



City of Dixon Purchasing and Contracting Policy

1 SCOPE AND PURPOSE

1.1 Scope

This Purchasing and Contracting Policy (Policy) shall apply for the solicitation and selection of all purchases and contracts for the City of Dixon (City).

1.2 Purpose

This Policy is to provide guidance for making purchases of equipment, supplies and services.

2 ADMINISTRATIVE GUIDELINES

2.1 Conflict of Interest

No employee, officer, or agent shall participate in the selection, award, or administration of a contract if he or she has real or apparent conflict of interest. Such a conflict of interest would arise when the employee, officer, agent, or any member of his or her immediate family, his or her partner, or an organization which employs or is about to employ any of the parties indicated, herein, has a financial or other interest in or a tangible personal benefit from a firm considered for a contract. The employees, officers, Councilmembers, and agents may neither solicit nor accept gratuities, favors, or anything of monetary value from contractors or parties of subcontracts. A unsolicited gift of less than \$460 in value will be deemed unsubstantial and will not be a violation of the conflict of interest standard. This value is subject to annual increases as identified by the City Attorney.

This policy does not limit the applicability to any federal, state or local laws and regulations governing prohibitions against financial conflicts of interest. All such laws apply to every employee, officer and agent of the City. Employee violations of the conflict of interest standard will result in disciplinary action up to and including termination of employment. Violations by Officials may result in significant penalties or fines, including criminal prosecution as identified in Chapter 6 of the City Officials' Handbook.

2.2 Compliance

This Policy is intended to comply with the Uniform Public Construction Cost Accounting Act (Public Contract Code 22000 et seq.) and the Federal Office of Management and Budget (OMB) Uniform Guidance requirements for federal procurements.

2.3 Economical Approach

Purchasing decisions must avoid acquisition of unnecessary or duplicative items. Consideration should be given to consolidating or breaking out orders to obtain a more economical purchase.

2.4 Federal and State Grant Funding

When purchases or contracts are funded by federal or state grant funds, the department must review the grant agreement and incorporate any grant requirements for purchasing into the purchase agreement or contract. In addition, prior to any purchase or contract with grant funding, the requesting department must verify that the selected vendor is in good standing with City requirements and is not a disbarred vendor on the federal or state disbarment listing per 44 CFR Part 13.35.

2.5 Price Agreements

Price agreements are contracts which are established with an individual vendor to ensure that uniform price, discounts, and other conditions are used for all City departments doing business with the vendor. Negotiations for price agreements must be coordinated and approved by the City Manager.

2.6 Technology Purchases

Purchases or contracts for computers, computer equipment, software, radios, telephones, alarms, other communications equipment and related services must be reviewed and approved by the Information Technology (IT) Manager prior to ordering.

2.7 Time and Materials contract

Time and materials type contracts may only be used after a determination that no other contract is suitable. The contract must contain a maximum price that is exceeded at the contractor's own risk. A high degree of oversight must occur to ensure that the contractor is using efficient methods and effective cost controls.

2.8 Vendor Interest

Vendors interested in supplying materials, supplies, or services to the City may direct a letter of interest to the City Clerk. This information shall be made available to departments initiating purchases.

2.9 Vendor Preference

As required by the Federal OMB Guidance, affirmative steps will be taken to ensure that minority businesses', women's business enterprises and labor surplus area firms are used when possible. These vendors will be placed on solicitation lists and solicited whenever they are potential sources. When economically feasible, projects/purchases will be divided into smaller tasks or quantities and delivery schedules will be established to permit participation by small and minority businesses and women's business enterprises. Contractor's that utilize subcontracts should be required to take the same affirmative steps.

3 EXPENDITURE CATEGORIES

Purchases, which include those made by purchase order (PO), contract, amendment, or change order, are classified into five categories based upon the anticipated expenditure amount. Each category establishes an authorization level and procurement method, which shall apply unless specifically exempted in accordance with this Policy.

