procedures for public works projects. Public works projects are defined as projects involving the “construction, reconstruction, erection, alteration, renovation, improvement, demolition, and repair work involving any publicly-owned, leased, or operated facility.” This definition specifically excludes maintenance projects defined as “Routine,

recurring, and usual work for the preservation or protection of any publicly-owned or publicly-operated facility for its intended purposes; minor repainting; resurfacing of streets and highways at less than one inch; landscape maintenance, including mowing, watering, trimming, pruning, planting, replacement of plants, and servicing of irrigation and sprinkler systems; nor work performed to keep, operate, and maintain publicly owned water, power, or waste disposal systems, including, but not limited to, dams, reservoirs, powerplants, and electrical transmission lines of 230,000 volts and higher” (PCC § 22002 (c) and (d)).

- (a) ***City Manager Approval*** — Any contract for a public works project valued at \$200,000 or less may be awarded and approved by the City Manager.
- (b) ***City Council Approval*** — Any contract for a public works project valued over \$200,000 shall be awarded and approved by resolution of the City Council.

C. NOTICE OF COMPLETION

The City Manager, in consultation with the City Engineer, is authorized by the City Council to approve and file notices of completion on behalf of the City.

V. TYPES OF PROCUREMENTS

In the course of conducting City business, the City is required to make a variety of different types of purchases. The type of purchase dictates the

policies and procedures for procuring and formalizing the purchase. Before employees make a purchase, they should identify the type of purchase and the proper method for completing that purchase.

A. PURCHASES OF GOODS/SUPPLIES

This category of purchases includes the purchase of tangible durable and non-durable goods by the City. Examples of these types of purchases include fuel, tools, office supplies, chemicals, machinery, food, and furniture. These types of purchases are distinct from the purchase of non-tangible services.

B. SERVICES

This category of purchases includes the hiring of individuals, firms, or entities to perform services for the benefit of the City. There are two categories of services: general services and consultant/professional services.

1. *General Services* — General services are non-professionalized services that are often purchased to maintain or service the City's equipment or facilities. Examples of these types of services include office equipment maintenance, cleaning services, IT support services, disposal services, and food delivery services.
2. *Consultant/Professional Services* — Consultant/Professional services are specialized services where the City hires an individual or firm to perform professional or technical tasks. Examples of these types of services include engineering and

design services, audit services, architectural services, and legislative affairs services.

C. NON-PUBLIC WORKS CONSTRUCTION

Public works construction projects have a specific statutory definition and strict associated requirements. A small segment of City construction projects do not fall within the definition of “public works.” For these projects, the City has greater discretion in the method and manner of procuring these types of projects. Non-public works projects include minor repainting, minor road resurfacing, landscaping work, and other routine and recurring maintenance work for public facilities.

D. PUBLIC WORKS

Public works projects include projects involving the “construction, reconstruction, erection, alteration, renovation, improvement, demolition, and repair work involving any publicly-owned, leased, or operated facility.” Examples of these projects are renovation of existing and construction of new City facilities, and significant road and street improvements.

VI. METHODS OF PROCUREMENT

A. OVERVIEW

The type of purchase and the amount of a purchase dictates the method of procurement. Smaller and less complex purchases involve less stringent competitive requirements. Conversely, more valuable and more complex purchases require stricter, more formalized competitive processes. (See Appendix A for a reference chart outlining the method of procurement by type and amount of purchase)

B. INFORMAL PROCUREMENT

1. *Micro Purchases* — Micro purchases need not be awarded competitively, but the price must be determined to be fair and reasonable and should be distributed equitably among qualified suppliers. Micro Purchases do not require advertising or solicitation of quotes/bids. However, seeking multiple quotes/bids, even when not required, is a best practice and helps to ensure that the City receives better pricing for its purchases. Micro purchasing may be used for purchases of goods/general services valued under \$10,000.
2. *Informal Solicitation* — Informal solicitation involves seeking three (3) written quotes from potential vendors. These written quotes may be informally documented, such as through emails between City employees and potential vendors. Informal solicitation may be used for purchases of goods, general services, non-public works construction projects, and consultant/professional services valued at \$45,000 or less. This method may also be used for public works projects valued at \$60,000 or less.
3. *Informal Bidding for Public Works Projects* — Under informal bidding procedures, the City must: (i) draft a notice inviting bids; (ii) send the notice to a City-maintained list of qualified contractors, identified according to categories of work; and/or (iii) send the notice to all appropriate construction trade journals specified by the California Uniform Construction Cost

ATTACHMENT A

Accounting Commission. The notice must be sent at least ten (10) calendar days before bids are due. Bids must be submitted to the City by a predetermined time and date as outlined in the bidding notice. This process is governed by California Public Contract Code §22034 and Pinole Municipal Code §3.34.040. Informal bidding procedures shall be used for public works projects over \$60,000 and up to \$200,000 in value.

