

**CITY OF VACAVILLE
PURCHASING POLICY**



CITY OF VACAVILLE
FINANCE DEPARTMENT
650 MERCHANT STREET
VACAVILLE, CA 95688

*Adopted: April 25, 2000
Amended: January 12, 2010*

Purchasing Policy

Adopted:

April 25, 2000

Resolution No. 2000-47; Resolution Adopting the City of Vacaville Purchasing Policies and Procedures Manual

Amendments:

January 12, 2010

Amended by Minute Action: Modification to the Purchasing Policies and Procedures to Amend the Local Vendor Policy to a Local Business Preference

TO: Honorable Mayor and City Council Members
Attention: Laura C. Kuhn, City Manager

FROM: Kenneth R. Campo, Assistant City Manager/Finance Director

**SUBJECT: MODIFICATION TO THE PURCHASING POLICIES AND PROCEDURES
TO AMEND THE LOCAL VENDOR POLICY TO A LOCAL BUSINESS
PREFERENCE**

DISCUSSION:

Last summer the Chamber of Commerce contacted the City about revising our local vendor policy. The Chamber indicated that the County had adopted a new local purchasing preference that allowed “local” vendors to match the low bid of a non-local vendor if they were within 5% of the low bid. The City has had a long standing policy to encourage use of local businesses. Therefore, staff looked further into this concept to see if it was appropriate for Vacaville. The goal with respect to the change is to encourage businesses to locate and remain in the City through the provision of a “good faith” preference to local businesses in the awarding of City contracts for goods and services. Among other things, local businesses provide jobs to City and County residents as well as generate revenue for the City. Given this, staff is supportive of incorporating similar provisions into the City’s purchasing policy. The policy change is also consistent with the City Council’s goals of hiring and purchasing locally whenever possible.

The current *local vendor policy* applies to the purchase of goods only and allows a one percent (1%) preference to local vendors when all other selection criteria are equal, meaning a purchase could be awarded to a vendor other than the low-bidder if they meet the local preference criteria. The 1% preference is in recognition of the City’s share (1%) of sales tax generated from the transactions.

The revised *local business preference* will expand opportunities for local businesses to compete when the City solicits bids for the purchase of goods or services, while at the same time ensuring the City meets its fiduciary responsibilities with respect to how it spends taxpayer dollars. The process will continue to encourage competition, while allowing for a local preference to offset any disadvantages suffered by local businesses relative to those businesses operating in low-cost areas outside the City and County. The policy would not bar any potential contractor from competing for City contracts. Also, the local business preference would not apply to any contract which is required by law to be awarded to the “lowest, responsible bidder,” such as public works projects and contracts involving the use of federal funds.

Attached is a copy of the revised section of the City’s Purchasing Policies and Procedures pertaining to the local business preference which defines a local business. Also attached is the Declaration of Local Business that a local business must complete in order to qualify for the preference.

FISCAL IMPACT:

To the extent the local business preference promotes the purchase of goods and services from local businesses, there would be a positive fiscal impact on the City from a variety of local revenue sources.

RECOMMENDATION:

No City Council action needed – this is to provide information about the changes to our Purchasing Policies and Procedures.

ATTACHMENTS:

Attachment A – Section E. (Local Business Preference) of the City of Vacaville Purchasing Policies and procedures

Attachment B – Declaration of Local Business

Attachment A

E. Local Business Preference

Local Preference

Local preference is the practice of buying from certain suppliers/contractors because they are also local taxpayers. Local preference is desirable because it stimulates the local economy. Aside from price, other factors influencing the award of orders/contracts are quality, previous performance, ability to meet the contract requirements and/or specifications, availability of service and parts, delivery schedule, and payment terms/discounts. When all these factors are equal except price, a preference will be given to local vendors when deemed to be in the best interest of the City and when not otherwise prohibited.

In order to encourage existing businesses to remain in Vacaville, and to encourage new businesses to locate in Vacaville, the City has developed a local preference policy.

Definition of Local Business

For purpose of this section, a "Local Business" means a business enterprise, including but not limited to a sole proprietorship, partnership, or corporation, which has the following:

- A valid City Business License.
- Its principal business office or a satellite office with at least one full-time employee, located in the City.

Preference

- Where the lowest responsible bidder is not a local business, the Buyer shall provide the lowest responsible Local Business bidder, should one exist and its bid is **within five percent (5%)** of the lowest responsible bidder, with notice and an opportunity to reduce its bid to match that of the lowest responsible bidder. Notice shall be by telephone and/or by facsimile or electronic mail. The Local Business shall have five (5) business days after the date of such notice to match the lowest bid, in writing. Should the Local Business so match, it shall be deemed the lowest responsible bidder and receive the award.
- Should the lowest responsible Local Business bidder decline to match the lowest responsible bidder as set forth above, the Buyer shall provide the next lowest responsible Local Business bidder, should one exist and its bid is **within five percent (5%)** of the lowest responsible bidder, with the same notice and opportunity to match the bid of the lowest responsible bidder as above. This process shall continue as necessary, until an award is made either to a responsible Local Business bidder within 5 percent (5%) of the lowest responsible bidder, or the lowest responsible bidder itself.
- In instances where a Local Business and a non-local business submit equivalent, lowest responsible bids, the Buyer shall give preference to the Local Business.

- No contract awarded to a Local Business under this section shall be assigned or subcontracted in any manner that permits more than fifty (50) percent or more of the dollar value of the contract to be performed by an entity that is not a Local Business.

Declaration of Compliance

In submitting a bid subject to this section, a Local Business shall affirm its compliance with the definition of Local Business on a form to be provided by the Buyer.

Notice

The Buyer shall provide adequate notice of the provisions of this section to prospective bidders.

Exceptions

This section is made expressly inapplicable to public works or other projects to the extent the application would be prohibited by state or federal law.

Attachment B

[SEAL]
[Address Info and Where to Send it]

DECLARATION OF LOCAL BUSINESS

City of Vacaville gives local businesses a preference in formal solicitation of goods and service as set forth in Section E. LOCAL PREFERENCE of the City's Purchasing Policies and Procedures Manual.

In order to qualify for this preference, a business must meet **all** of the following criteria:

- A valid City of Vacaville business license; and
- Its principal business office or a satellite office with at least one full-time employee, located in the City.

By completing and signing this form, the undersigned states that, under penalty of perjury, the statements provided herein are true and correct and that the business meets the definition of a local business Local Preference of the City's Purchasing Policy and Procedures Manual.

All information submitted is subject to investigation, as well as disclosing to third party under the California Public Records Act. Incomplete, unclear or incomprehensible responses to the following will result in the bid not being considered for application of the City's local preference policy. False or dishonest responses will cause a rejection of the bid and curtail the declarant's ability to conduct business with the City in the future. It may also result in legal action.

1. Legal name of business: _____

2. Physical address of principal place of business or satellite office with at least one full-time employee:

3. Business license number issued b City of Vacaville.
License Number: _____

Authorized Signature: _____ Date: _____

Printed Name & Title: _____

RESOLUTION NO. 2000-47

**RESOLUTION ADOPTING THE CITY OF VACAVILLE PURCHASING
POLICIES AND PROCEDURES MANUAL**

WHEREAS, the Administrative Services Department has developed the City of Vacaville PURCHASING POLICIES AND PROCEDURES MANUAL as a means of assuring continuity and uniformity in its purchasing operation; and

WHEREAS, the manual is intended to be a guide and source of reference for those responsible for procuring goods and services for the City or for those traveling or otherwise incurring expense on behalf of the City;

NOW, THEREFORE, BE IT RESOLVED, that the City Council of the City of Vacaville does hereby adopt said PURCHASING POLICIES AND PROCEDURES MANUAL.

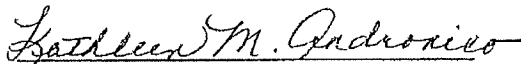
I HEREBY CERTIFY that the foregoing resolution was introduced and passed at a regular meeting of the City Council of the City of Vacaville, held on the 25th day of April 2000, by the following vote:

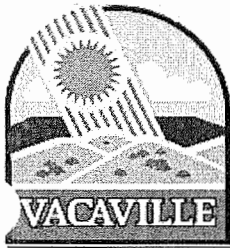
AYES: Council members Augustine, Clancy, Slade, Vice-Mayor Wood and Mayor Fleming

NOES: None

ABSENT: None

ATTEST:


Kathleen M. Andronico
Kathleen M. Andronico, City Clerk



Administrative Services Department

Purchasing Procedures

Correspondence

Purchasing@cityofvacaville.com
(707) 449-5164

Please review the **City's Purchasing Policy and Procedure Manual**

Purchasing Types

- ❖ **Purchasing Cards** – used for purchases that are \$1,000 or less including tax and freight.
- ❖ **Purchase Orders** – used for purchases that are over \$1,000.
 - \$1,000 - \$ 3,000 - no specific requirements, competitive bids whenever practical.
 - \$3,001 - \$25,000 - Obtain bids when in the best interest of the City, Document
 - Greater than \$25,000 - Advertising for sealed bids or Request For Proposals (RFP) deemed appropriate. (Please contact Purchasing)
 - Bidding Procedures:
 - Describes the goods or services
 - In writing
 - Awarded based upon best interest of the City. City has the discretion to reject any or all bids
 - Not always the lowest price, best value to the City
 - Weighted scoring
 - Pricing, background and experience, planning and delivery of goods or services.
 - Exceptions to Competitive Bidding
 - Emergency purchases
 - Materials, Supplies, equipment or services from only one vendor, sole source
 - Contracts involving professional or specialized services, consultants
 - No bids received
- ❖ **Annual Purchase orders** – used for the specific purpose of allowing authorized City Employees to purchase goods or services within dollar limits and within the current fiscal year.
 - Purchases from a vendor that are over \$1,000 or will be cumulatively over the year
 - Use a reasonable estimate for what will be spent over the year based on prior year expenditures. (Contact your Accountant or Purchasing for help with this).

Purchasing Cards

- ❖ **Obtaining or Changes for Purchasing Cards:**
 - Issued by the Finance Division (form must be completed)
 - Contact Finance if Card is lost, stolen or damaged. The card will be cancelled and a replacement card will be issued.
 - Changes to cards must approved by Department Head or their designee. (form must be completed)

- Spending Limits
 - Single purchase limit - \$500 - \$1,000
 - Monthly limit – determined by Department Head
 - Purchasing card to be used for City purchases only

❖ **Reconciliation Process**

- Monthly statements should
 - Be reconciled timely with original receipts attached.
 - Approved by card holder and supervisor.
 - Stored centrally and maintained by one person, as they will be audited semiannually.

❖ **Restrictions**

- Charges for single purchases should not be split in order to stay within the single purchase limit.
- Cash advances – bank tellers or ATM, are prohibited and restricted.
- Personal services (i.e. manicures, hairdressers, dry cleaners).
- Amusement and entertainment services.
- Alcoholic beverages, medical drugs, narcotic drugs, supplies
- Other supplies or services as prohibited by law
- Unapproved IT related items.
- Failure to properly use the assigned purchasing card within the guidelines set by this policy may result in the cancellation of the card for the employee and/or further disciplinary action.

Requisitions and Purchase Orders

❖ **Getting Set-up**

- Please contact the management analyst in your department to establish approval queue and authorization for signing authority.

❖ **Schedule**

- Requisitions are processed each week.
- Requisitions that are entered and approved by **Wednesday**, will be processed into Purchase Orders by the following **Wednesday**.

❖ **Documentation**

- All requisitions must have a quote or document showing the basis of the amount.
- This quote/bid should be sent to the purchasing mailbox.
 - Purchasing@cityofvacaville.com

Surplus Property

❖ **Process**

- Twice per year, Purchasing will coordinate the disposal of large items.
- City property must be:
 - Sold
 - Traded
 - Donated
 - Discarded
- Purchasing will determine which option will be best.
- Furniture determined to be function and operational will be kept in storage at the Corp yard.
 - Purchasing will post pictures of what is in storage on the Transfer drive under a Surplus Property folder.
 - You may shop for items your department may need and coordinate logistics with Purchasing.