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|-------------------------------------|------------------------|
| 3.1 Expenditures of \$100 or less | Petty Cash |
| 3.2 Expenditures of \$101 - \$3,500 | Discretionary Purchase |

3.3 Expenditures of \$3,501 - \$10,000	Quotation – Department Head Approval
3.4 Expenditures of \$10,001 - \$25,000	Quotation –City Manager Approval
3.5 Expenditures of \$25,001 or more	Competitive Bid – City Council Approval

3.1 Petty Cash Purchase

Petty cash may be used to purchased supplies and services with a total that does not exceed \$100.

- 3.1.1 **Processing Time Required:** Immediate. Petty Cash is disbursed either as a cash-advance or cash reimbursement.
- 3.1.2 **Information Required:** Petty cash voucher and receipt (and packing slip if applicable)
- 3.1.3 **Description of Process:** Cash Advance – The Department Head or designee must approve the purchase and indicate the maximum advance payment on a Petty Cash Voucher. Upon completion of the purchase, the employee will return the receipt and the change to the Administrative Services Department. Reimbursement – The employee will submit a completed and approved Petty Cash Voucher and the receipt to the Administrative Services Department for cash reimbursement.

3.2 Discretionary Purchase

When a purchase or contract does not exceed \$3,500, the vendor may be selected at the discretion of the initiating department.

- 3.2.1 **Processing Time Required:** One (1) to Five (5) working days
- 3.2.2 **Information Required:** Check payment – PO or contract and invoice. Purchasing Card payment – Receipt. Packing slips should be included if received.
- 3.2.3 **Description of Process:** The Department Head or designee may utilize discretion in selecting the vendor for purchases not exceeding \$3,500. The Administrative Guidelines (Section 2 of this policy) should be adhered to during this selection process. When a check will be requested for payment, the initiating department should issue a PO on the date of order. The yellow copy of the PO should be submitted to the Administrative Services Department. Contracts should be drafted and forwarded to the City Manager for approval. Upon receipt of the invoice, the Administrative Services Department will return the PO and the invoice to the initiating department for approval. The approver should sign the invoice to indicate that all items were received. If a packing slip was received with the delivery, this should be returned to Administrative Services with the approved invoice and PO. Purchases paid by purchasing card do not require a purchase order and should be processed according to the Purchasing Card Policy. If received, packing slips should be attached to the Cardholder Statement with the invoice.
- 3.2.4 **Unpredictable Exceedance of Quote:** In the event an estimate is received, such as for automobile repair, which is under \$3,500 but upon conclusion of the work, unpredictably and necessarily exceeds \$3,500, the exceedance should be documented and the transaction will be considered to be in conformance with the Informal bids purchase procedures.
- 3.2.5 **Aggregate Annual Exemption:** Where similar supplies, e.g., hardware or office products, generally of nominal individual value, are purchased on an as needed basis during the course of the year, and where said purchases do not typically exceed \$3,500 at any one time, but may annually exceed \$25,000 from a single vendor during the year, the

aggregate purchase of such supplies will not be considered to exceed the threshold for discretionary purchases.

3.3 Quotation (Department Head Approval)

Vendors for purchases between \$3,501 and \$10,000 may be selected by the Initiating department after soliciting quotations from a minimum of three (3) qualified vendors.

3.3.1 **Processing Time Required:** One (1) to Five (5) working days

3.3.2 **Information Required:** A complete set of specifications for the product or service being sought, Vendor Price Quotation Form, PO or Contract, and invoice. Any special needs or considerations related to the purchase must be noted. A list of vendors known to supply the product or service is required. Quotations solicited from vendors must include the following documentation:

- a. Name of vendors contacted
- b. Vendor phone numbers
- c. Vendor contact persons
- d. Amounts quoted
- e. Date quotes were received
- f. Special terms or conditions that apply to the purchase or quotation (such as delivery charges, payment discounts, special fees, etc.)