C. FORMAL PROCUREMENT

1. *Formal Bidding*—

- (a) **Public Works.** Under formal bidding procedures, the City must: (i) draft a notice inviting bids; (ii) publish the notice in a newspaper of general circulation at least fifteen (15) calendar days prior to the date of the opening the bids; and (iii) send the notice to all appropriate construction trade journals specified by the California Uniform Construction Cost Accounting Commission. Bids must be submitted to the City by a predetermined time and date as outlined in the bidding notice. For public works procurements, this process is governed by California Public Contract Code § 22037. Formal bidding procedures shall be used for public works projects over \$200,000 in value.
- (b) **Non-Public Works.** Under formal bidding procedures, the City must: (i) draft a notice inviting bids; (ii) post the notice on the City's website and on City message boards; (iii) send the notice to appropriate/relevant trade

ATTACHMENT A

publications. Bids must be submitted to the City by a predetermined time and date as outlined in the bidding notice. Formal bidding procedures shall also be used for the purchase of goods, general services, and non-public works construction projects valued at over \$45,000.

2. *Formal Competitive Proposals (RFP)* — In a formal competitive proposal process, the City must: (i) prepare a request for proposal document identifying the project requirements, vendor qualifications, and evaluation factors; (ii) send the RFP to an adequate number of qualified sources as determined by the relevant department head or the City Manager; (iii) publish notice of the RFP in a local newspaper and/or post the RFP on the City's website at least ten (10) days prior to the deadline for receipt of proposals; and (iv) establish and implement procedures for evaluation of proposals. Formal competitive proposals shall be used for purchases of consultant/professional services valued at more than \$45,000.

D. DESIGN-BUILD CONTRACTING

Design-build contracting is a form of public works construction contracting that combines both the design and construction phases into one contract and may include other phases and processes. The City may utilize this type of procurement for certain types of services and property related to public works construction projects identified in subsection 1 below subject to making the required findings identified in subsection 2 below, and following the appropriate procedures outlined in subsection 3 below.

ATTACHMENT A

1. *Design-build components* — The services and property that may be combined in a design-build contract are:
 - (a) Planning;
 - (b) Design;
 - (c) Construction management;
 - (d) Construction;
 - (e) Manufacturing;
 - (f) Financing;
 - (g) Maintenance;
 - (h) Rebuilding;
 - (i) Improving;
 - (j) Repairing;
 - (k) Operation;
 - (l) Purchase and installation of materials;
 - (m) Equipment;
 - (n) Purchase of real property whether in fee, easement, lease or license; and
 - (o) Any other services necessary for a design-build entity to deliver a functional project.
2. *Findings Required* — To use a design-build process, the City Manager or City Council must make a finding that takes into consideration costs, timing, extraordinary circumstances such as the need to incorporate specialized equipment or other project components, the need to coordinate with third parties, and project financing.
3. *Requirements* — Design-build procurements follow the same requirements that apply to formal competitive proposals as

outlined in Section VI (C)(3) and the Procurement Procedures Manual. However, some form of bid security may be warranted in accordance with the requirements in Formal Bidding Procedures (Section VI (C)(1)) and the Procurement Procedures Manual.

E. COOPERATIVE PROCUREMENT

Cooperative purchasing allows the City to buy goods or services based on a competitively bid contract prepared by another public agency, when that other agency and the vendor(s) agreed in advance to a cooperative process. Use of purchasing cooperatives is encouraged as a way to obtain goods and services by aggregating volume, securing value pricing, and reducing administrative overhead. Measured use of purchasing cooperatives can significantly reduce the time and resources needed to competitively purchase goods and services. The following list summarizes the requirements and relevant considerations applicable to cooperative procurements.

1. *Competitive Purchasing* — Cooperative purchasing programs should be based on competitively awarded contracts that substantially comply with the City's procurement procedures outlined in this policy.
2. *Purchasing Cooperatives* — There are numerous purchasing cooperatives that the City can evaluate to use for a particular procurement. Some leading cooperatives include state contracts such as California Multiple Award Schedules (CMAS); the Department of General Services (DGS); OMNIA Partners (Formerly U.S. Communities Cooperative Purchasing);

ATTACHMENT A

Sourcewell (formerly National Joint Powers Alliance); NASPO ValuePoint (formerly WSCA-NASPO; the National Cooperative Purchasing Alliance (NCPA); and, federal General Services Agency (GSA) procurements (GSA Advantage for State and Local Governments).

3. *Value Analysis* — Purchases using any given cooperative need not be based on the absolute lowest pricing and may consider factors in addition to price, such as the time and/or resources needed for the City to independently competitively bid for the good or service.
4. *Time Limit* — The cooperative competitive bidding process that the City seeks to utilize must have occurred within twenty-four (24) months from the date the City seeks to obtain the goods or services.
5. *Piggyback Contracting* — Subject to the appropriate approval authority and if in the best interest of the City, the City may enter into contracts for goods and services, the pricing and terms of which have been previously established by another public agency or purchasing cooperative. However, care must be taken to ensure all of the City's contracting standards are satisfied. Sometimes the underlying contract or commitment originally made to a purchasing cooperative or other agency is difficult to find; however, care must be taken to ensure the City is protected via a contract. Employees should consult the City Attorney's Office for guidance on meeting the City's contracting requirements for cooperative procurements.

F. SOLE SOURCE PROCUREMENT

Regardless of the estimated cost of a purchase, the City is not required to engage in a competitive procurement process, either formal or informal, under Section V when a competitive procurement is infeasible for the reasons articulated in this section. In all cases, the City must verify and document that a particular procurement meets the criteria for a sole source identified below, and the use of sole source must be approved by the City Manager.