GLOSSARY OF PURCHASING TERMS

Terms	Definitions
Acknowledgment	A form used to inform the buyer (the City) that the seller has accepted the order.
Agreement	An understanding or arrangement between two or more parties.
Annual Purchase Order	An agreement between the City and a vendor allowing authorized City employees to charge purchases of goods and/or services within dollar limits and/or other terms and conditions.
Appropriation	Legislative authorization to expend public funds for a specific purpose.
As is	A term indicating those goods offered for sale is without warranty or guarantee.
Authorized Signature	Refers to employees authorized to approve purchase orders or other expenditures. The list of authorized signatures is maintained in Finance and is approved by appropriate Department Heads.
Award	Acceptance of a bid or proposal accomplished by the presentation of a purchase order or contract to the successful bidder or proposer.
Back order	The undelivered part of an order, which the vendor agrees to ship at a later date.
Bid	The executed document submitted by a bidder in response to invitation for bids, proposals or request for quotation (RFQ).
Bidder	Any person submitting a competitive bid in response to an invitation for bids, proposal or request for quotation (RFQ).
Bidder's List	A list contained as part of each competitive bid in response to an invitation for bids, proposal or request for quotation (RFQ) listing names and addresses of suppliers from whom bids and RFQ's have been solicited.
Brand Name	A specific brand or trade name or some other designation that identifies a product of a particular manufacturer.

GLOSSARY OF PURCHASING TERMS

Terms	Definitions
Brand name or equal	A specification that specifies a product by its brand name, equal specifications, model numbers, or other identifications as representing quality and performance called for, and inviting bids on comparable items or products of any manufacturer.
Cash Discount	A discount from the purchase price allowed by the seller to the purchaser when payment is made within a designated period. See "Payment Terms."
Cash on Delivery (C.O.D.)	Payment is due and payable upon delivery of goods.
Check Request	The process authorizing Finance to release a check for a stated purpose. The check request process may be used for various purposes including: subscriptions, travel advances, membership dues, reimbursements, mileage, refunds, or miscellaneous refunds.
Competitive Bid	The submission of prices by individual or firm competing for a contract, privilege or right to supply merchandise or goods to the City. The City shall obtain competitive bids on contracts or purchase orders for the acquisition of supplies, materials, and equipment if it is determined to be in the best interest of the City. The City shall not be required to obtain competitive bids when it is felt that solicitation of bids is not in the best interest of the City or its residents.
Confirming Order	A written purchase order restating the same order originally placed verbally.
Contract	A verbal or written, legally binding mutual promise between two parties, e.g., an accepted purchase order.
Cooperative Purchasing	The combined purchases of two or more governmental agencies to obtain the advantages of volume purchases, and reduced administrative expenses.
Damage, Concealed	Internal damages to freighted merchandise without visible external damage to the container.
Damage, Visible	Damage to freighted merchandise that is apparent and noted on the carrier's freight bill when shipment is offered for delivery.
Delivery Terms	Conditions in a contract relating to freight charges, place of delivery, time of delivery or method of transportation.

GLOSSARY OF PURCHASING TERMS

Terms	Definitions
Discount	An allowance or deduction from a normal or list price extended by a seller to a buyer to make a net price more competitive.
Emergency Purchase	A purchase made without following normal purchasing procedures in order to obtain goods or services to meet an urgent and unexpected requirement necessary to permit the continued performance of the operations or services of the City or any department, or to avoid the immediate danger to life, health or property.
Encumbrance	Charging an account prior to receiving goods/services; funds are shown as an encumbrance until goods/services are received, at which time funds are actually expended.
Evaluation of Bids	The process of examining a bid after opening to determine the bidder's responsibility and responsiveness to bid requirements and to ascertain other characteristics of the bid that relate to determination of the successful bidder.
Expedite	Follow-up tracing of the status of an order to ensure that goods are delivered in accordance with contract terms.
F.O.B.	An abbreviation for "free on board". It refers to the point of delivery of goods by the seller, at which time title passes to the buyer. Generally speaking, damages sustained prior to that point in time are the responsibility of the seller, while damages after that time are the responsibility of the buyer and each must file damages for claims accordingly. Buyer pays for transportation costs.
F.O.B. Destination	This creates fewest problems for the buyer (the City). Title or ownership of goods passes to the buyer upon delivery (i.e. seller still owns the goods in transit). The seller pays transportation charges, is responsible for any loss or damage up to time of delivery and must file all claims for loss or damages.
F.O.B. Destination Freight Prepay, and Add	Title or ownership of goods passes to the buyer upon delivery. Seller is responsible for any loss or damage up to the time of delivery and must file all claims for loss or damages. Seller prepays the transportation/freight charges and adds them to the buyer's invoice.

GLOSSARY OF PURCHASING TERMS

Terms	Definitions
F.O.B. Shipping Point	Title or ownership of goods passes from the seller to the buyer at the moment of delivery to the carrier (i.e. buyer owns the goods while in transit). The buyer must pay all transportation charges and file claim for loss or damages of goods. By law, the buyer would have to pay for the materials even if lost or damaged during shipment. This option has the least advantages to the buyer (the City).
Follow-Up	This is to review a transaction to determine its status. In connection with purchase transactions, the phrase is often synonymous with "expedite".
Formal Bid	A bid, which must be submitted in a sealed envelope and in conformance with a prescribed format, to be opened at a specified time.
Freight	Material properly tendered to a carrier for transportation.
Guarantee	A pledge or assurance that something is as represented and will be replaced if it fails to meet the stated specifications.
Informal Bid	Written or verbal quotations that do not require a formal closing time/date or public bid opening. Informal bids include unsealed written quotes, verbal quotes and quotes received via fax.
K.D. (knocked down)	An abbreviation meaning that the article described is supplied un-assembled. When an article is shipped "k.d.," it must be reduced in size by one-third or as specified in the carrier's tariff, to secure the applicable freight rate.
Lead Time	The period of time from date of ordering to the date of delivery which the buyer must reasonably allow the vendor to prepare and ship goods.
Lump Sum	The price agreed upon between vendor and buyer for an item or a group of items without breakdown of individual costs; a lot price.
Lowest bidder	The bidder submitting the lowest price. See also "Responsive Bidder" and "Responsible Bidder."
Manufacturer	One who: (1) controls the design and production of an item, or (2) produces an item from crude or fabricated materials, or (3) assembles materials or components, with or without modification, into more complex items.

GLOSSARY OF PURCHASING TERMS

Terms	Definitions
Non-Conforming	A bid that does not conform to the requirements of the request for quotation.
Packing Slip	A document, which itemizes in detail the contents of a particular package or shipment. Should be kept for documentation.
Partial Payment	An interim payment authorized upon delivery of one or more complete units or upon completion of one or more distinct items of service.
Payment Terms	<p>Terms of payment usually specified by the seller. There are two general categories: (1) those which designate the method of payment and, (2) those which influence the ultimate delivered cost.</p> <p><u>Net 30 days</u>: payment of the entire invoice amount is to be made within 30 days from the invoice date or delivery, whichever is later.</p> <p><u>Net 10th prox.</u>: payment of the entire invoiced amount is to be made-by the tenth of the month following the month of the invoice date or delivery, whichever is later.</p> <p><u>2% 10/net 30</u>: payment made within 10 days from date of invoice may be discounted 2 percent. The invoice becomes overdue 30 days from the invoice date or delivery, whichever is later.</p>
Pre-Bid Conference	A meeting scheduled in a bid/proposal solicitation for the purpose of providing clarification as needed.
Prepaid freight	A term denoting that transportation charges have been or are to be paid at the point of shipment by the consignor (shipper).
Prepayment	Payment must accompany an order and/or vendor, e.g., memberships, dues, permits, publications, subscriptions and conference/training pre-registrations, will provide no invoice.
Proposal	The executed document submitted by an offer or in response to a request for proposal.

GLOSSARY OF PURCHASING TERMS

Terms	Definitions
Purchase Order	A purchaser's document to formalize a purchase transaction with a vendor. A purchaser's written offer to a supplier stating all terms and conditions of a proposed transaction. Acceptance or performance of a purchase order constitutes a contract.
Purchasing	The purchasing function within the Administrative Services Department or other similar purchasing functions with appropriate delegated authority (e.g., Central Stores, Central Garage, CIP Engineering).
Purchasing Card	Credit card used to purchase materials, supplies, equipment or services costing up to \$1,000.
Open Buying Agreement	Negotiated contract that normally does not result in the issuance of a Purchase Order.
Operating Department	City department outside of Purchasing.
Quotation	A bid. A statement of the price, terms of sale and description of goods or services offered by a prospective seller to a prospective buyer.
Receiving of Goods	The acceptance of goods, the checking of quantity and quality and taking into inventory.
Request for Quotation	The document generally used to solicit quotations on purchases or on any purchase that does not require formal bidding. Can be used for obtaining price and delivery information for sole source and emergencies.
Responsible Bidder	A vendor who has the capability in all aspects to perform in full the specified requirements and possesses the necessary skill, integrity, ability and reliability which will assure good faith performance.
Responsive Bidder	(1) A vendor who has submitted a bid which conforms in all material respects to the request for quotation (RFQ). (2) One whose bid conforms in all material respects to the terms and conditions, specifications and other requirements of the RFQ.
Rejection of Goods	Goods not accepted because of nonconformance (i.e. Does not meet the purchaser's specifications, terms, or conditions) with purchase order or has physical damage.

GLOSSARY OF PURCHASING TERMS

Terms	Definitions
Sealed Bid	A bid, which has been submitted in a sealed envelope to prevent, its contents being revealed or known before the deadline for the submission of bids; usually required on formal bids to enhance fair competition.
Sole Source	Only known vendor of equipment, supplies, or materials conforming to specifications.
Specifications	A description of the product or service the purchaser seeks to buy. A specification may be a detailed description of the physical or functional characteristics, or the nature of, a the product or service.
Standard Purchase Order	To be used for the purchase or lease of materials, supplies, or equipment costing over \$1,000. Public Works construction projects of \$75,000 or more require City Council approval.
Standardization	The process of examining characteristics and needs for items of similar end usage, and developing a single specification that will satisfy the need for most or all purchases for that purpose.
TOT (Hotel/Motel Tax)	Transient occupancy tax charged on lodging.
Vendor	A supplier of goods or services.
Vendor Reference List	A list of suppliers and their commodities.
Waiver of Bid(s)	A process authorized by law or rule whereby a government purchasing office may procure items without competitive bidding procedures because of unique circumstances related to a particular need or procurement.
Waiver of Mistake or Informality	The act of disregarding errors or technical non-conformities in the bid which does not go to the substance of the bid and will not negatively affect the competition between bidders.
Warranty	A representation of utility, condition or durability made by a bidder for a product. Not to be confused with "guarantee."

PURCHASING SYSTEM OVERVIEW

Purchasing Cards should be used for purchases under \$1,000. Purchase Request Forms should be used for purchases greater than \$1,000. Purchase Request Forms will generate a Purchase Order.

BUDGETED MATERIALS, SERVICES, SUPPLIES AND EQUIPMENT (excluding Public Construction Projects):

\$25,000 or Less	Authorized by Department Head or Department Representative with Purchasing Level Authority						
	<table><tr><td>\$1,000 or less</td><td>Purchasing Card</td></tr><tr><td>\$1,001 - \$3,000</td><td>No specific requirements; competitive bidding to be used whenever practical. Purchase Orders should be used for items over \$1,000.</td></tr><tr><td>\$3,001 - \$25,000</td><td>Obtain competitive bids when in the best interest of the City (documented in writing). Purchased by Purchase Order or Contract.</td></tr></table>	\$1,000 or less	Purchasing Card	\$1,001 - \$3,000	No specific requirements; competitive bidding to be used whenever practical. Purchase Orders should be used for items over \$1,000.	\$3,001 - \$25,000	Obtain competitive bids when in the best interest of the City (documented in writing). Purchased by Purchase Order or Contract.
\$1,000 or less	Purchasing Card						
\$1,001 - \$3,000	No specific requirements; competitive bidding to be used whenever practical. Purchase Orders should be used for items over \$1,000.						
\$3,001 - \$25,000	Obtain competitive bids when in the best interest of the City (documented in writing). Purchased by Purchase Order or Contract.						
Greater than \$25,000	Authorized by Department Head or Department Representative with Purchasing Level Authority. Advertising for sealed bids or proposals as deemed appropriate. Bidding Procedures apply (see Pages 26 through 30) Use Standard Purchase Order or Contract						

NON-BUDGETED ITEMS FOR WHICH FUNDS ARE AVAILABLE:

\$25,000 or Less	Same as Budgeted guidelines above
Greater than \$25,000	Same as Budgeted guidelines above, except City Council Approval needed (unless such supplies, materials, and equipment are needed immediately to safeguard life, health, safety, or property)

PUBLIC CONSTRUCTION CONTRACTS: (which are done by the Public Works CIP Engineering division). Does not apply to Consulting Services and Independent Contractors.
Also see "Contracting for Construction Procedures" (pages 31 through 34)

\$25,000 or Less	Negotiated contract award through a Purchase Order.
\$75,000 or Less	Informal Bid Process Bid awarded by Purchase Order.
Greater than \$75,000	Formal request for Bids or request for proposal. Advertising for sealed Bids or proposals. Contract award authorized by City Council.