3.3.3 **Description of Process:** The initiating department should contact a minimum of three qualified vendors to receive price quotations. Lack of quote from one or more vendors does not negate the process or require additional quotes unless no quotes are received. The quotations may be obtained in writing or verbally. Whichever method is used, all vendors contacted must be granted the same amount of time to respond to a request for quotation. The results of these inquiries should be recorded on the Vendor Price Quotation Form. The initiating department will select the most qualified vendor based upon the responses and issue a PO or contract to selected vendor. The yellow copy of the PO should be submitted to the Administrative Services Department. If the purchase will be made instead by contract, the Initiating Department should prepare the draft contract for City Manager approval. Upon receipt of the invoice, the Administrative Services Department will return the PO (if applicable) and the invoice to the initiating department for approval. The approver should sign the invoice to indicate that all items were received. If a packing slip was received with the delivery, this should be returned to Administrative Services with the approved invoice, PO and Vendor Price Quotation Form. Purchases paid by purchasing card do not require a purchase order and should be processed according to the Purchasing Card Policy. If received, packing slips should be attached to the Cardholder Statement with the invoice.

3.3.4 **Unpredictable Exceedance of Quote:** In the event an estimate is received, such as for automobile repair, which is under \$10,000 but upon conclusion of the work, unpredictably and necessarily exceeds \$10,000, the exceedance should be documented and the transaction will be considered to be in conformance with the Informal bids purchase procedures.

3.3.5 **Public Safety Equipment Urgency Exemption:** Purchases which total more than \$3,501 but less than \$10,000 for parts and labor for the repair or maintenance of public safety

equipment do not require the solicitation of competitive bids under circumstances where the Initiating Department Head certifies in writing that:

- a. The parts or labor are only readily available from a sole source; or
- b. The time required to keep the equipment out of service while obtaining competitive bids will jeopardize either the safety of City Employees or the safety of the general public; or
- c. The department has previously, within the preceding six (6) months, solicited bids for identical or similar parts or labor from various vendors and has identified one vendor as the most competitive for the parts or labor needed
- d. The cost (personnel time, towing, inspection fees, etc.) of soliciting competitive bids will exceed the reasonable value of the savings expected from obtaining bids.

3.3.6 **Aggregate Annual Exemption:** Where similar supplies, e.g., hardware or office products, generally of nominal individual value, are purchased on an as needed basis during the course of the year, and where said purchases do not typically exceed \$10,000 at any one time, but may annually exceed \$25,000 from a single vendor during the year, the aggregate purchase of such supplies will not be considered to exceed the threshold for purchases.

3.3.7 **Blanket (open) Purchase Orders:** Blanket POs are issued for the purchase of goods and services that cannot efficiently be purchased through the normal purchasing process and can be approved by the Initiating Department Head or designee. The blanket PO should indicate the employees authorized to make purchases. Blanket POs for over \$3,500 but less than \$10,000 require a sole-source or sole-brand approval if no quotations are solicited. Blanket POs are only valid for the fiscal year of issuance.

3.3.8 **Sole-Source or Sole-Brand Purchase:** When only a single vendor can supply a commodity or service, it is a sole-source purchase; when only a single brand/model is acceptable for a particular application, it is a sole-brand purchase. Sole-source and sole brand purchases exceeding \$3,500 but less than \$10,000 must be justified with a memo requesting purchasing approval from the City Manager. The memo to the City Manager should contain the following:

- a. Complete set of specifications for the product or service requested
- b. Name of the vendor and/or product
- c. Information about the unique nature of the product or service
- d. The reasons the product or service is needed by the initiating department
- e. Any other information substantiating the need for the sole-source or sole-brand purchase

This approved memo should be included in the payment request documents submitted to the Administrative Services Department.

3.4 Quotation (City Manager Approval)

Vendors for purchases between \$10,001 and \$25,000 may be selected by City Manager after the initiating department solicits quotations from a minimum of three (3) qualified vendors.