In order to utilize a sole source procurement, at least one of the following statements must be true: (1) The item is only available from one source; (2) After solicitation of a number of sources, the competition is determined inadequate; and/or (3) one of the conditions described below applies:

- (a) Unique or Innovative Concept—The vendor demonstrates a unique or innovative concept or capability not available from another source. “Unique or Innovative Concept” means a new, novel, or changed concept, approach, or method that is the product of original thinking, the details of which are kept confidential or are patented or copyrighted, and is available to the City only from one source and has not in the past been available to the City from another source;
- (b) Patents or Restricted Data Rights – Patent or data rights restrictions preclude competition;

ATTACHMENT A

- (c) Substantial Duplication Costs – In the case of a subsequent contract for the continued development or production of highly specialized equipment or products and/or major components thereof, when it is likely that award to another contractor would result in substantial duplication of costs that are not expected to be recovered through competition;
- (d) Unacceptable Delay – In the case of a subsequent contract for the continued development or production of highly specialized equipment or products and/or major components thereof, when it is likely that award to another contractor would result in unacceptable delays in fulfilling the City's needs.

G. EMERGENCY PROCUREMENT

Emergency procurements are those purchases necessary to avoid or mitigate a clear and imminent threat or danger where delay could result in loss of life or danger to health, welfare, or property or threaten the continued operation of the City or the provision of essential City services. Contracts awarded under this Section do not require adherence to the City's standard procurement requirements outlined in this policy. However, if practical, it is strongly encouraged to at least obtain oral approval from the City Manager's Office prior to making purchases pursuant to this Section.

Contracts awarded pursuant to an emergency as defined under this section require that the City Manager present a report to the City Council, at the next

available meeting, describing the emergency, the actions taken, and the number and dollar amount of contracts awarded. Note that the City may be required to pass an emergency resolution or ordinance in order to be reimbursed by state or Federal agencies for emergency purchases.

H. EXEMPT PROCUREMENTS

This Section outlines types of procurements that are exempt from the standard competitive requirements outlined in this policy and also includes special considerations related to those exempt procurements. Despite the fact that a procurement may be exempt, the City may still conduct negotiations as to price, delivery and terms in connection with the award of a contract that does not require a competitive process. Nothing in this section shall preclude the solicitation of competitive bids or proposals when possible. The following is a list of procurements that are exempt from the competitive requirements outlined in this Policy.

1. Emergency procurements as defined in Section VI(G) above;
2. Specified materials or equipment that can be obtained from only one source and there is no adequate substitute in accordance with the criteria outlined in Section VI(F) above;
3. Legal or professional services that are highly specialized;
4. Design-build projects as defined in Section VI(D);
5. Cooperative procurements described in Section VI(E);
6. Procurements funded by grants, donations or gifts when any special conditions require the purchase of particular materials and/or services;

7. Purchase of surplus property owned by another public entity, or payment to other public entities or utilities;
8. Membership dues, conventions, training, travel arrangements, or advertisements in magazines, newspapers, or other media;
9. Works of art, entertainment or performance; and
10. Where competitive bids or proposals have been solicited and no bid or proposal has been received. In such situations the City Manager may proceed to have the goods procured or services performed without further competitive bidding.

VII. SPECIAL POLICIES, PROGRAMS, AND CONSIDERATIONS

Depending on the amount and/or type of purchase, there are several policies, procedures and programs that must be considered. These include:

- Application of Local Business Purchasing Preference;
- Information Technology Purchases
- Procedures for Purchases Utilizing Federal Grant Funds;
- Purchase Orders/Blanket Purchase Orders;
- Qualified Contractors/Vendors;
- Surplus Property.

A. LOCAL BUSINESS PURCHASING PREFERENCE

Preference to locally-owned businesses will be exercised to the extent it is consistent with the law and in the best interest of the public. If a purchase utilizes federal and state funds, then the City will not apply local preferences. In addition, the City will make an effort to ensure that its solicitations are received by small, minority-owned and/or women-owned

businesses and will also make an effort to identify and remedy any barriers to such firms participating in the procurement process.

1. *Criteria for Preference.*

- (a) When bidding or purchasing goods, equipment, and services local preference may be given to a responsible, responsive Local Businesses.
- (b) The granting of these preference must be made on a determination by the purchasing officer that quantity and quality of the local product is equal to that of the next lowest or comparable bidder.
- (c) In order for a business to be eligible to claim the preference, the business must meet the definitions of Local Business outlined below.

2. *Definition of Local Business.* A local business is:

- (a) A business located at a fixed location within the boundaries of the City of Pinole or a home-based business located within the boundaries of the City of Pinole;
- (b) A business that has a valid business license and is current in the payment of the business license tax;
- (c) A business owned and operated by a City of Pinole resident, with a valid City of Pinole business license.

ATTACHMENT A

3. *Inapplicability.* Application of the local business preference does not apply in the following situations:
- (a) Bids for public projects as defined by Public Contracts Code Sections 20161 and 22002;
 - (b) Purchases of goods and services through contracts of other governmental jurisdictions or public agencies, or cooperative purchasing agreements;
 - (c) Contracts for professional or legal services;
 - (d) Purchases or contracts funded, in whole or in part, by a governmental entity, or private and public grants and the laws, regulations or policies governing such funding prohibit application of the local preference;
 - (e) Purchases or contracts funded, in whole or in part, by the federal or state government;
 - (f) Purchases made, or contracts let under emergency situations; and
 - (g) Purchases that involve the installation of a cogeneration plant or other energy conservation project.