RESPONSIBILITIES OF OPERATING DEPARTMENTS

Operating Departments are charged with the following responsibilities in the purchasing process:

1. To maintain open and cooperative communications with Purchasing.
2. To monitor and inform Purchasing of any vendor-relation problems, shipping problems (i.e., damaged goods, late delivery, wrong items delivered, incorrect quantity delivered, etc.), and any related situations that require advocacy, research or problem solving by Purchasing.
3. To anticipate reasonable operating needs sufficiently in advance to allow adequate time to obtain goods in accordance with the best purchasing practices.
4. To provide detailed, accurate specifications to ensure goods are obtained consistent with expectations and requirements.
5. To prepare requisitions carefully and properly in accordance with training and instructions so as to minimize administrative time required to process requisitions.
6. To minimize emergency and sole source purchases and to provide written justification when such purchases are necessary.
7. To maintain and assist Purchasing in maintaining an up-to-date bidder's list.
8. Process vendor invoices in a timely manner.
9. All publicly bid construction projects will be handled through Public Works CIP Engineering division, including related Consulting Services contracts.
10. To adhere to the City's prescribed purchasing policies and procedures.

RESPONSIBILITIES OF PURCHASING

Purchasing has the following responsibilities:

1. To monitor and coordinate City department/division purchase or lease of materials, supplies, services, furnishings, equipment and other personal property in accordance with rules and regulations prescribed by the City's Purchasing Ordinance, this Manual or as otherwise provided by law.
2. To maintain open and cooperative communications with the Operating Departments.
3. To purchase or lease materials, supplies, equipment and services required by any department/division.
4. To follow-up, expedite and resolve problems with orders as required.
5. To assist operating departments with research and recommendations in developing specifications; to review specifications for completeness of information and open and competitive language.
6. To identify, evaluate and utilize purchasing arrangements, which best meets, the needs of the City (i.e., cooperative purchases, blanket orders, contractual agreements, etc.).
7. Prescribe and maintain such records and forms as needed for efficient operation of Purchasing.
8. Prepare and maintain, with the approval of the Administrative Services Director and City Manager, a purchasing manual as defined in the City's Purchasing Ordinance.
9. To learn and implement current developments concerning purchasing, prices, market conditions, and new products.
10. To maintain up-to-date bidder's list, vendor's catalogs, files and such other records as needed to perform assigned duties.
11. To consolidate department orders for like items, ensuring quantity discount pricing whenever possible.
12. To develop and maintain department awareness of purchasing and pricing principles, marketing conditions and new products.
13. To perform such other tasks as may be necessary for the efficient and convenient purchase or lease of materials, supplies, equipment and services.

INFORMATION DISCLOSURE (WHAT CAN I TELL THE VENDOR)

Many times the Operating Department is asked questions about the purchasing process, Purchase Orders, Request for Quotations (RFQ) and bidding requirements.

The golden rule is that price information cannot be given to any vendor before the bid process is completed and the Purchase Order is issued.

Listed below are those questions, which the Operating Department can answer, and those questions that should be referred to Purchasing.

Questions the Operating Department can answer:

Specific price for item(s) based on a Purchase Order.

Past prices paid based on a Purchase Order.

Vendor name(s) who have bid or been awarded purchases in the past.

Name of vendor(s) Operating Department typically uses.

Specific questions clarifying the RFQ.

Questions Purchasing should answer:

Information on bid summary results.

Specific question(s) about bid process and procedures.

When the results of the RFQ will be mailed.

Any unusual or questionable item.

Complaints regarding the purchasing procedures.

VENDOR RELATIONS

1. It is to the City's advantage to maintain and promote good relations with vendors. The City's vendor relations reflect the public image of the City organization. Both Purchasing and the Operating Departments are responsible for promoting fairness, integrity, courtesy and goodwill in their vendor relations.
2. For planning purposes it may be to the advantage of Operating Departments to make direct contact with vendors for certain purposes, such as obtaining technical information and costs estimates.
3. Purchasing will normally serve as an intermediary between divisions and vendors, obtaining prices, catalogs, samples and general information on commodities.
4. Local preference is the practice of buying from certain suppliers/contractors because they are also local taxpayers. Local preference is desirable because it stimulates the local economy. All orders/contracts are awarded on the basis of quality, previous performance, ability to meet the contract requirements, availability of service and parts, delivery schedule, and payment terms/discounts. When all these factors are equal except price, a preference will be given to local vendors when deemed to be in the best interest of the City and when not otherwise prohibited.

We also acknowledge that buying via the Internet puts our local vendors at a disadvantage, therefore Internet purchases are restricted to those situations involving significant time and/or cost savings or when the product is not otherwise available locally.

AUTHORIZED SIGNATURES

The Finance Division maintains an Authorized Departmental Signatory List. This list provides the name(s) and signature(s) of the employee(s) designated by each Department Manager who is authorized to sign. See attached Word document, Authorized Signatories, which is located on Outlook under All Public Folders, Finance Forms titled "authsigns".

MEMORANDUM

DATE:

TO: Finance Division

FROM:

SUBJECT: Authorized Signatories

The following personnel are authorized to sign as follows, for the

(Department Name)

NAME	DOLLAR LIMIT	SPECIMEN SIGNATURES
------	--------------	---------------------

authsigns (located on Outlook under All Public Folders, Finance Forms)

VENDOR INFORMATION

Fax or written bids are preferable and are normally required for bids or quotations of purchases or leases of \$1,000 or more.

Vendor contact is often necessary when processing a Purchase Order for ordering materials, equipment, supplies, or contracting for various types of services. The following information is needed and should be obtained from the vendor prior to the preparation of a Purchase Order.

The work sheet for obtaining prices/quotes should be used whenever obtaining prices. Glossary of terms used in work sheet:

Freight:

Who pays expenses and assumes risk of delivery of merchandise (seller or buyer). Depending on weight and distance of shipment, this cost can be an important award criteria.

Local Vendor Purchasing Preference:

Local preference is the practice of buying from certain suppliers/contractors because they are also local taxpayers. Local preference is desirable because it stimulates the local economy. All orders/contracts are awarded on the basis of quality, previous performance, ability to meet the contract requirements, availability of service and parts, delivery schedule, and payment terms/discounts. When all these factors are equal except price, a preference will be given to local vendors when deemed to be in the best interest of the City and when not otherwise prohibited.

We also acknowledge that buying via the Internet puts our local vendors at a disadvantage, therefore Internet purchases are restricted to those situations involving significant time and/or cost savings or when the product is not otherwise available locally.

Other Charges:

Ascertain if any other charges are applicable. Example: Special packaging or handling, insurance, training, etc.

Payment Terms:

Discounts the vendor offers for prompt payment of invoice. Example: Net 30 days - payment of the entire invoiced amount is due within 30 days from invoice date. 2% 10/net 30 - a 2% discount of the total due on the invoice is allowed if paid within 10 days of invoice date. Payment terms should be noted on the Purchase Order and may be accepted at City's option.

Promised Delivery Date:

Date the vendor has promised to deliver merchandise or provide services.

Quoted By:

Name of person who actually gave the price quote, date given and their title and phone number.

Safety Compliance:

All supplies and equipment provided by vendor must be in compliance with the CAL-OSHA Act, and the Federal Occupational Safety and Health Standards.

Sales Tax:

Add current applicable sales tax.

Specification:

Name of manufacturer, model number, part number or other specification(s).

Taxable/Non-Taxable Items:

Determine if items are non-taxable. Example: some labor charges are non-taxable.

Unit of Measure:

The unit of the item as sold. Example: each, dozen, ton, feet, gallon, pound, etc.

Unit Price/Price Break:

Price for each single unit and at what point does a price break occur?

Vendor Name:

Verify name, correct spelling and address. Purchase Order and payment (invoice) must be addressed to same vendor name.

Warranty:

Indicate warranty quoted by vendor. Example: 60, 90 days, one year parts and labor, etc. Also consider cost of maintenance agreement, if applicable.

Refer to Bidding Procedures for specific information (pages 26 through 30).

WORK SHEET FOR OBTAINING PRICES/QUOTES

Faxed or written bids are preferable and are normally required for purchases of \$1,000+.

_____ Vendor Name and address verified; verify vendor name and billing invoice correspond.

Vendor's Name _____

Vendor's Address _____

Quoted by:

Person's Name: _____

Title: _____

Phone Number: _____

Date Obtained: _____

_____ Will your company accept a P.O.? Yes _____ No _____. If no, what is required for the City of Vacaville to place an order? _____

_____ Description (obtain specific item/model number(s)). _____

_____ Unit Price/Price Break _____

_____ Discounts _____

_____ Freight (who pays shipping): _____ Vendor pays
_____ Prepay-add to invoice (City pays)
_____ Will call (City picks up)

_____ Delivery Date _____

_____ Verify State sales tax _____ if different than 7.375%. Ask if items are taxable/non-taxable

_____ Any other charges – Ask vendor specifically! _____

_____ Specific warranty information: _____

_____ Does item comply with State & Federal laws, and applicable safety codes?

_____ Total cost of Purchase Order exceeds \$1,000, written bid is normally required. Fax is acceptable.

_____ Local vendor preference when applicable (i.e. 1% reduction factor when comparing prices).

quotes (located on Outlook under All Public Folders, Finance Forms)

PURCHASE REQUEST

The Operating Department must complete the Purchase Request Form for each Purchase Order (Standard or Annual) sent to Purchasing. The Purchase Request Form can be sent electronically through e-mail to Purchasing. The person sending the e-mail should have the signing authority necessary to process the request.

The Purchase Request Form must contain the following information:

Date, From (Department/Division/Individual to be contacted), Account Coding, Description of Goods and/or Services (including specifications of product, if applicable), Purchase Order No. (if Emergency P.O. – number already given to the department), amount Purchase Request is authorized for and signed by the authorized Operating Department Representative.

All backup materials and supporting documents to the Purchase Request should be attached. Examples: Written or faxed quotes, order forms, catalog page copies, specifications, etc.

The Remarks section should be used for any additional information that may be helpful for Purchasing to complete the process. Examples are: RUSH, check to accompany Purchase Order, needed for specific claim date, send vendor copy to Operating Department, fax vendor copy, etc.

If the information provided to Purchasing is incomplete, it will be returned to the Operating Department. It is the Operating Department's responsibility to provide Purchasing with complete and accurate information, otherwise the process may be delayed until the appropriate information is provided. See attached Excel spreadsheet, Purchase Request Form, which is located on Outlook under All Public Folders, Finance Forms titled "purchasereq".

PURCHASING TYPES

There are 4 different types of purchasing transactions. Each purchasing type has a specific purpose which is described below.

Purchasing Card

The Purchasing Card should be used for the purchase or lease of materials, supplies, equipment, or services costing \$1,000 or less.

Standard Purchase Order

The Standard Purchase Order should be used for the purchase or lease of materials, supplies, equipment, or services costing over \$1,000; generally relates to a single purchase transaction.

Reference Standard Purchase Order procedure for specific information.

Annual Purchase Order

The Annual Purchase Order is for the specific purpose of allowing authorized City employees to charge purchases of goods and/or services within dollar limits and/or other terms and conditions as described on the Annual Purchase Order and usually within a specified time period; generally relates to multiple purchase transactions from the same vendor.

Reference Annual Purchase Order procedure for specific information.

Emergency Purchase Order

An emergency exists when the purchase of materials, supplies, equipment, service, repairs or replacements are immediately necessary to permit the continued performance of the operations or services of the City or any department, or to avoid the immediate danger to life, health or property.