3.4.1 **Processing Time Required:** One (1) to Five (5) working days

- 3.4.2 **Information Required:** A complete set of specifications for the product or service being sought, Vendor Price Quotation Form, PO or Contract, and invoice. Any special needs or considerations related to the purchase must be noted. A list of vendors known to supply the product or service is required. Quotations solicited from vendors must include the following documentation:
- a. Name of vendors contacted
 - b. Vendor phone numbers
 - c. Vendor contact persons
 - d. Amounts quoted
 - e. Date quotes were received
 - f. Special terms or conditions that apply to the purchase or quotation (such as delivery charges, payment discounts, special fees, etc.)
- 3.4.3 **Description of Process:** The initiating department should contact a minimum of three qualified vendors to receive price quotations. Lack of quote from one or more vendors does not negate the process or require additional quotes unless no quotes are received. The quotations may be obtained in writing or verbally. Whichever method is used, all vendors contacted must be granted the same amount of time to respond to a request for quotation. The results of these inquiries should be recorded on the Vendor Price Quotation Form. The initiating department will select the most qualified vendor based upon the responses and issue a PO or contract to selected vendor. The initiating department will prepare the PO for City Manager approval and the yellow copy of the should be submitted to the Administrative Services Department. If the purchase will be made instead by contract, the initiating department should prepare the draft contract for City Manager approval. Upon receipt of the invoice, the Administrative Services Department will return the PO (if applicable) and the invoice to the requesting department for approval. The approver should sign the invoice to indicate that all items were received. If a packing slip was received with the delivery, this should be forwarded to the City Manager for approval with the invoice, PO and Vendor Price Quotation Form.
- 3.4.4 **Unpredictable Exceedance of Quote:** In the event an estimate is received, such as for automobile repair, which is under \$25,000 but upon conclusion of the work, unpredictably and necessarily exceeds \$25,000, the exceedance should be documented and the transaction will be considered to be in conformance with the Informal bids purchase procedures.
- 3.4.5 **Cooperative Purchasing:** Purchases of services and supplies which total more than \$10,000, but less than \$25,000, which would normally require quotations, may be purchased under the authority of another agency's agreement where the agency conducted a quotation process and permits "piggybacking" purchasing by other agencies. Such purchases may also include those made by agencies with which the City is allied in a cooperative or joint venture, where our partner agency has solicited quotations on behalf of the joint effort.
- 3.4.6 **Public Safety Equipment Urgency Exemption:** Purchases which total more than \$10,000 but less than \$25,000 for parts and labor for the repair or maintenance of public safety equipment do not require the solicitation of quotations under circumstances where the Initiating Department Head certifies in writing that:

- a. The parts or labor are only readily available from a sole source; or
- b. The time required to keep the equipment out of service while obtaining competitive bids will jeopardize either the safety of City Employees or the safety of the general public; or
- c. The department has previously, within the preceding six (6) months, solicited bids for identical or similar parts or labor from various vendors and has identified one vendor as the most competitive for the parts or labor needed
- d. The cost (personnel time, towing, inspection fees, etc.) of soliciting competitive bids will exceed the reasonable value of the savings expected from obtaining bids.

3.4.7 **Blanket (open) Purchase Orders:** Blanket POs are issued for the purchase of goods and services that cannot efficiently be purchased through the normal purchasing process and can be approved by the City Manager. The blanket PO should indicate the employees authorized to make purchases. Blanket POs for over \$10,000 but less than \$25,000 require a sole-source or sole-brand approval if no quotations are solicited. Blanket POs are only valid for the fiscal year of issuance. No blanket PO will be issued for more than \$25,000 without City Council (Council) approval.