B. INFORMATION TECHNOLOGY PURCHASES

The City recognizes that purchasing information technology systems and equipment on the basis of lowest purchase price alone may not always serve the best interests of the City. Therefore, to ensure hardware requirements and software compatibility, all such purchases must be reviewed by the Information Systems Department prior to purchase.

C. PURCHASES WITH FEDERAL/STATE FUNDS

ATTACHMENT A

When purchasing goods and services involving the use of federal grant funds, the City is required to follow the provisions of 2 CFR Part 200 Subpart A §200.318 General Procurement Standards through §200.326 Contract Provisions. Employees should consult with the City Attorney on any questions regarding application of these requirements to particular purchases.

When purchasing goods and services involving the use of state of California funds, the City may be required to follow provisions of state law, regulations, and policy depending upon the specific source of the state funds. Employees should consult with the City Attorney on any questions regarding application of state requirements to particular purchases.

D. PURCHASE ORDERS/BLANKET PURCHASE ORDERS

1. *Purchase Order.* A Purchase Order is document issued to a vendor or contractor to authorize purchases of goods, equipment, and services. Purchase orders are required for all purchases of goods, equipment and services, in addition to any required contract documents.

The purpose of a Purchase Order is to:

- (a) Ensure compliance with this policy.
- (b) Encumber funds when an unencumbered appropriation exists in the fund.

There are exemptions from Purchase Order requirements. Examples of such exemptions include acquiring land, utility payments, payments to other governmental agencies, and debt

ATTACHMENT A

service payments. A list of exemptions is outlined in the Procurement Procedures Manual.

2. *A Blanket Purchase Order.* A blanket purchase order is an arrangement whereby the City contracts with a vendor to provide equipment or supplies on an as-needed and often, over-the-counter basis. Blanket Purchase Orders provide a mechanism whereby items that are uneconomical to stock may be purchased in a manner that allows field operations timely access to necessary materials. Blanket Purchase Orders shall not be used to purchase services, capital assets or items maintained in stock. All Blanket Purchase Orders must be authorized by the City Manager.

Blanket Purchase Orders must be confirmed annually, before the beginning of the fiscal year. Requests for Blanket Purchase Orders may also be submitted on an as-needed basis. Once a Blanket Purchase Order is issued to a vendor, any authorized City employee may contact the vendor directly to place orders per the terms and conditions specified in the Blanket Purchase Order.

Request for Blanket Purchase Order must be reviewed based upon the following criteria:

- (a) Geographic location.
- (b) Responsiveness and capabilities.

ATTACHMENT A

- (c) Average dollar value and type of items to be purchased.
- (d) Frequency of need.

All Blanket Purchase Orders shall include the following information:

- (a) A general description of the equipment or supplies that may be charged.
- (b) The period of time the order will remain open, not to exceed one year.
- (c) The maximum total amount that may be charged on the purchase order.
- (d) Identification of the department(s) and employee(s) who may charge against order.
- (e) Requirement that the employee show CITY identification.
- (f) Requirement that employees print and sign their names when picking up goods.
- (g) Account number(s) to be charged

E. QUALIFIED CONTRACTORS/VENDORS

The City maintains a list of qualified contractors in accordance with the provisions of Pinole Municipal Code § 3.34.040, Public Contract Code § 22034, and criteria promulgated from time to time by the California Uniform Construction Cost Accounting Commission. This list is utilized for procurements of public projects greater than sixty thousand dollars \$60,000 and less than or equal to two hundred thousand dollars (\$200,000) that are being let through informal bid procedures. In addition to

the qualified contractors list, the City may elect to maintain a list of qualified vendors.

F. PURCHASES AT AUCTION

Use of public auctions may be an appropriate method of procurement if approved in advance by the City Manager or City Council, depending on the amount of the purchase.

VIII. DEFINITIONS

Competitive Bidding Process. The process of soliciting and obtaining formal and informal bids, including price quotations, from competing sources, from which an award is typically made to the lowest responsive and responsible bidder.

Cooperative Procurement. A variety of arrangements whereby two or more public entities purchase goods and/or services from the same supplier or multiple suppliers using a single competitive bid or proposal. The combining of the purchasing requirements of two or more public entities to leverage the benefits of volume purchases, including administrative savings and other demonstrable advantages.

Department Head. A department head is a City employee holding a director-level position within the City organization. Department Heads are members of the City executive team and are charged with managing the goals, duties, budget, and personnel of individual City departments. The Fire Chief, Police Chief, Development Services Director, and Finance Director are all Department Heads.

Emergency Procurement. Emergency procurements are those purchases necessary to avoid or mitigate a clear and imminent threat or danger where delay could result in loss of life or danger to health, welfare, or property or threaten the continued operation of the City or the provision of essential City services.

Formal Procurement. Formal procurement describes procurements processes that require adherence to stricter and more formalized procedures and standards. Formal procurement includes formal bidding and formal competitive proposal processes. Formal procurement is used for higher value and more complex purchases.

Formal Bidding. A procurement process for public works projects valued at \$200,000 or more and for the purchase of goods, general services and non-public works construction projects valued at over \$45,000. For public works project procurements, this process is governed by California Public Contract Code § 22037. This process involves stricter and more formalized procedures than informal bidding.