In these cases, the Operating Department may waive the purchasing procedures. Whenever possible, the Purchasing Card should be used or a call placed to Purchasing to obtain an emergency Purchase Order number. Open bidding procedures shall be observed to the extent that such procedures are feasible under emergency circumstances.

Reference Emergency Purchase Order procedure for specific information.

Open Buying Agreement (Blanket Purchase Order)

An Open Buying Agreement (Blanket Purchase Order) is a negotiated contract that normally does not result in the issuance of a Purchase Order because of the dollar value of the transaction or the type of transaction. Typically, Purchasing Cards are used for payment. The difference between an Annual Purchase Order and an Open Buying Agreement is that no Purchase Order is usually issued for an Open Buying Agreement. An

Open Buying Agreement is used as a means of procuring supplies, materials, equipment, or services when the amount or nature of the specific items or services cannot be predicted before they are needed, or where it is necessary that the place from which the items are purchased is strategically located. More than one vendor may be issued an Open Buying Agreement for the same item or service.

Note: Partial Payments

Partial payments are not considered a type of Purchase Order but a method of payment. Partial payments allow for an interim payment or progress payment for partial delivery of goods or an interim payment for services (i.e. monthly payments for a service agreement).

STANDARD PURCHASE ORDER PROCEDURE

The Standard Purchase Order procedure is used for the purchase or lease of materials, supplies, equipment or services costing over \$1,000. For purchases costing \$1,000 or less, reference the Purchasing Card procedure. For emergency purchases, reference the Emergency Purchase Order procedure.

SPECIFIC PROCEDURES:

Operating Department:

The Operating Department must first decide how they will obtain prices. The request for quotation process (RFQ) provides better tracking of the bidding procedures and should be used if the purchase is expected to exceed \$1,000. Utilize the Word document, Work Sheet for Obtaining Prices/Quotes (see page 17).

Obtain written or faxed quotes. Bids obtained by the Operating Department shall be in accordance with the Bidding Procedures described on page 26, and Vendor Information Procedure described on pages 15 and 16.

Regardless of the process used, it is the Operating Department's responsibility that the purchase request be clear and concise with complete specifications and/or item descriptions. It is also the Operating Department's responsibility to verify account numbers, quantities, delivery instructions and to obtain the appropriate vendor information. Purchasing will assist when requested.

Purchasing:

It is the responsibility of Purchasing to process the Purchase Order. Rush requests shall be processed as quickly as possible.

When bids are obtained by Purchasing using the Request for Quotation (RFQ) process, the results will be submitted to the Operating Department on a bid summary.

Operating Department:

The Operating Departments (or their designee) review the bid summary and selects the vendor (or vendors) by initialing the appropriate column(s) and returning the bid summary to Purchasing for the preparation of a Purchase Order. If the vendor selected is not the lowest bidder, a written explanation must be included. Reference the Bidding Procedures, for specific criteria.

Purchasing:

Bid summary form is reviewed for adherence to City policies and procedures. Items are awarded to appropriate vendor(s) from the bid summary.

Purchase Order number assigned, printed and distributed/mailed as follows:

- | | |
|------------------|--------------------------------|
| White (original) | - Vendor |
| Pink | - Purchasing (used for Annual) |
| Blue | - Purchasing |
| Green | - Finance |
| Goldenrod | - Operating Department |

ANNUAL PURCHASE ORDERS

Annual Purchase Orders are similar to a charge account set up by the City with certain vendors to provide equipment, materials or supplies on an as-needed basis. An Annual Purchase Order provides a mechanism for purchasing items, which in the case of equipment, materials and supplies, may not be economical for either the Operating Department or Central Stores to stock. This allows employees timely access to goods needed to accomplish their work. Annual Purchase Orders are subject to bidding procedures.

Once an Annual Purchase Order is issued to a vendor, any authorized City employee may contact the vendor directly to purchase items per the terms and conditions specified on the Annual Purchase Order. Using an Annual Purchase Order ear-marks (encumbers) the monies within the Operating Department budget.

Some reasons to consider using an Annual Purchase Order:

- (1) Less paperwork
- (2) Quantity purchasing power, possibly combining needs of more than one department
- (3) Price protection for a specific period of time
- (4) Minimizes on-site inventory (pay as you go)
- (5) Provides an organized procedure for reviewing purchases of like types of items.

Decisions for selecting vendors for an Annual Purchase Order shall be based on the following criteria:

- (1) Geographic location (how much time will be spent by employees in traveling to purchase goods?)
- (2) Responsiveness and capabilities of the vendor to provide the needed materials
- (3) Average price of types of items to be purchased
- (4) Estimate of frequency of need for materials
- (5) Pricing methodology used by vendor

Departments should be aware that an encumbrance is made to the budget of the affected department(s) for the total “not to exceed” amount. This means that the funds for the Annual Purchase Order are deducted and may not be used. Realistic amounts should be used to avoid tying up funds.

Procedure:

- (1) After identifying a need for an Annual Purchase Order, solicit bids from qualified suppliers, vendors. This can be done either via personal contact or by Request for Quotation Process (RFQ).
- (2) After review of bids, use the Standard Purchase Order procedure to issue an Annual Purchase Order. The Annual Purchase Order should include the following:
 - a. the “not to exceed” amount option checked so that wording appears in the amount column;

- b. a detailed description (terms and conditions) beginning with the statement “Annual Purchase Order for”;
 - c. the period of time the Annual Purchase Order will cover; and
 - d. the statement “Partial Payments to be made upon receipt of itemized invoice” listed under the comment section.
- (3) Notify authorized individuals of the types of goods available and the process for charging goods to the “Annual Purchase Order” account. Be sure to include the types of items covered by the Annual Purchase Order, the vendor name and address, Purchase Order number and the expiration date. A copy of the Annual Purchase Order might be distributed to affected employees for their reference.
- (4) Request that copies of invoices be forwarded or held in a central location for processing via a monthly statement. Monthly, forward one copy of the receiving report to Finance together with the tags or invoices for payment. An authorized departmental representative should sign receiving reports and the total amount of payment should be indicated on the receiving report. A running balance of the remaining funds available on the Annual Purchase Orders should be kept in the Department. The original receiving report should be sent with the final payment.

Note: Review the Partial Payment procedure on page 20

EMERGENCY PURCHASE ORDER

Sometimes an emergency occurs which makes it necessary to purchase items without the benefit of competitive bidding. A process for obtaining an emergency Purchase Order has been established for this purpose. This process may be used for the following reasons:

- (1) to avoid the immediate danger to life, health or property
- (2) in response to a natural disaster such as a major earthquake
- (3) permit the continued performance of the operations or services of the City
- (4) great financial loss will occur if immediate action is not taken

Since emergencies do not normally provide the City an opportunity to obtain competitive quotes or provide for the encumbrance of the committed funds, sound judgment shall be used to keep these orders to a minimum.

The following procedure shall be used:

- (1) If time allows and it is feasible, solicit bids from qualified suppliers, vendors. Refer to the bidding requirements procedure for specific information.
- (2) Purchasing shall be contacted, as soon as possible, to obtain an emergency Purchase Order number to cover the transaction. It is understood that emergencies do occur during hours when the Purchasing Office is closed, but whenever possible, it is requested that the emergency number be obtained in advance of the purchase.
- (3) When invoice(s) for all items are received they should be forwarded to Purchasing for completion of the covering Purchase Order. A completed Purchase Request Form should accompany the invoice(s).

Note: The Purchasing Cards should be used for purchases of \$1,000 or less.

BIDDING PROCEDURES

- Purchase requests shall describe the requested goods or services in such a manner so as to permit unrestricted competitive bidding. Specifications and standards used successfully for prior requests should be reused whenever repeat purchases are made.
- All bids shall be documented in writing.
- Necessary changes, modifications, or adjustments to specifications, requirements or bid quantities shall be authorized and publicized by Purchasing; no modifications shall otherwise be made.
- The award will be based upon what is in the best interest of the City. The City has the discretion to reject any or all bids presented. If all bids are rejected at the City's discretion, the City can readvertise for new bids or may have such supplies, materials or equipment purchased in the open market without advertising for bids.
- Bid deposits and performance bonds may be required.

Note: For Public Construction Contracts administrated by CIP Engineering, see pages 31 through 34.

EXCEPTIONS TO COMPETITIVE BIDDING

The solicitation of bids may be dispensed with when:

- (1) An emergency requires that an order be placed with the nearest available source of supply.
- (2) The materials, supplies, equipment or services are available from only one vendor.
- (3) The contracts involve obtaining professional or specialized services such as, but not limited to, services rendered by architects, engineers, and other specialized consultants.
- (4) Where calling for bids on a competitive basis in the opinion of Purchasing is impracticable, unavailing or impossible.
- (5) Placement of insurance coverage.
- (6) Where no bid has been received, the City may proceed to have the services performed or the supplies, materials, equipment leased or purchased without further competitive bidding.

SPECIFICATIONS

Specifications are a detailed and precise description of what is being ordered. Accurate specifications are essential for effective bidding. It is the responsibility of each department to provide detailed, accurate specifications when requisitioning supplies, materials, equipment, and services. With this in mind, the following information and suggested format for writing specifications is provided.

Purchasing may be able to provide assistance, suggest resources and provide sample sets of specifications already on file.

Sole Source (Only Known Vendor) Specifications

Sole source specifications shall be avoided whenever possible as they minimize or eliminate competition. Sole Source requests require an explanation, justification.

Section 3400 in the Public Contract Code also provides that specifications shall provide a period of time *prior to the* award of the contract for submission of data substantiating a request for a substitution of “an equal” item. (Section 3400 applies only to public works projects.)

Standardization

Standardization of specifications for items common to several departments or divisions facilitates the purchasing process. Purchasing and Operating Departments shall work together to establish standard specifications for such items.

Brand Name Specifications

In general, when brand names are specified, the words “or approved equal” should follow unless documented reasons (i.e. standardization) make a single brand acceptable. Purchasing may limit bidding to a specific product type or a brand name when purchasing any special equipment or supplies needed to be compatible with existing equipment or to perform complex or unique functions. Unless otherwise provided in the specifications, use of brand names in specifications shall be for the purpose of describing the standard of quality, performance and characteristics the City desires and not be intended to limit or restrict competition. The City reserves the right to determine and approve any product submitted as an “or approved equal”.

Manufacturer's Specifications

In order to promote open competition, try to avoid specifications provided by a specific manufacturer. If, however, manufacturer’s specifications are used, state the name of the manufacturer, model number, etc. Also state that the use of the manufacturer’s specifications are for the purpose of establishing an “approved equal to” criteria.

Vendor Assistance in Writing Specifications

There may be occasions when vendor assistance is needed in developing specifications. Such specifications should be written in general terms and the vendor should be clearly informed that the information provided may be used in developing specifications for a competitive bidding process.

Warranty

When writing specifications, consideration should be given whether to state a specific required warranty/guarantee or to accept the bidder's offered warranty/guarantee.

The Operating Department is responsible to maintain an active, up-to-date file on materials, which are covered by warranty or guarantees. **The Operating Department should maintain the original warranty document.** Prior to repair or replacement of an item, the Operating Department should determine whether or not the item is covered under warranty. See attached Word document, Technical Specification Format Supplies, Equipment and Contractual Services, which is located on Outlook under All Public Folders, Finance Forms titled "techspec".

TECHNICAL SPECIFICATION FORMAT SUPPLIES, EQUIPMENT AND CONTRACTUAL SERVICES

For: _____ Date: _____

Scope and Intent

State the function of specification including a statement regarding the end use.

Definition of Terms

Define terms used throughout the specification. These terms may be familiar to you but not to others. Use this section simply to clarify terms as needed.

Applicable Documents

List all documents referred to in the specification by title, number, year of issue, and generating source.

Requirements

List all desired PERFORMANCE, PERMIT and DESIGN requirements. May include classification, ordering information, warranty, materials and manufacturer, chemical composition, and other requirements (physical, mechanical, performance, etc.); dimensions, workmanship, finish and appearance; traffic control, safety requirements, etc. These requirements are best listed as sub-headings in this section.

Quality Assurance

Describe test methods to be employed, sampling, inspection, laboratory certification, etc. This section should provide information to ensure that the City will receive what has been specified.

Preparation for Delivery, Special Notes, Etc.

Include delivery instructions.