3.4.8 **Sole-Source or Sole-Brand Purchase:** When only a single vendor can supply a commodity or service, it is a sole-source purchase; when only a single brand/model is acceptable for a particular application, it is a sole-brand purchase. Sole-source and sole brand purchases exceeding \$10,000 but less than \$25,000 must be justified with a memo requesting purchasing approval from the City Manager. The memo to the City Manager should contain the following:

- a. Complete set of specifications for the product or service requested
- b. Name of the vendor and/or product
- c. Information about the unique nature of the product or service
- d. The reasons the product or service is needed by the initiating department
- e. Any other information substantiating the need for the sole-source or sole-brand purchase

This approved memo should be included in the payment request documents submitted to the Administrative Services Department.

3.4.9 **Procurement of Recovered Materials:** Purchases must comply with section 6002 of the Federal Solid Waste Disposal Act by procuring items that contain the highest percentage of recovered materials practicable.

3.5 Competitive Bid (City Council)

Purchases and contracts for supplies and services which total \$25,001 or more regardless of the time span or whether for fiscal or calendar years, require the approval of the City Council (e.g., A 3-year copier equipment lease for \$9,000 per year requires City Council approval). Formal competitive bidding must be used unless the Council approves the use of alternative selection processes such as a sole-source or cooperative purchase. Contract award requires approval by a majority of Council members.

- 3.5.1 **Processing Time Required:** Allow six (6) to eight (8) weeks from the time that completed bid specifications are received by the City Manager for consideration until a formal bid contract can be finalized. (**Note: Failure to plan in advance does not provide an exemption from the requirement to obtain competitive bids.**)
- 3.5.2 **Information Required:** Provide the completed draft specifications for the product or service, list of suggested vendors (if applicable), and any special needs or considerations related to the purchase.
- 3.5.3 **Description of Process:** Upon completion of final specifications and after City Council authorization to go to bid is received, the City Clerk begins the required advertising for sealed bids. Generally, three (3) weeks or more are allowed from the time the bid packages are mailed/posted until they are received and opened. Bids are publicly opened and read by the City Clerk at a specified time and location e.g. the Council Chambers. A representative of the initiating department should, but is not required to, be present at the bid opening. The bids are then evaluated by the initiating department and a recommendation for award is prepared. The recommendation is presented to Council for consideration. Approval is awarded with an affirmative vote by the majority of the City Council. After award of a contract is approved, the initiating department ensures that the necessary legal requirements have been met (Business license, insurance, bonds, etc.) and prepares the final contract for signatures. A purchase order is not required when a contract has been drafted and approved. The contract is delivered to the City Clerk's division to be routed for signatures. The initiating department will monitor the performance of the vendor and the contract and authorize payments.
- 3.5.4 **Sole-Source & Sole-Brand Purchases:** When only a single vendor can supply a commodity or service, it is a sole-source purchase; when only a single brand/model is acceptable for a particular application, it is a sole-brand purchase. Sole-source and sole brand purchases over \$25,000 must be authorized by the City Council. The staff report to the City Council requesting the suspension of formal competitive bidding should detail the need and justification for the sole-source purchase. Sole-brand purchases require competitive bidding, but restrict bidders from offering alternative products. Following approval of a sole-source purchase by the City Council, the initiating department prepares a PO or contract for the City Manager to sign. Approved sole-brand purchases follow the bidding process in section 3.5.3.
- 3.5.5 **Real Property Appraisal:** When required by Cal. Gov't Code Section 7260 et seq., the City shall have an appraisal prepared for any real property which it is considering acquiring. Prior to the City Manager commencing negotiations, the City Council will review the appraised value and provide authority to conduct negotiations and execute documents to purchase.
- 3.5.6 **Procurement of Recovered Materials:** Purchases must comply with section 6002 of the Federal Solid Waste Disposal Act by procuring items that contain the highest percentage of recovered materials practicable.

4 Uniform Public Construction Cost Accounting

The City elected to become subject to the uniform public construction accounting procedures set forth in the California Public Construction Cost Accounting Act. Public projects are defined in California Public Construction Code section 22002.