Formal Competitive Proposals (RFP). A procurement process where the City solicits proposals for consultant/professional services from potential providers. A formal RFP process is for expenditures greater than \$45,000. The RFP typically starts with a scope of work and requests proposals to perform it. Proposals typically include a price component which is part of the evaluation criteria to determine which proposal best meets the needs of the City.

General Services. Work performed, or services rendered by outside persons or entities hired by the City. Such services include but are not limited to, custodial

ATTACHMENT A

services, building and equipment maintenance, machinery and equipment rental, utility services, and land surveying. General Services does not include contracts for public works. This type of work typically involves services where the methods for performing the work is standardized.

Informal Bidding. A procurement process for public works projects valued at more than \$60,000 but less than \$200,000. This process is governed by California Public Contract Code §22034 and Pinole Municipal Code §3.34.040 and involves less formalized and less strict procedures than formal bidding.

Informal Solicitation. A procurement process where the City solicits written quotes from potential vendors. These written quotes may be informally documented, such as through emails between City employees and potential vendors. This process may be used for purchases of goods, general services, non-public works construction projects, and consultant/professional services valued at \$45,000 or less and may also be used for public works projects valued at \$60,000 or less.

Informal Procurement. Informal procurement describes procurements processes that permit more flexible and less formalized procedures and standards. Informal procurement includes micro purchases, informal solicitation, and informal bidding. Informal procurement is used for lower value and less complex purchases.

Local Preference. A program where local businesses are given preference in the City's procurement process.

ATTACHMENT A

Micro purchases. A procurement process where purchases need not be awarded competitively, but the price must be determined to be fair and reasonable and should be distributed equitably among qualified suppliers. This process may be used for purchase of goods/general services valued under \$10,000.

Non-Public Works project. A type of project that does not fall within the definition of “public works project” under the Public Contract Code and is thus, not governed by the competitive requirements applicable to “public works projects.” Examples of non-public works projects include maintenance projects defined as “Routine, recurring, and usual work for the preservation or protection of any publicly-owned or publicly-operated facility for its intended purposes; minor repainting; resurfacing of streets and highways at less than one inch; landscape maintenance, including mowing, watering, trimming, pruning, planting, replacement of plants, and servicing of irrigation and sprinkler systems; nor work performed to keep, operate, and maintain publicly owned water, power, or waste disposal systems, including, but not limited to, dams, reservoirs, powerplants, and electrical transmission lines of 230,000 volts and higher” (PCC § 22002 (c) and (d)).

Piggybacking. A form of intergovernmental cooperative purchasing whereby the City utilizes the contract pricing and terms of another government agency to purchase the same goods or services.

Professional Services. Those services provided by a person or firm engaged in a profession based on a generally recognized special knowledge or skill, including but not limited to, the professions of accountant, attorney, artist, architect,

ATTACHMENT A

biologist, archeologist, landscape architect, construction manager, engineer, environmental consultant, training or educational consultant, and whose services are considered distinct and unique to such a degree that bidding may not be feasible. Typically, when using professional services there is considerable professional judgement on how work is to be accomplished in meeting a scope of work. As a result, other factors besides price are relevant in determining who to use in meeting City goals.

Public Works. This term is used in two regulatory arenas. In the Public Contract Code, it refers to the construction, alteration, repair, or improvement of any public structure, building, road, or other public improvement of any kind, including, but not limited to, demolitions, and the construction and installation of drainage systems, lighting and signaling systems, sewer and water systems, and park and recreational facilities. This is the common usage that guides the City's budgeting, purchasing and other processes. However, it is important to note that the Labor Code uses this term to cover certain maintenance activities of these same public assets, which trigger prevailing wage laws.

Sole Source. A situation where a good or service can only be obtained from one source due to its proprietary or specialized nature.

ATTACHMENT A

APPENDIX A

Type of Purchase	Cost	Approval Authority	Documentation	Procurement Method
Goods/General Services	Under \$10,000	Department Head	Purchase Order/Invoice	Micro Purchase
Goods/General Services/Non PW Construction	\$45,000 or less	City Manager	Contract	Informal Solicitation
Goods/Services/Non PW Construction	Over \$45,000	City Council	Contract	Formal Bidding
Consultant/Professional Services	\$45,000 or less	City Manager	Contract	Informal Solicitation
Consultant/Professional Services	Over \$45,000	City Council	Contract	Formal Competitive Proposals
Public Works	\$60,000 or less	City Manager	Contract	Informal Solicitation
Public Works	Over \$60,000 up to \$200,000	City Manager	Contract	Informal Bidding
Public Works	Over \$200,000	City Council	Contract	Formal Bidding
Federally-Funded Public Works	<i>Transactions utilizing federal funds are governed by federal law and procedures</i>			
Federally-Funded Goods/Services	<i>Transactions utilizing federal funds are governed by federal law and procedures</i>			

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ATTACHMENT A

Type of Purchase	Cost	Approval Authority	Documentation	Procurement Method
Goods/Services	Under \$10,000	Department Head	Purchase Order/Invoice	Micro Purchase
Goods/Services/Non PW Construction	Under \$45,000	City Manager	Contract	Informal Solicitation
Goods/Services/Non PW Construction	\$45,000 or over	City Council	Contract	Formal Bidding
Consultant/Professional Services	Under \$45,000	City Manager	Contract	Informal Solicitation
Consultant/Professional Services	\$45,000 or over	City Council	Contract	Formal Competitive Proposals
Public Works	\$45,000 or less	City Manager	Contract	Informal Solicitation
Public Works	\$175,000 or less	City Council	Contract	Informal Bidding
Public Works	Over \$175,000	City Manager	Contract	Formal
Federally-Funded Public Works			Contract	LAPM Bidding Procedures
Federally-Funded Goods/Services				

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PROCUREMENT POLICY

I. PURPOSE

To establish guidelines in securing supplies, equipment, and services related to City programs or activities.