CONTRACTING FOR CONSTRUCTION PROCEDURES

The State of California Public Contract Code sets forth the requirements for contracting the construction of public works projects by local agencies. Article 3 Section 22000 establishes an alternative procedure for local agencies whose governing board adopts a resolution to become subject to the alternate procedure.

The City Council adopted an ordinance on June 8, 1993 to become subject to the alternate procedure as set forth in the Uniform Public Cost Accounting Act ("Act"). The provisions of the Act were added to chapter 2.72 of the Vacaville Municipal Code by ordinance on June 14, 1995. The procedure to be followed for the award of contract for public works contracts fall into one of the three following categories: 1) contracts of \$25,000 or less, 2) contracts of \$75,000 or less, and 3) contracts more than \$75,000. The City's procurement procedures require that a Purchase Order requisition form be processed for each category of contract cited above. Prevailing wage rates apply to all public works contracts.

1) Contracts of \$25,000 or less

These contracts may be performed by City employees, by negotiated contract, or by purchase order.

A. City Employees

The California Uniform Public Construction Accounting Commission Cost Accounting Policies and Procedures Manual (CAPP) published by the State Controller's Office defines force account as work performed on public projects using internal resources including, but not limited to, labor, equipment, materials, supplies and subcontracts of the public agency. Subcontracts include the use of an outside contractor with specialized skills and/or equipment needed to complete an element of the work on the public project. There are specific project accounting requirements for the force account work that is detailed in the CAPP.

B. Negotiated Contract and Purchase Order

The City procedures for procurement requires that contracting of any type of work must be accomplished with a Purchase Order. Procurement of contracts under this category is a very simplified process that does not require advertisement or the solicitation of bids or any form of bonding requirement. Construction plans and contract documents such as Special Provisions or Specifications are not required but may be furnished. However, enough detail must be provided on the Purchase Order Requisition form to describe the scope of proposed work and the compensation. Further, the contractor must provide insurance in the amount specified by the City Risk Manager.

Although the Uniform Public Cost Accounting Act does not specify any procedures for entering into a negotiated contract or purchase order, the following procedures are recommended.

1. Simple or routine projects:

- a. Scope of work is very simple or routine and does not necessitate a plan or sketch (i.e. install cleanout on existing sewer service.)

- b. Solicitation of bids is not required. A single contractor may be contacted by telephone or in writing. The contractor and City contact can negotiate the details of the scope and cost.
- c. The details of the scope and cost are described in the Purchase Order Requisition Form.

2. Projects with plans or specifications:

- a. A sketch or drawing and /or written description of project requirements are developed and given to one to three contractors for obtaining a cost proposal.
- b. Award of contract is made to the contractor with the most advantageous bid (i.e. not necessarily the lowest bidder).
- c. The details of the scope and cost are described in the Purchase Order Requisition Form.

2) Projects \$75,000 or less

These projects follow the criteria for bidding and award described in the Act as the "informal bid process". The major difference between the informal and formal bid process is that the informal process simplifies and shortens the advertising period from 30 to 10 calendar days, and the contract award is made by the City Manager or the Manager's designee rather than by the City Council. Theoretically, then, the informal bid process allows for the award of contract 11 days after advertisement. By contrast, the formal process requires a minimum of 41 days between the date of advertisement and the date of award.

Both processes, however, require the same level of detail for the construction plans and contract documents.

The informal bid process requires:

- a. Construction plans and use of the City's standard contract documents.
- b. Mailing of the City's standard "Notice to Contractors" to the trade journals designated by the Uniform Public Construction Cost Accounting Commission and/or to contractors who have submitted requests for inclusion on the City's list of Qualified Contractors for Informal Bidding.

The current designated trade journals are:

- 1. Daily Construction Service
80 Swan Way, Suite 130
Oakland, CA 94521
- 2. F. W. Dodge Plan Center
1791 Tribute Road, Suite D
Sacramento, CA 95814
- 3. Solano - Napa Builders Exchange
P.O. Box 2400
Napa, CA 94558

- c. Sealed bids are delivered to and opened by the City Clerk or the Clerk's designee not less than 10 calendar days following the mailing of the Notice to Contractors.
- d. The City Manager or the Manager's designee notifies the successful contractor of the award of contract.
- e. The project manager processes the Purchase Order Request form.

3) Projects larger than \$75,000

These projects follow the formal bid process, which is as follows:

- a. Construction plans and use of the City's standard contract documents.
- b. Mailing of the City's standard "Notice to Contractors" to the trade journals, describes above, not less than 30 days in advance of the bid opening. Mailing the entire bid package including the Notice To Contractors to the Public Work's latest list of Building Exchanges.
- c. Publish the "Notice to Contractors" in the *Vacaville Reporter* a minimum of 14 calendar days prior to the bid opening.
- d. The date for the bid opening needs to be at least 7 working days prior to the date for the award of contract by the City Council to allow for bid protests and preparation of the award of contract memo to be included in the Council packet.
- e. Pursuant to the Capital Improvement Funding Policy approved by the City Manager on August 1, 1996, the Engineering Division of the Public Works Department administers these projects.

Item Required (Minimum)	Negotiated Contract & Purchase Order (Under \$25,000)	Informal (\$75,000 & Under)	Formal (\$75,000 & Greater)
Prevailing Wage Rates	X	X	X
Written Description of Work	X		
Sketch Depicting Scope of Work	Optional		
Construction Plans		X	X
Contract Documents (Specifications)		X	X
Advertisement To 3 Designated Trade Journals 10 Calendar Days Before Bid Opening		X	
Formal Advertisement 30 Days Before Bid Opening			X
Publish Notice To Contractor in Local Paper 14 Days Before Bid Opening			X
Sealed Bid		X	X
Bid Bond		X	X
City Staff Awards Contract	X	X	
City Council Awards Contract			X
Performance and Material Bonds		X	X
Standard Contract Documents		X	X
Purchase Order	X	X	X
Details of Scope and Cost Described on Purchase Order	X		
Acceptance of Project Completion By Staff	X	X	
Council Acceptance of Project Completion			X
File Notice of Completion	Optional	X	X

DETERMINATION OF BID AWARD

Bids will be awarded based on what is determined to be most advantageous to the City. In addition to price, criteria for determining the most advantageous bid shall include, but not be limited to, the following (for Public Works Construction projects see Ordinance 1616 in Appendix 4):

1. The ability of the product offered to provide the quality, fitness and capacity for the required usage;
2. The quality of performance and/or quality of products provided in previous contracts or services;
3. The character, integrity, reputation, judgment, experience and efficiency of the bidder (this may include an analysis of previous work performed for the City or past purchases by the City);
4. The ability of the bidder to perform the Contract, or provide the materials, supplies, equipment or services required within the time specified, without delay or interference;
5. The ability of the bidder to provide future maintenance, repair parts and replacement of purchased supplies or equipment;
6. Compliance by the bidder with Federal acts, executive orders and State statutes governing nondiscrimination in employment;
7. The number and scope of conditions attached to the bid;
8. Local preference is the practice of buying from certain suppliers/contractors because they are also local taxpayers. Local preference is desirable because it stimulates the local economy. All orders/contracts are awarded on the basis of quality, previous performance, ability to meet the contract requirements, availability of service and parts, delivery schedule, and payment terms/discounts. When all these factors are equal except price, a preference will be given to local vendors when deemed to be in the best interest of the City and when not otherwise prohibited.
9. Such other information as may be deemed by the City to be pertinent to the award the bid.
10. Adherence to the City's Source Reduction and Recycled Content policy.

SOURCE REDUCTION AND RECYCLED CONTENT

STATEMENT OF PURPOSE

The City of Vacaville

- Recognizes the need to strengthen markets for materials collected in local recycling collection systems,
- Desires to maximize reduction of discarded materials,
- Desires to ensure that every department purchases environmentally-preferred products and services without compromising overall budgetary or performance requirements,
- Recognizes the need to be proactive and to serve as an example to other agencies and organizations in the community, and
- Complies with California state law which requires local agencies to buy recycled products and which allows local agencies to adopt purchasing preferences for recycled products.

1.0 STATEMENT OF POLICY

- 1.1 In accordance with the provisions of the Public Contract Code, it is the policy of the City of Vacaville to purchase recycled products instead of nonrecycled products whenever available at no more than the total cost of nonrecycled products, fitness and quality being equal. Such products shall be available within a reasonable time.
- 1.2 Price preferences for materials categories may be instituted in the future.
- 1.3 Source reduction and recycled products purchased shall contain the highest amount of postconsumer material practicable or, when postconsumer material is impracticable for a specific type of product, contain reasonable amounts of pre-consumer recovered material.
- 1.4 All equipment bought, leased or rented shall be compatible with the use of source reduction and recycled products, whenever reasonable in terms of price, performance, warranty and maintenance.
- 1.5 The City of Vacaville shall promote its use of source reduction and recycled products whenever feasible.

2.0 DEFINITIONS

- 2.1 “Buyer” means anyone authorized to purchase on behalf of the jurisdiction or its subdivisions.
- 2.2 “Contractor” means any person, group of persons, business, consultant, designing architect, association, partnership, corporation, supplier, vendor or other entity that has a contract with the City of Vacaville or serves in a subcontracting capacity with an entity having a contract with the City of Vacaville for the provision of goods or services.
- 2.3 “Ownership Cost” means total ownership costs during a product’s life cycle, including, but not limited to, acquisition, extended warranties, operation, supplies, maintenance, disposal costs and expected lifetime compared to other alternatives.
- 2.4 “Postconsumer Material” means a finished material which would normally be disposed of as a solid waste, having completed its life cycle as a consumer item, and does not include manufacturing or converting wastes. Examples of post-consumer materials include, but are not limited to, old newspapers, office paper, yard waste, steel, aluminum cans, glass, plastic bottles, oil, asphalt, concrete and tires.
- 2.5 “Preconsumer material” means material or by-products generated after manufacture of a product is completed but before the product reaches the end-use consumer. Examples of pre-consumer recovered material include, but are not limited to,

- obsolete inventories of finished goods, rejected unused stock, and paper waste generated during printing, cutting, and other converting operations.
- 2.6 “Price Preference” means the percentage allowance for a recycled product that costs more than a comparable virgin product. In bid situations, it is the percentage above the lowest cost of a comparable virgin product allowed for a recycled product when both bidders are responsible and responsive.
- 2.7 “Purchasing Documents” mean all documents used to solicit bids and purchase products, including but not limited to: invitations for bids, Requests for Proposals, Requests for Quotations, and Purchase Orders.
- 2.8 “Recovered Material” means fragments of products or finished products of a manufacturing process, which has converted a resource into a commodity of real economic value, and includes preconsumer and postconsumer material, but does not include excess resources of the manufacturing process.
- 2.9 “Recycled Content” means the percentage of recovered material, including preconsumer and postconsumer materials, in a product.
- 2.10 “Recycled Content Standards” means the minimum or maximum level of recovered material and/or postconsumer material necessary for products to qualify as “recycled products,” as established by the City of Vacaville.
- 2.11 “Recycled Product” means a product that meets the City of Vacaville’s recycled content policy objectives for postconsumer, preconsumer and recovered material.
- 2.12 “Remanufactured Product” means any product diverted from the supply of discarded materials by refurbishing and marketing said product without substantial change to its original form.
- 2.13 “Reused Product” means any product designed to be used many times for the same or other purposes without additional processing except for specific requirements such as cleaning, painting or minor repairs.
- 2.14 “Source Reduction Product” means a product that results in a net reduction in the generation of waste compared to the previous or alternate version and includes durable, reusable and remanufactured products; products with no, or reduced, toxic constituents; and products marketed with no, or reduced packaging.