4.1 Public projects of \$45,000 or less

4.1.1 May be performed by City staff, negotiated contract or purchase order.

4.2 Public projects of \$175,000 or less

4.2.1 May be let to contract by informal procedures.

4.2.2 A list of contactors, identified by categories of work, shall be developed and maintained

4.2.3 A notice inviting informal bids shall be sent to all contractors for the category of work to be bid.

4.2.4 If the product or service is proprietary in nature, such that it can only be obtained from certain contractor or contractors, the notice inviting informal bids shall be sent exclusively to those identified.

4.2.5 The bid invitation notice shall include the project in general terms, how to obtain detailed project information, and the time and place for submission of bids.

4.2.6 All mailing notices to contractors shall be completed no less than ten (10) calendar days before bids are due.

4.2.7 Council may award, with a four-fifths vote, an informal bid up to \$187,500 to the lowest responsible bidder if all bids received are in excess of \$175,000 and the cost estimate was determined to have been reasonable.

4.3 Public project of \$175,001 or more

4.3.1 May be let to contract by formal bidding procedure

5 Emergency Purchases

When a threat to public safety, life, or property or conditions which require immediate intervention to prevent cessation or significant degradation of City services or loss of City revenues exists, the City Manager or designee can authorize an emergency purchase of up to \$25,000. This authorization may be made verbally and a Confirming Purchase Order (PO) must be issued as soon as possible and approved by the City Manager. The City Manager may request that the initiating department obtain quotations from multiple vendors or they may waive all soliciting requirements depending upon the nature of the emergency.

6 Purchase Order and Contract Changes and Cancellations

Sometimes it is necessary to make changes to purchase orders or contracts that have been issued or to cancel them entirely. This section describes the steps to take when changes or cancellations must be made to existing purchase orders or contracts.

6.1 Purchase order and contract changes

6.1.1 Conditions that warrant a change:

6.1.1.1 Substantial change in the description of products or services

6.1.1.2 Change in the vendor's business name

6.1.1.3 Change in the scope, price, and or quantity of products or services

6.1.1.4 Specifications, terms or conditions are in error and need to be modified

6.1.1.5 Change in funding

6.1.2 **Change process:** To change a purchase order, complete a purchase order change/cancellation form and send the completed form with the appropriate approval to the Administrative Services Department. To change a contract, work with the City Clerk's division to modify the contract and obtain approval. Contracts over \$25,000 must go to City Council for approval. The initiating department is responsible for notifying the vendor of the change.

6.2 Purchase order and contract cancellations

6.2.1 **Conditions that warrant a cancellation:**

6.2.1.1 Vendor cannot provide the products or services required by the purchase order or contract

6.2.1.2 The incorrect products or services were requested by the initiating department

6.2.1.3 The products or services provided do not meet City specifications

6.2.1.4 Duplicate orders were issued for the same products or services

6.2.2 **Cancellation process:** To cancel a purchase order, complete the purchase order change/cancellation form and send the completed form with the appropriate approval to the Administrative Services Department. To cancel a contract, work with the City Clerk's division to cancel the contract. The initiating department is responsible for notifying the vendor of the cancellation.

7 Exceptions

Any exceptions to this policy must be approved by the City Council. The City Council may, by majority vote and in accordance with its fiduciary responsibilities, approve expenditures of any amount, for any length of term, not otherwise inconsistent with any applicable law.

7.1 Documentation Exceptions

The following payment requests are exempted from purchase order and contract documentation:

7.1.1 Purchasing card payment requests – Do not require a contract or PO, but all other purchasing guidelines apply

7.1.2 Pass Thru Payments – Monies collected on behalf of other agencies require only a check request for payment.

7.1.3 Refunds of payments received may be requested by a memo or check request

7.2 Transaction Exceptions

Utilities - Utilities provided to the City such as communications, power, water and wastewater are exempted from this policy.