II. SCOPE

This policy applies to purchases of supplies, equipment and contracted services made on behalf of the City by Supervisors, Department Managers, and employees of the City.

III. POLICY

The City has established a Procurement Policy in an effort to acquire quality supplies, equipment and services at a competitive price. With the exception of general office supplies, and maintenance/lease contracts, all other supplies, and equipment in excess of \$5,000 must be accompanied by a purchase order document. Purchases of less than \$5,000 may be documented with a vendor's invoice or the City's REQUEST FOR PAYMENT document. Equipment to be purchased valued in excess of \$45,000 is required to be advertised (see Section V). Any contracted services over \$45,000 are required to be advertised (see Section VI).

Bidding Exception: The bidding requirements shall be dispensed with in cases where an;

A. Emergency requires that an order be placed with the nearest available source of supply.

Emergency exists when:

1. There is a great public calamity
2. There is an immediate need to prepare for national or local defense
3. There is a breakdown in machinery or an essential service which requires the immediate purchase of supplies or services to protect the public health, welfare or safety
4. Essential operations affecting the public health, welfare or safety would be greatly hampered if the prescribed purchasing procedure would cause an undue delay in procurement of the needed items or services, or

B. When the amount involved is less than \$45,000, or

C. When the commodity, product or equipment can be obtained from only one vendor, or, has been proven to be the most appropriate vendor for business continuity. For example:

1. Information Systems maintenance or software renewals
2. Materials unique to the operation of the City's Wastewater Treatment facility
3. Communication services or equipment required to preserve emergency response

- D. When the City Council determines, by a resolution passed by a majority of its members that because of differences in the kinds of types of the particular commodity, products or equipment available on the market, it would be to the City's advantage to make a selection on the basis of the suitability of the same to the City's needs rather than on the basis of price, or
- E. Competition was determined to be inadequate after solicitation of proposals from a number of sources or
- F. When a cooperative agreement was executed by other political jurisdictions, provided the cooperative agreement is established following a competitive bid process

IV. PROCEDURE

General Provisions: The procedures for procurement are intended to ensure that supplies and equipment are in whole or part:

- 1. Obtained as efficiently and economically, without compromising quality, as soon as possible, and
- 2. Procured in a manner that provides, to the maximum extent practical, open competition.

General Guidelines: Whenever possible, the following guidelines should be utilized to secure supplies, equipment and services:

- 1. Records must be maintained to detail history of procurement, and rationale for selecting the methods of procurement used, selection of contract type, and contractor selection/rejection process and the basis for the cost or price of a contract.
- 2. Qualification of vendors, including minority and/or women owned business, shall be allowed during the time of solicitation,
- 3. Exclude contractors that develop specifications, requirements, statements of work, invitations for bids and/or request for proposals,
- 4. If a protest to the contract selection process is submitted, the City Manager will evaluate the process and make a determination as to its validity.

V. BIDDING PROCEDURE - CITY:

Notice Inviting Bids: Notices inviting bids shall include a general description of the articles to be purchased, shall state where bid blanks and specifications may be secured and the time and place for opening bids.

Published Notice: Notice inviting bids shall be published at least ten days before the date of opening of the bids. The notice shall be published at least once in a newspaper of general circulation, printed and published in the city, or if there is none, it shall be posted in at least three public places in the City.

Bidding List: The Purchasing Officer shall also solicit bids from all prospective suppliers whose names are on the bidder's list or who have requested that their names be added thereto.

Bidding Security: When deemed necessary by the Purchasing Officer, or when required by law, bidder's security shall be prescribed in the public notices inviting bids. 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 purchase 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 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 differences between the low bid and the second lowest bid, and the surplus, if any, shall be returned to the lowest bidder.

Bid Opening: 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 notice. A tabulation of all bids received shall be open for public inspection during regular business hours for a period of not less than thirty calendar days after the bid opening.

Lowest Bidder: In addition to price, the lowest bidder will be determined by the City Council, in its discretion, after the following factors have been reviewed;

- A. The ability, capacity and skill of the bidder to perform the contract or provide the service required;
- B. Whether the bidder has the facilities to perform the contract or provide the service promptly, or within the time specified, without delay or interference;
- C. The character, integrity, reputation, judgement, experience and efficiency of the bidder;
- D. The bidders' record of performance of previous contracts or services;
- E. The previous and existing compliance by the bidder with laws and ordinances related to the contract or service;
- F. The sufficiency of the financial resources and ability of the bidder to perform the contract or provide the service;
- G. The quality, availability and adaptability of the supplies, equipment or services to the particular uses required;
- H. The ability of the bidder to provide future maintenance and service for the use of the subject of the contract.
- I. The number and scope of conditions attached to the bid.