3.0 POLICY IMPLEMENTATION

- 3.1 The Finance Manager or authorized representative, in cooperation with the Director of Public Works or authorized representative and relevant departments, offices and agencies shall aggressively implement the City of Vacaville Source Reduction and Recycled Product Procurement Policy.
- 3.2 The Finance Manager or authorized representative, in cooperation with the Director of Public Works or authorized representative, shall establish recycled content standards and is authorized to raise or lower them to meet the objectives of this policy. The decision to change any recycled content standard shall be substantiated in the annual report.
- 3.3 The Finance Manager or authorized representative may establish price preferences for materials categories as deemed necessary to meet the objectives of this policy.
- 3.4 The City of Vacaville is authorized to participate in, and encourage other public jurisdictions to participate in, cooperative purchasing agreements.
- 3.5 All departments, offices and agencies shall evaluate their product specifications and purchasing documents and remove all obstacles feasible to buying recycled and source reduction products. Among the obstacles to be removed are:
- Requirements for virgin materials only,
 - Language that excludes recycled products,

- Unnecessary qualifications (e.g., high brightness levels for paper),
 - Specifications written to describe particular nonrecycled products, unless justified as per Sec. 3.17.
 - Performance standards unrelated to actual need,
 - “New” requirements that exclude remanufactured, reused or recycled content products.
- 3.6 Performance standards must be reasonable and related to operational need, and shall be designed to encourage the purchase of source reduction and recycled products.
- 3.7 Buyers shall specify recycled content standards, as established by the Finance Manager or authorized representative, in applicable Bid solicitations and purchasing opportunities.
- 3.8 Buyers shall obtain quotes for comparable recycled and nonrecycled items to fulfill reporting requirements.
- 3.9 Buyers shall establish virgin prices on a case-by-case basis at the time of the Bid:
- On annual contracts, agreements and/or blanket orders, request both virgin and recycled product pricing during the bidding process;
 - On annual contracts, agreements and/or blanket orders, if asking for recycled products only, survey the market for virgin product prices by obtaining competitive Bids when in the best interest of the City at the time of establishing the annual contract;
 - For items not covered by annual contracts, agreements and/or blanket orders, either request both virgin and recycled product pricing during the bidding process or survey the market for virgin product prices by obtaining competitive Bids when in the best interest of the City.
 - If buyers do not, or cannot, obtain prices for virgin counterparts, the recycled product is to be considered the low cost alternative and no price preference applies.
- 3.10 All departments, offices and agencies shall submit to the Director of Public Works or authorized representative any evaluative information from the testing of recycled content products and content, quantity, type and cost information as available.
- 3.11 When no recycled content standards exist, buyers shall purchase products with the highest percentage of postconsumer materials practicable, as long as quality, performance and availability meet requirements and price is reasonable within the parameters of this policy, or when postconsumer material is impracticable for a specific type of product, contain substantial amounts of preconsumer recovered material.
- 3.12 Purchasing documents shall request identification of recycled content (recovered and postconsumer materials, as applicable) for products whenever feasible. Successful bidders shall be required to certify the percentage content of postconsumer and/or total recovered material, as specified in products to be purchased. Individual buyers should make every effort to confirm recycled content information when seeking telephone or faxed quotes or direct purchases. Buyers shall insert recycled content certification forms in all appropriate purchasing documents for non-exempt product categories.
- 3.13 Bids shall state that bidders’ failure to provide recycled content information as appropriate shall mean zero recycled content.
- 3.14 The percentage of postconsumer and total recovered materials content in paper products shall be determined by fiber weight. Total product weight shall be used for

- all other types of products. For products with varying surface treatments, such as insulation, total product weight shall refer to only the core materials.
- 3.15 Bidders shall be requested to minimize packaging to the greatest extent practicable. Individual buyers shall encourage vendors to reduce packaging as much as possible.
- 3.16 Bidders shall be encouraged to offer source reduction product alternatives if they can substantiate the source reduction benefits.
- 3.17 Buyers shall justify in writing purchases of nonrecycled or non-source reduction products to the Finance Manager or authorized representative, who may waive in writing a requirement of this policy when he/she determines justification supports such a waiver and it is in the best interests of the City of Vacaville. In those instances where it is deemed impracticable to procure a source reduction or recycled product, a specific explanation for the exclusion must be included in the purchasing record.
- 3.18 Equipment purchased or rented by the City of Vacaville shall be compatible, whenever practicable, with the use of source reduction and recycled products. If deemed impracticable, a specific reason for using incompatible equipment must be included in the purchasing record.
- 3.19 All departments, offices, and agencies shall ensure that they use both sides of paper sheets whenever practicable.
- 3.20 Whenever practicable, recycled products shall be labeled as such in a standard format. Example:
- Printed pieces and copies, including letterhead and business cards, shall carry the following notation:
Printed on recycled paper.
- 3.21 All City of Vacaville Vendors, contractors, and service providers shall be notified of this requirement to label or otherwise designate recycled products as such at the time competitive Bids or proposals are solicited and at other appropriate opportunities.
- 3.22 The Finance Manager or authorized representative, in cooperation with the Director of Public Works or authorized representative, shall educate buyers on issues relevant to buying source reduction and recycled products whenever necessary and appropriate.
- 3.23 Buyers shall educate Vendors, suppliers, and contractors on issues relevant to source reduction and recycled products whenever necessary and appropriate.

4.0 PRECEDENCE

- 4.1 The order of purchasing preference is, (1) the highest percentage of recycled content of post-consumer recovered material available in the marketplace, and (2) the highest percentage of “pre-consumer recovered material” available in the marketplace.
- 4.2 In addition to the recovered material content of a product, important criteria in selecting products shall also be:
- Reduction: the quantity, volume, weight or toxicity of waste and by-products of a given product, and the packaging generated in their manufacture, use, recycling and disposal. Products and packaging designed to minimize waste and toxic by-products in their manufacture, use, recycling and disposal shall be preferred.

- Reusability: the ability of a product and its packaging to be reused or reconditioned for use.
- Recyclability: the ability of a product and its packaging to be recycled through existing recycled collection programs.

Whenever possible, buyers shall combine these components to achieve the greatest environmental benefit possible. Example: It may be better to replace a recycled product with a reusable product. An even better choice would be a reusable product that also has recycled content.

- 4.3 All City of Vacaville departments, offices and agencies may evaluate environmental benefits and ownership cost when evaluating prices for awarding of purchasing contracts in the best interests of the City.
- 4.4 When no Bidder meets the specified minimum recycled content standard, buyers may purchase the product with the highest percentage of postconsumer content or, when postconsumer content is not practicable, the highest percentage of recovered material. This can only occur when the purchasing document explains it as a method for contract award.
- 4.5 When standards are specified for both recovered material and postconsumer material, buyers may accept the lowest cost Bid that offers a substantially higher amount of postconsumer content than the specification requires but does not meet specified recovered material requirements, even when other Bidders meet the specification in the purchasing document. This can only occur when the purchasing document explains it as a method for contract award.

5.0 APPLICATION

- 5.1 All City of Vacaville departments, offices and agencies shall comply with this policy.
- 5.2 Any RFP or Bids for services requested by the City shall include a standard statement that the City of Vacaville has implemented a source reduction and buy recycled policy and that the City encourages other businesses to adhere to similar principles. It shall further be requested that submitted proposals be printed two-sided on recycled content paper. Any consultants or contractors producing reports for the City will submit such on (post-consumer) recycled and recyclable paper.
- 5.3 Contractors shall be further requested to report to the City the post-consumer and total recovered material content of any recycled products procured for City-funded work.

6.0 REPORTS

- 6.1 The Recycling Coordinator may prepare an annual report with the cooperation of all buyers noting the annual dollar expenditures, % change from previous years, % represented of total purchasing budget, total savings or cost for using recycled or source reduction purchases, and the number of product types bought in each category. The annual report shall also include identification and discussion of instances in which this policy has been waived or found impracticable, a discussion of other barriers to the procurement of recycled products, and any instances when recycled content standards or price preferences were adjusted.
- 6.2 Buyers may specify in annual contracts or other long-term purchasing agreements that Vendors are required to provide information furnish annual Vendor reports by July 31st indicating the quantity, dollar amount, percentage(s) and type(s) of

recycled content for all products furnished to the City of Vacaville. A copy of this information will be forwarded to the Director of Public Works or authorized representative.

CANCELLED PURCHASE ORDERS

There are times when an entire or partial Purchase Order needs to be cancelled. The reasons for canceling a portion or the entire Purchase Order may include item no longer needed, item not available, incorrect price, or incorrect specifications.

To cancel a purchase order, the operating department can send an encumbrance adjustment Form via interoffice mail or e-mail to Accounts Payable or Purchasing. Accounts Payable or Purchasing will cancel the Purchase Order and notify the Vendor if necessary. The carryforward appropriations may also be cancelled, unless like merchandise or services are acquired from a different Vendor.

ENCUMBRANCE ADJUSTMENTS

An encumbrance adjustment is required to change dollar amounts or account codes on Purchase Orders, if the Purchase Order is still open in the computer system.

Fill in all required fields when submitting forms.

PURCHASE ORDER NUMBER

VENDOR INFORMATION

TYPE OF ADJUSTMENT Check appropriate box.
P.O. Increase / P.O. Decrease / Cancel / Change in
information / Additional Work Performed

DATE Date encumbrance adjustment requested. (Gray box)

DEPARTMENT (Gray box)

REQUISITIONER (Gray box)

DESCRIPTION Describe type of adjustment - GL reference

ACCOUNT / OBJECT CODE

AMOUNT

EXTENDED TOTAL

EXPLANATION OF CHANGE Explain why encumbrance is necessary.

AUTHORIZED SIGNATURE Signature and printed name of authorized employee
requesting adjustment of Purchase Order.

Route encumbrance adjustment Forms to Purchasing. Purchasing will forward to Accounts Payable for processing. Do not send duplicate copies of encumbrance adjustment Forms. See attached Excel spreadsheet, encumbrance adjustment Form, which is located on Outlook under All Public Folders, Finance Forms titled "pochange".

REQUEST TO PAY

A Request to Pay Form is used (for PAYMENT IN FULL ONLY) when an invoice will not be received for payment (i.e. airline tickets, publications, registrations, memberships, replenishment of petty cash, etc.) Request to Pay Forms must be submitted with documentation attached to Accounts Payable in order to be processed.

Fill in all required fields when submitting forms.

VENDOR NAME	Full name, address and telephone number of person receiving payment
DATE	Date requesting payment
DEPARTMENT	
REOUESTED BY	Name of employee making request and telephone extension
AUTHORIZED SIGNATURE	Signature and printed name of supervisor authorizing payment
DESCRIPTION	Description of information showing in general ledger explaining payment
ACCOUNT CODING	Funding, account and object code
AMOUNT	
CHECK MEMO	8 characters referencing payment on check
EXTENDED TOTAL	
ROUTING INFORMATION	Indicate destination of check: Mail to vendor, inter-office or hold for pick up
DATE CHECK NEEDED BY	Date of check run this check is needed or date you need check returned

Staple appropriate documentation (i.e. letters, verification, receipts, etc.) to back of form. Route to Finance Accounts Payable for processing.

Please note: When including enclosures to mail, be sure to make copies. Staple one set to the Request to Pay Form for documentation and clip second set to be mailed to the pack. Accounts Payable will not send the back-up documentation with check. It is the requester's responsibility to ensure that documentation is stapled and a separate mailable copy is temporarily attached to the forms.

See attached Excel spreadsheet, Request to Pay Form which is located on Outlook under all Public Folders, Finance Forms titled "pryqst".

PARTIAL PAYMENTS PROCEDURE

Occasionally a Purchase Order is issued that requires several shipments, deliveries or distinct items of service to be provided by the Vendor over an extended period of time.

Once a partial order has been received by Operating Department and corresponding invoices have been received by Accounts Payable and routed out to the appropriate Operating Department, it is necessary that the invoice date, Purchase Order number and dollar amount be noted on the Department's copy of the Purchase Order (goldenrod). The receiving document is attached to the invoice and is signed off by authorized staff then forwarded to Finance for payment. On each partial payment, it is necessary the invoice be marked "partial payment". Each partial payment is handled in the same fashion. Once the final order is received and verified as being complete, the final invoice should be marked that this is the "final payment" and forwarded to Finance for final payment. Also indicate on the Operating Department copy of the Purchase Order, that this is the final payment and no other action is needed.

TRAVEL EXPENSE POLICY

PURPOSE:

To establish policy and procedure for authorization and reimbursement of expenses incurred in the conduct of City business by City employees at conferences, meetings, seminars, and training sessions.

GENERAL:

1. The City Council recognizes the benefits of training sessions, conferences, seminars, and meetings for the purpose of gaining knowledge and techniques beneficial to the efficient management and operation of the City.
2. The governing factor in authorizing attendance at these functions is the benefit to the City in relation to the expenses incurred. All employees (including Commissioners) must obtain prior approval of the City Manager or their Department Head for any business or function which will require them to be away from work for more than a full day (primarily requiring an overnight absence).
3. The intent of this policy is to assure the City Council that any and all City funds for conferences, training sessions, etc. are properly used by the employee for the benefit of the City and are properly accounted for by the City.