Rejection of Bids: In its discretion, the City Council may reject any or all bids presented, waive any informalities or make award on any alternative that may be in the best interest of the City.

Performance Bonds: The City Council may require a performance bond before entering a contract in such amount as it finds reasonably necessary to protect the best interest of the city. If the City Council requires a performance bond, the form and amount of the bond shall be described in the notice inviting bids.

Identical Bids: If two or more bids are the same and the lowest, the City Council may accept the one it chooses. If no bid is received, the City Council, in its discretion, may either:

1. Re-advertise; or
2. Direct that the required items or items be purchased without further complying with the provisions of this chapter.

VI. **BIDDING PROCEDURES – PUBLIC WORKS PROJECTS:**

In accordance with the Uniform Construction Cost Accounting Act (UCCAA) adopted by the City Council on November 15, 2016, the City will adhere to the following procurement procedures for all public construction projects:

- A. Public projects of \$45,000 or less may be performed by the employees of a public agency by force account, by negotiated contract, or by purchase order.
- B. Public projects of \$175,000 or less may be let to contract by informal procedures as set forth in this legislation.
- C. Public projects of more than \$175,000 shall, except as otherwise provided in this legislation, be let to contract by formal bidding procedures. If all bids received are in excess of \$175,000, the governing body of the public agency may by adoption of a resolution by a four-fifths vote, award the contract, at \$187,500 or less, to the lowest responsible bidder, if it determines the cost estimate of the public agency was reasonable.

Please refer to the appended CUCCAC Manual for additional detail regarding notice, award selection, etc.

VII. **BIDDING PROCEDURES- ROAD AND TRANSPORTATION PROJECTS RECEIVING FEDERAL FUNDS:**

In instances of public projects receiving federal funds, the City will follow the procedures for procuring consultant services found in the version of the Local Assistance Procedural Manual current at the time of the project. As of the 2017 edition of the LAPM, Chapter 10 “Consultants” is the relevant chapter; appended.

~~VII.~~ VIII. **BIDDING PROCEDURES - GRANTS:**

In cases where project funding is in whole or in part provided by Federal or State grant funds, the City will be bound by the procurement requirements of the funding source. No contract or purchase award may be made to any party which is debarred or suspended or is otherwise ineligible for participation in federal assistance programs.

Purchases: Depending on the scarcity of the items or services desired, and the size of the purchase, different methods of procurement are available:

- A. For Small purchases of \$45,000 or less, competition will be sought through oral and written price quotations. The City will document the receipt of an adequate number (usually three) of price or rate quotations from qualified sources.
- B. For Large purchases of more that \$45,000, competitive bids, competitive proposals or sole source may be utilized. Contracts may not be inappropriately broken up into smaller components in order to qualify for the less complicated procedures under “small purchases”.

Bids: Formal advertisement may be utilized where a firm, fixed price contract is required and can be made on the basis of price.

- A. Advertisement in publications of general circulation is required;
- B. Complete and accurate specifications and pertinent attachments are required;
- C. Bids will be accepted and reviewed publicly at a time and place stated in the bid advertisement;
- D. Two or more bids must be received for each procurement transaction;
- E. Contract must be awarded to the lowest bidder, however City may reject all bids.

Competitive Proposals: May be used when conditions are not appropriate for the use of bids.

- A. The Request for Proposals (RFP) must clearly and accurately state the technical requirements for the services;
- B. RFP's must be publicized to the maximum extent practicable;
- C. Proposals must be solicited from an adequate number of qualified sources, consistent with the nature and requirements of the procurement;
- D. Technical evaluations of all submitted proposals must be conducted to identify the responsible offers;
- E. City may enter into negotiations with those offers that are deemed responsive and fall within the competitive price range, based on evaluation of the bidders pricing and technical proposals. After negotiation, those bidders may submit a "responsive and final" offer;
- F. After price and other factors are considered, award can be made to those offers deemed to be the most advantageous source of goods and services.

Bonding and Insurance: For contracts exceeding \$100,000, federal requirements must be followed when bid guaranties; performance bonds and payment bonds are required. These include:

- A. Bid guarantee from each bidder equivalent to five (5%) percent of the bid price. The bid guarantee must be a firm commitment in the form of a bid bond, certified check or other negotiable instruments as assurance that the bidder is prepared to execute a contract within the time specified for the bid amount,
- B. Performance bonds from the contractor for 100 percent of the contract price to secure the contractor's fulfillment of all obligations under the contract; and,
- C. Payment bond from the contractor for 100 percent of the contract price to assure payment of all persons supplying labor and material under the contract.

Use of Local, small, minority and women owned business: Preference to locally owned businesses will be exercised. The City will make an effort to use local business firms and contract with small, minority owned and/or women owned businesses in the procurement process.

A local business is:

- 1. A business located at a fixed location within the boundaries of the City of Pinole or a home-based business located within the boundaries of the City of Pinole
- 2. A business that has a valid business license
- 3. A business owned and operated by a City of Pinole resident, with a valid City of Pinole business license

VIII.IX. INTERNAL CONTROL PROCEDURES

Control Procedures: The procedures addressed below outline the requirements in effect in order to limit and control the validity of expenditures.