Policy and Procedure

Department Heads or their designated personnel may authorize attendance, travel, and reimbursement of all normal and necessary expenses incurred by employees, Commissioners, and City Council designated personnel representing the City on official business or at an approved function. The following guidelines shall govern the approval of such travel and in those areas not specifically covered, the City Manager's decision shall govern.

Travel shall be by the means most economical to the City. If air travel is indicated, coach or economy fare will be used. Travel by automobile will be authorized when it does not necessitate more time away from the job than air travel. The total travel cost for automobile usage shall not exceed the round trip cost of air travel, travel to and from the airport, and parking.

The use of rental vehicles during a conference, seminar, or training session may be authorized when it is the most economical means of transportation and is of a direct benefit to the City.

When vehicles, either private or City owned, are provided, employees shall pool rides whenever possible. Travel reimbursement will be made for the vehicle owner or driver and not for individual employees within the vehicle.

While attending authorized functions, the burden of responsibility for sound judgment in expending City funds rests first upon the attending employee. The City Manager's decision shall govern where conflicts of opinions on reimbursement exist.

Reimbursement of costs shall be based upon the minimum number of days and hours required to transact City business. Early arrivals to and late departures from travel destinations shall be at the employee's own expense except where prior approval of the City Manager is obtained. Conference programs may be submitted as justification for the days and hours requested. On major

conferences, one day prior to the official convening of the conference and one day after the official closing of the conference will be permitted for travel purposes when justified. (Normally, these travel days will not be required for conferences within California or in the Pacific and Mountain Zones.)

The use of City vehicles shall be limited to official business and travel reasonably related thereto. Transportation of persons other than employees, Commissioners, or personnel designated by the City Council shall be authorized only in situations where it relates to City business.

The following policy shall govern reimbursements for travel and meeting expenses:

Travel Advance Procedure

Travel advances may be requested for conferences and meetings in excess of one day and should be authorized by Department Heads or their designated personnel. Requests should be coordinated with the Accounts Payable check run dates. Generally, advance requests should be submitted ten (10) days before needed to avoid the expense of processing a special check.

The City Manager shall approve all conferences in excess of one day for the Council Members, City Attorney, and Department Heads. The Department Heads or their designated personnel shall approve conferences in excess of one day for all their department employees.

Employees are required to turn in to the Finance Department an accounting of expenditures on the Travel Expense Form, **with original receipts attached**, within 30 days of completion of travel. Advances for meals and incidental expenses will be paid by Finance based on \$50 per day.

Special training where the City is reimbursed, such as P.O.S.T., may be advanced at a higher rate, but not to exceed the amount the City can recover.

Travel

- a) Air travel - paid directly to the travel agent or to the employee upon presentation of the paid expense voucher.
- b) Private vehicle - City will reimburse the employee at the current mileage rate established by the IRS as reflected on the current expense forms.
- c) City vehicle - City will reimburse gas and oil costs only.
- d) Taxi fares, bus fares, etc. - City will reimburse for reasonable expenses based upon the employee's statement.

Overnight Lodging

Overnight lodging will be allowed for travel beyond a 90-minute commute (one-way) unless otherwise specifically authorized. City will reimburse the employee for lodging expenses upon receipt of the Travel Expense Statement form and substantiation of the amount paid (e.g. separate amounts for charges such as lodging, meals, and telephone calls). Employees should take advantage of any special rates available or select accommodations which will moderate the cost to the City.

Registration

City will make direct payment for pre-registration costs upon submittal of the approved Travel Expense Statement form. When this procedure is not possible, the City will reimburse the employee upon receipt of the conference program or other evidence of the registration expense attached to the approved Travel Expense Statement form.

Meals

The City pays for the cost of all necessary meals upon receipt of satisfactory evidence. The maximum amount the City reimburses is \$50 per day, with no one meal over \$25 (for overnight travel) with receipts (refer to current expense form).

Spouses

It is recognized that at certain functions, attendance by spouses is appropriate; however, no City funds will be authorized for expenses of the spouses.

Miscellaneous

City will pay for minor miscellaneous expenditures, such as City-related long distance phone calls, parking, bridge tolls, tours, etc. when said expenditures are properly justified and accounted for by the employee. Other expenditures such as personal long distance calls, room movie rentals, laundry, etc. will not be reimbursed.

Reimbursement of Actual Travel Expenses

The Internal Revenue Service has divided the employee expense reimbursement plan into two categories: Accountable or NON-Accountable Plans.

The City of Vacaville uses the ACCOUNTABLE PLAN method. This method must meet the following three requirements:

- 1) Business Connection - Expenses must be business related to the extent that the employee could deduct them on his or her personal income return.
- 2) Substantiation - The employee must substantiate the expenses with a detailed record, with receipts, of the expenses including the time, business purpose, place, and amount of the expense. This form is mandatory for all overnight stay costs even if the balance due is zero.
- 3) Return of Unsubstantiated Amounts - The employee must return, within a "reasonable time", any advances that exceed his/her substantiated expenses. The City has defined a "reasonable time" to be 120 days after occurrence.

Per IRS requirements, any other reimbursement made by the City to the employee that does not meet the three requirements stated above will be treated as paid under a NON-ACCOUNTABLE plan and will be reported on the employee's W-2, box 10, as taxable income.

RESPONSIBILITY:

- a) The City Manager is responsible for authorizing all conferences, meetings, and seminars and approving the reimbursement of the funds expended by/for Council Members, City Attorney, and Department Heads. The City Attorney will approve the reimbursement of funds expended by/for the City Manager. The Department Heads or their designated personnel are responsible for all employees in their departments.
- b) The Accounts Payable staff is responsible for making reimbursement of expenditures only upon appropriate authorization.
- c) The employee is responsible for maintaining and presenting records necessary to verify and substantiate the funds expended on behalf of the City.

TRAVEL EXPENSE STATEMENT

This form is required for recording all training, conferences, advances, and overnight stay costs incurred by the employee on the City's behalf. This form, with all receipts, is to be returned to Finance within 120 days after occurrence for final reimbursement after the employee's trip. This form is mandatory for all overnight stay even if the balance due is zero.

Fill in all required fields when submitting forms.

EMPLOYEE NAME	Print name legibly
BUSINESS PURPOSE	Indicate title of seminar, conference or training class
PLACE	Location of seminar, conference or training class
DATES	Time period of seminar, conference or training class
AMOUNT	Dollar amount spent (if advance - dollar amount requested)
APPROVED	Initials of supervisor
ACCOUNT#	Complete account coding including object code
DESCRIPTION	Provide descriptive text – such as actual dates. Attach receipts for all expenditures and fill in dollar amounts in the appropriate boxes (i.e. substantiate costs incurred)
TOTALS	Extend totals, deduct all city credit card payments (VISA and Mastercard), prepaid amount etc.
EMPLOYEE SIGNATURE	Sign and date statement
APPROVAL	Printed name legibly and signature of supervisor approving statement

NOTE:

Staple appropriate documentation (i.e. letters, verification, receipts etc.) to back of the Travel Expense Statement form. Route to Finance Accounts Payable for processing.

Please use the Travel Expense Statement form in triplicate when requesting an advance. Send all three signed and coded copies to Finance. Accounts Payable will return one copy with your advance check. (Any portion unused or unsubstantiated and not returned to the City will be reported as income on the employee's W-2 form as required by the IRS.)

See attached Excel spreadsheet, Travel Expense Statement form, which is located on Outlook under All Public Folders, Finance Forms titled "expense sheets".

MONTHLY BUSINESS EXPENSE FORMS

The City will reimburse for business related expenses (i.e. mileage, bridge tolls, parking, meals, and other miscellaneous work-related expenses). These expenses must be substantiated with supporting documentation (i.e. receipts, etc.). City policy is to use the ACCOUNTABLE plan for expenses. The IRS requires that any expenses reported without receipts be reported as income for tax purposes.

MONTHLY BUSINESS EXPENSE STATEMENT This form is your day-to-day business log. (For overnight travel see TRAVEL EXPENSE POLICY.) Use this report for expenses incurred during the normal course of your job during the month, i.e.: mileage from site to site in the course of your job, meals with clients, for meetings etc., (include receipts and supervisor's approval).

Fill in all required fields when submitting forms.

MONTH	Month and year expense statement is for - Please use one form for each separate month
MILES	Total work-related miles driven in own vehicle for the day in the course of your job
DOLLAR TOTAL	Total daily miles multiplied by \$0.31 (or current IRS reimbursable rate)
MEALS	Meals purchased by you as approved by your supervisor. (i.e. need to take client to dinner, purchase of pizza for meeting, etc.) Receipts must be attached
DESCRIPTION	Where drove to. What the meal receipts are for. If more room is needed, use back of form and number by date. Each entry needs explanation.
DAILY TOTALS	
EXTENDED TOTALS	Use to cross check figures
ACCOUNT DISTRIBUTION	Fill in complete account coding, including object code
TOTAL	
EMPLOYEE NAME	Legibly print name and sign
SUPERVISOR APPROVAL	Authorized signature and legibly printed name of supervisor

Staple appropriate documentation (i.e. letters, verification, receipts etc.) to back of form. Route to Finance Accounts Payable for processing.

See attached Excel spreadsheet, Employee Monthly Business Expense Form which is located on Outlook under All Public Folders, Finance Forms titled "expense sheets".

PURCHASING CARD POLICY AND PROCEDURES

PURPOSE

To establish those policies and procedures necessary to control the use of Purchasing Cards that will be assigned to and utilized by selected City employees to purchase goods and services on behalf of the City.

The intent of this policy/procedure is to accomplish the following:

- To provide a convenient method of purchase for employees and a less expensive method of payment for the City by reducing paperwork.
- To ensure that purchasing with cards is accomplished in accordance with the City's ordinances and rules adopted by the City.
- To ensure appropriate internal controls are established within each department procuring with Purchasing Cards so that they are used only for authorized purposes.
- To limit the City's liability from inappropriate use of Purchasing Cards.
- To eliminate purchase voucher books as a method of payment and reduce small purchase orders for less than \$1,000.
- To ensure that the City is taking advantage of buying agreements with Vendors pursuant to prescribed standards (contact Purchasing for the latest information).

Finally, it is intended that the policies established herein be viewed as minimum standards for the departments, which may wish to establish additional controls beyond those established by this policy.

A. Purchasing Card

Purchasing Cards will be issued only by the Finance Division. Employees are prohibited from requesting or accepting Purchasing Cards directly from the issuer (bank).

The Purchasing Card will have the department/division or individual's name, the account number, and expiration date. The Finance Division will maintain a log of all cards issued and the names of the employees who are responsible for the cards. The employee responsible for the card (cardholder) will be held accountable for all purchases made with the card entrusted to him/her, along with documentation and payment procedures discussed herein.

The bank has no individual cardholder information other than the cardholder's work address. No credit records, social security numbers, etc. are maintained.

The credit card should be used whenever possible in lieu of petty cash, emergency purchase orders, special checks, or purchase requisitions when the dollar amount for a single item or group of items is under \$1,000. Each single purchase may be comprised of multiple items,

but the total including tax cannot exceed the single purchase dollar limit of the Purchasing Card.

B. Authorization

The Purchasing Card can be used just like a credit card. The card is intended to be used for purchase of small dollar expense items. These expense items can be purchased and picked up directly from the Vendor, or can be ordered by phone.

Since the City, not the individual employee, will pay for purchases made with the Purchasing Card, additional authorization controls have been added to protect the City. When a merchant seeks authorization for a purchase from the bank, the system will check each individual cardholder's single purchase limit, the cardholder's 30-day limit, and the type of merchant where the cardholder is making a purchase before the transaction is authorized. All this is done at the time the card is scanned. The 30-day period for cumulative purchases runs from the 5th of any given month through the 4th of the following month. It is important for the cardholder to be aware of the single and cumulative spending limits on his/her card and to track the cumulative dollar amount of the transactions during that period to ensure that the limit is not exceeded.

The department heads will request from the Finance Division the number of cards needed by their department. The Word document for the Purchasing Card Request Form is located on Outlook under All Public Forms, Finance Forms titled "pcardreq". Finance, however, maintains the right to cancel any Purchasing Card which has been abused or deny cards to any employee that violates any part of these policies or procedures. Department heads may appeal this decision to the City Manager. The Finance Division also has the right to limit the total number of Purchasing Cards issued for the City. Department heads are encouraged to restrict the cards to full-time employees and also to keep the number of cards to a minimum.

C. Spending Limits

The City limits are as follows:

Single Purchase Limit: **Each single purchase is limited to \$1,000.** Department heads may establish lower limits for certain employees. Purchases over \$1,000 may still require a purchase order depending upon the type of goods/services being purchased. *(Department heads have a single purchase limit of \$2,500 for emergency use only.)*

Cardholder's 30-Day Limit: Each Purchasing Card will be assigned a maximum limit per month. This amount is determined by the Department head. If the cardholder feels this amount is inadequate, discuss it with his/her supervisor. The 30-day limit is located at the bottom of the form included with the Purchasing Card.

Type of Merchant: Department heads determine which type of merchants are authorized for Purchasing Cards. See the following section regarding restricted uses.

D. Use of Purchasing Cards

The Purchasing Card is to be used for City purchases ONLY.

The cardholder may share the Purchasing Card with other City employees for City purchases, but will continue to be responsible for purchases, documentation and payment procedures.

Charges for single purchases are NOT to be split in order to stay within the single purchase limit.

Receiving CASH back from any transaction is NOT allowed.

Cash advances through bank tellers or automated teller machines are PROHIBITED.

When placing an order, be sure to give clear, accurate shipping instructions, which include your name, department, correct shipping address, and telephone number.

Ensuring that a Vendor has a contact name and phone number for the order will help to eliminate any confusion should there be any questions related to the order.

Be clear on the terms and conditions related to product and manufacturer warranties (for assistance, contact Purchasing).

E. Restricted Purchasing Card Uses

Due to the complexity of IRS 1099 reporting for payment of services, use of the card for services is restricted to Vendors who are **incorporated** (this means corporations, i.e. Acme, Inc.). It is the cardholder's responsibility to determine if a service vendor is incorporated.

The following items may not be purchased with the Purchasing Card unless specifically authorized:

- Services from Vendors who are not incorporated
- Personal services (i.e. manicures, hairdressers, dry cleaners, etc.)
- Amusement and entertainment services
- Alcoholic beverages
- Medical drugs, narcotic drugs, supplies
- Splitting of purchase to circumvent the \$1,000 limitation
- Services which are repetitious in nature or exceed the \$1,000 limitation in any one year (should use Annual Purchase Order or open buying agreement, please contact Purchasing)
- Other supplies or services as prohibited by law
- When an open Purchase Order or contract has been issued by Purchasing
- Non-budgeted goods/services
- Fuel (except when City Fueling Station is not a viable option)
- Personal computers and software (unless pre-approved by the IT Division)
- Furniture, office equipment (unless pre-approved by Purchasing)

Failure to properly use the assigned Purchasing Card within the guidelines set by this policy may result in the cancellation of the card for the employee and/or further disciplinary action.

F. Documentation

Required documentation: Any time a purchase is made, documents (charge slip, receipt, etc.) must be retained as proof of purchase. Each cardholder is to maintain a log of Purchasing Card usage. See attached Excel spreadsheet, Purchasing Card Log which is located on Outlook under All Public

Folders, Finance Forms titled “purchasecard”. The documents should be later attached to the cardholder's monthly statement to verify the purchases. If, for some reason, the cardholder does not have documentation for a transaction to attach to the statement, he/she should attach a written explanation (signed by the employee and by his/her supervisor) that includes the description of the goods/services purchased, the date of purchase, and the Vendor’s name and address. Each department is responsible for documenting the cards and maintaining it in a centralized location. Each department will need to notify Finance of the location. However, TRAVEL expenses must **always** be substantiated as required by the IRS (see City Travel Policy).

Statement Procedure: At the end of a billing cycle, each cardholder will receive a statement showing all transactions made during the billing cycle. The employee is required to review and attest (i.e. sign the statement) to the accuracy of the statement. The immediate supervisor must also sign the statement approving the purchases made by the employee. The statement, together with all receipts and the monthly log sheet, must then be forwarded to the department’s centralized location within ten (10) working days of receipt of the statement. The centralization of the statements for the department will facilitate auditing. If a cardholder had no purchase activity during a particular billing cycle, no statement will be generated. Finance will periodically audit for compliance.

G. Payment Procedures

The Purchasing Card issuer (bank) will provide one copy of the billing statement to the cardholder and one copy to Finance (a monthly summary statement by department/division will also be available upon request). This statement will have a listing of all items processed in the previous 30 days. The bank will automatically charge the City’s account at the end of each billing period for the total amount of purchases made with the cards issued to the City. Accounting will then allocate the expenses to each department’s preassigned account coding.

H. Advance Approval

The department heads will have the discretion to decide which cardholders’ purchases will need advance approval.

I. Disputes

If items purchased with the Purchasing Card are found to be defective or the repair or service faulty, the cardholder has the responsibility to return item(s) to the merchant for replacement or to receive a credit on the purchase. If the merchant refuses to replace or correct the faulty item, then the purchase of this item will be considered to be in DISPUTE. It is the responsibility of the cardholder to correct DISPUTED items (defective/broken goods, wrong items received, etc.) with the bank. Department heads are also responsible to see that their employees correct the disputed items. When a cardholder is unable to correct a disputed item with the merchant, the cardholder shall contact Finance to obtain a “Statement of Disputed Item,” which must be filled out by the cardholder and submitted to the bank.

J. Requests for Addition, Changes, or Deletion of Cards

All requests for new cards, or changes, will be done by submitting the “Purchasing Card Request Form” to Finance. New card requests will be approved by Finance. Finance will maintain a master

list of all cards and cardholders, including the account coding and single and thirty-day purchase limits for each card.

K. Lost or Stolen Purchasing Cards

It is the cardholder's responsibility to notify the bank (Purchasing Card issuer - Bank of America) and Finance IMMEDIATELY upon discovery of loss or theft of a card. The Bank of America number to call is (888) 449-2273. In addition, the cardholder is required to immediately notify Finance (e-mail is acceptable). Replacement cards will be issued by Finance.

L. Terminated/Transferred Employees

If a cardholder leaves a department, or resigns, his/her card must be collected by the department. If the card does not have a specific employee's name embossed on it, the department may reissue the card to a different employee. When this is done, Finance should be notified so that it can be documented on the master list. If the card is no longer needed, it is to be returned to Finance.

If a cardholder is transferred to another City department, the new department head will decide if the cardholder should be issued a new Purchasing Card in their new position.

M. Responsibility

- a) The cardholder (employee) is responsible for the use of the Purchasing Card in accordance with these policies and procedures.
- b) Accounting is responsible for allocating the expenses to the appropriate departments.
- c) The department heads are responsible for the use of Purchasing Cards within their respective departments. They are also responsible for the resolution of DISPUTED items.
- d) The Finance Division is responsible for issuing, monitoring, and controlling the cards and for enforcing these policy and procedures.
- e) Departments are responsible for monitoring and controlling the expenditure accounts to which the cards are assigned.

PURCHASING CARD REQUEST FORM

Date: _____

TO: Finance Division

FROM: _____
Department Head

Please issue a Purchasing Card to the following employee:

EMPLOYEE'S FULL NAME (printed) _____

EMPLOYEE'S SIGNATURE _____

ACCOUNT CODING _____

SINGLE PURCHASE LIMIT (\$1,000 Max.) _____

30-DAY LIMIT (\$ Max.) _____

RESTRICTIONS (Other restrictions not in City Policy and Procedures):

SIGNATURE: _____
Department Head

RETURN PROCEDURE

Contact Purchasing when a return is needed. Purchasing is responsible for coordinating the return of items, including shipment and initial communication with the Vendor. Returns may be necessary for the following reasons: wrong item received, wrong item ordered, item no longer needed, item received damaged, etc.

If items are received damaged, make a note on the freight bill and/or packing slip. Make sure to keep the item in the package/box received, if possible.

If directed by Purchasing, complete the Return Merchandise Form with Vendor address, reason for return, purchase order number, copy of freight bill and/or packing slip and a copy of the Purchase Order indicating item being returned. The item must be packaged and wrapped for shipment including the Vendor's address and the operating department's return address. See attached Word document, Return Merchandise Form, which is located on Outlook under All Public Folders, Finance Forms titled "return"

RETURN MERCHANDISE FORM

Contact Purchasing *BEFORE* completing this form.

DATE: _____

TO: Diana Pierce, Buyer

FROM: _____

SUBJECT: RETURN OF MERCHANDISE RECEIVED

This form is to used for return of merchandise received by Purchase Order.

Check one of the following reasons for return of merchandise and supply an explanation in the space provided:

____ Wrong item received ____ Item received damaged (maintain in box received, if possible.)

____ Wrong item ordered ____ Item no longer needed

____ Other: _____

Further explanation: _____

If UPS shipment is needed, complete the UPS Shipment Request Form, and submit to Purchasing together with the package.

PURCHASE ORDER NUMBER _____

NAME OF VENDOR _____

ADDRESS OF VENDOR _____

Person to contact if questions arise: _____ Ext. # _____

Authorized Department Approval: _____ Date _____

Attach a copy of the Purchase Order indicating item being returned together with a copy of freight bill and/or packing slip.

SURPLUS PROPERTY

Any City property that has been deemed to be surplus property by a department shall be forwarded either to the Fleet Manager or Purchasing. The Fleet Manager handles the disposal of vehicles, heavy equipment and scrap metal. Purchasing handles the disposal of all other items.

Surplus property is disposed of in a manner deemed to be in the best interests of the City. Methods of disposal include, but are not be limited to, the following:

- Public auction
- Newspaper advertisement inviting sealed bids
- Trade in or return to Vendor for credit
- Sale or trade to other governmental agency or utility
- Sold as scrap
- Discarded as junk, if it is determined to have no appreciable value
- Donate to a non-profit, public service organization which provides services or benefits to the citizens of Vacaville

If surplus property cannot be disposed of through any of these methods, it shall be disposed of through such other means as deemed appropriate by the Fleet Manager or Purchasing.

Surplus property shall not be sold, transferred, or given to any City employee. City employees may acquire surplus property through public auction or sealed bid sale. City employees shall not be permitted to acquire surplus property through any other method or means.

No City employee shall salvage or otherwise take any surplus property that has been discarded as junk.

To ensure that the appropriate individuals handle the disposition of surplus property, a surplus property report should be prepared and forwarded either to the Fleet Manager or Purchasing. The form is located on Outlook under All Public Folders, Finance Forms, and titled "Surplus".

SAFETY COMPLIANCE/CAL-OSHA

The purpose of this policy is to protect City employees by purchasing safe equipment and materials; to ensure full compliance with the CAL-OSHA Act, Federal Occupational Safety and Health Standards and other relevant codes; and to protect the interests of the City in the event of non-compliance on the part of contractors and suppliers.

All equipment and materials purchased by the City must be in compliance with the CAL-OSHA Act, Federal Occupational Safety and Health Standards and other relevant codes. All contractors and suppliers doing business with the City of Vacaville shall comply with the California Occupational Safety Health Act of 1973, Federal Occupational Safety and Health Standards and other relevant health and safety codes and all regulations and standards thereto. Contractors and suppliers shall agree to indemnify and hold the City harmless from any loss, damage, fine, penalty or expense whatsoever that the City may suffer as a result of failure of the contractor or supplier to comply with these requirements and any regulations and standards issued pursuant thereto.

All automotive vehicles, equipment and accessories furnished to the City by prospective Vendors shall conform in all respects (i.e. all regulations which are in force at the time of delivery) to the State of California Motor Vehicle Code, to Motor Vehicle Safety Standards, to OSHA Standards, to the California Division of Industrial Safety Orders, and other relevant health and safety codes where and when applicable.

All bid documents and contracts shall include appropriate insurance clauses and attachments as required by the City Risk Manager and/or City Attorney.

GOVERNMENT GRANTS

Goods and/or services purchased with intergovernmental grant funds (such as HUD) should follow the applicable grant requirements.

When making purchases with funds comprised in whole or in part of federal grant money, the City may use its own purchasing regulations and procedures so long as the purchases made with federal grant funds adhere to standards set forth in applicable federal attachments referred to in federal grant applications.

In other words, be sure to follow grant fund requirements!