- A. Proper authorization of transactions and activities: Each Department Manager shall have

the authorization to spend up to \$5,000, if budgeted. Expenditures over \$5,000 require additional administrative review (two signatures on the Purchase Order). Only the City Manager, the Finance Director or their designee have the authority to sign as the second authorization. Department Managers may designate a Supervisor and/or subordinate as an alternate purchaser but must notify the Finance Director.

- B. Adequate segregation of duties: Duties must be segregated in order not to give the appearance of any improprieties. Whenever possible individuals authorizing and approving the expenditure shall not be in charge of making payments to vendor. Individuals reconciling daily balances should not be in charge of deposits. The Finance Director is responsible for separations of duties in an effort to negate any improprieties.
- C. Adequate documents and records: Any expenditure over \$5,000 must be accompanied by a Purchase Order. Exceptions may exist in situations such as established maintenance and lease contracts and contracted service. Other forms of documentation authorizing the expenditures may be in the form of Council Resolutions, City Manager authorization (up to \$45,000), or contracts entered into by the City. All documentation must be accompanied with the expenditure invoice. A records/inventory list must also be maintained.

IX.X. SURPLUS PROPERTY

The Purchasing Officer is responsible for the transfer and disposition of surplus City property. "Surplus Property" is used generically to describe any City property that is no longer needed or useable by the holding department. The City Council shall declare item(s) surplus prior to disposal.

Methods of Disposition

The Purchasing Officer or designee shall determine or approve one of the following methods of disposition that is most appropriate and in the best interests of the City.

- A. All surplus property is for sale "as is" and "where is", with no warranty, guarantee, or representation of any kind, expressed or implied, as to the condition, utility or usability or the property offered for sale. Appropriate methods of sale are as follows:
 - 1. Public Auction - Surplus property may be sold at public auction. City staff may conduct public Auctions, or the City may contract with a professional auctioneer including professional auction services.
 - 2. Bids - Bids may be solicited for the sale of surplus property. Surplus property disposed of in this manner shall be sold to the highest responsible bidder.
 - 3. Selling for Scrap - Surplus property may be sold as scrap if the Purchasing Officer deems that the value of the raw material exceeds the value of the property as a whole.
 - 4. Negotiated Sale - Surplus property may be sold outright if the Purchasing Officer determines that only one known buyer is available or interested in acquiring the property.
 - 5. No Value Item - Where the Purchasing Officer determines that specific supplies or equipment are surplus and of minimal value to the city due to spoilage, obsolescence or other cause or where the Purchasing Officer determines that the cost of disposal of such supplies or equipment would exceed the recovery of value,

the Purchasing Officer shall dispose of the same in such a manner as he or she deems appropriate and in the best interest of the City.

- B. Surplus property that remains unsold will be donated to a non-profit organization or transferred to an appropriate recycle center.

Proceeds

Proceeds from the sale or trade-in of surplus property shall be returned to the appropriate fund.

X.XI. PURCHASE ORDERS AND CREDIT CARDS

A. Purchase Orders:

Each department is authorized to issue purchase orders in an amount not to exceed \$5,000. Departments requesting issuance in excess of authorized limit may do so only after a second signature is obtained by the City Manager, Finance Director, and/or their designee.

At no time should a purchase of any type exceed \$45,000 without approval of the City Council.

B. Blanket Purchase Orders

A Blanket Purchase Order is an agreement whereby the City contracts with a vendor to provide equipment or supplies on an as-needed and often over-the-counter basis. Blanket Purchase Orders provide a mechanism whereby items that are uneconomical to stock may be purchased in a manner that allows field operations timely access to necessary materials. Blanket Purchase Orders shall not be used to purchase services, capital assets or items maintained in stock.

The Purchasing Officer shall request confirmation of Blanket Purchase Orders annually, before the beginning of the fiscal year. Requests for Blanket Purchase Orders may also be submitted the Purchasing Officer on an as-needed basis. The Purchasing Officer shall review Blanket Purchase Order requests based upon the following criteria:

1. Geographic location.
2. Responsiveness and capabilities.
3. Average dollar value and type of items to be purchased.
4. Frequency of need.

All Blanket Purchase Orders shall include the following information:

- a. A general description of the equipment or supplies that may be charged.
- b. The period of time the order will remain open, not to exceed one year.
- c. The maximum total amount that may be charged on the purchase order.
- d. Identification of the department(s) and employee(s) who may charge against the order.
- e. Requirement that the employee show CITY identification.
- f. Requirement that employees print and sign their names when picking up goods.
- g. Account number(s) to be charged

Once a Blanket Purchase Order is issued to a vendor, any authorized City employee may contact the vendor directly to place orders per the terms and conditions specified in the Blanket Purchase Order.

C. Credit Cards:

The City maintains credit card accounts in order to facilitate city business travel and training expenses. The City Manager will authorize the issuance of credit cards to city employees as may be necessary. These cards may be used for hotel reservation, tuition payment, and miscellaneous expenses prior to travel. Use of City's credit cards other than those specified above must be approved by the City Manager or the Finance Director.

Employees should not charge reimbursable expenses to the credit card. Whenever possible, the City will prepay travel expenses by check.

CAL-Card and gasoline credit cards will be signed out on an as-needed basis to staff at the sole discretion of the City Manager or the appointed designee, in accordance with internal control procedures. Failure to comply with established procedures may result in discontinuance of use by the employee/department.

PURCHASING SYSTEM OVERVIEW

