

PROCUREMENT POLICY

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CITY OF TULARE
PROCUREMENT POLICY

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SECTION I
GENERAL PROVISIONS

PART I GENERAL POLICY

The Purchasing Division of the City of Tulare is responsible for the procurement of materials, equipment, and supplies for all city departments, with the exception of public works construction projects and Redevelopment Agency projects because they are bid under State law requirements. It is also responsible for the administration of warehousing facilities (to the extent they are established) and management of the centralized inventory program. These activities will be conducted in the most cost effective and efficient manner consistent with city requirements, schedules and sound purchasing practices. The policies contained herein are in consonance with policies and directives from the City Council and the City Manager.

Duties of the Purchasing Officer

The Finance Director/Treasurer is the principal Purchasing Officer for the city, under direction of the City Manager. The Purchasing Officer's duties include:

1. The procurement of all materials, supplies, and equipment needed by the city.
2. The exercise of direct supervision over the city's central stores (to the extent to which those are developed) and general audit responsibility over all other inventories of supplies belonging to the city.
3. The responsibility to sell or otherwise dispose of surplus materials belonging to the city.
4. The responsibility for inspection and acceptance of supplies and equipment purchased and delivered to the City of Tulare.
5. The review and approval of all service agreements entered into by the city.
6. The maintenance of a bidders list, vendors list, catalog file, and records needed for the efficient operation of the Purchasing Division.

A. Ethical Considerations

1. Confidential Information

Information furnished by suppliers and/or contractors in open market bidding regarding price, terms, performance specifications or other data will be held confidential until after award for purchase. This shall not apply to public bid openings. After award of bid, all papers pertaining to a transaction are public information and will be available for review upon request by an interested person, unless good cause exists for a bidder to specifically request that certain proprietary information (under patent, trademark, or copyright) not be released.

2. Employee Interest in Supplies/Contractors

No city employee who participates in the selection or approval of a contract for products, sources of supply, specifications or who has supervisory responsibility for such employees, shall have any financial interest in the company which furnishes the supplies or services being procured.

3. Standards and Ethics

The very highest ethical standards will be maintained in all purchasing activities. All purchasing shall be in accord with appropriate codes of the City of Tulare and the State of California Government Code, as well as the standards of good business practice. The Purchasing Division will also operate under the principles and standards of purchasing advocated by the National Association of Purchasing Management and the California Association of Public Purchasing Officers.

4. Gifts and Rebates

The Purchasing Officer and every officer and employee of the city are expressly prohibited from personally accepting any rebate, gift, money, or anything of value whatsoever, except when given for the use and benefit of the city, directly or indirectly, from any person, company, firm, or corporation to which any purchase order of contract is, or might be, awarded.

5. Purchasing for Personal Use Prohibited

Purchases shall not be made for city employees using the city's procurement personnel, facilities, or discounts.

B. Delegations to Other City Officials

The Purchasing Officer may delegate authority to purchase certain supplies, services, or equipment items to other city officials, if delegation is deemed necessary for effective procurement of those items. If it is necessary for a non-city employee to make purchases on the city's behalf, a letter of exemption must be approved by the Finance Director/Treasurer before purchases are made. However, this will not be allowed if prohibited by grant provisions. Notwithstanding such delegation, purchases shall be made in accordance with the guidelines contained in this manual and shall be done under the direction of the Purchasing Officer.

C. Source of Selection Policies

1. Approval of Suppliers/Contractors

The Purchasing Division will maintain a list of all suppliers/contractors who are approved to do business with the city. The intent of this policy is to assure quality performance and not limit sources. Recommendations by departments regarding supplier/contractors who furnish specialized, technical equipment and supplies are encouraged. Suppliers/contractors wishing to do business with the city should contact the Purchasing Officer.

2. Limitations on Source

In order to give the Purchasing Division maximum opportunity to acquire material and services at the best price consistent with required performance standards, departments should make specifications flexible enough to allow for substitutions and competition. This policy is not intended to restrict the using departments from specifying characteristics that are essential to their operations and performance, nor from recommending supplies or services which have proven to be superior as a result of tests or experience.

3. Sole Source Procurement

When specialized equipment or supplies limit availability to a sole source supplier, every effort shall be made to provide cost information to assure fair pricing. Sole source procurement may be recommended in writing by a department head or his/her designee. Special consideration will be given to the reasonableness of costs. When dealing with an apparent unacceptable price quote, the matter shall be reviewed with the City Manager.

4. Local Purchasing

All orders/contracts shall be awarded on the basis of quality, delivery, service, price, and vendor/contractor qualifications. When these factors are equal, up to a five percent (5%) preference will be given to local vendors.

5. Recycled Goods

The Purchasing Officer will evaluate recycled and environmentally friendly products to determine the extent to which they may be used by various City departments and will purchase recycled, recyclable, or environmentally friendly products whenever their use is practical and feasible.

D. Award Policies

1. Approval of Purchase Orders/Contracts

All purchase orders will be processed through the Purchasing Division. Contracts will be handled in accordance with appropriate procedures established herein. Contracts for maintenance must be approved by the City Council or Board of Public Utilities. Subsequent year contracts for continuing service do not need the Council or Board approval.

2. Annual and Multi-Year Contracts

When economically advantageous, ordered materials and services may be procured through the use of annual or multi-year contracts, providing they include a non-appropriation clause. These contracts will also include terms which specify conditions of renewal each year for the duration of the contract. An annual review will be made by the Purchasing Officer to determine if the contract will be renewed.

3. Purchase Order and Contract Changes

Where a contract is in effect, changes of any kind which affect the agreements established by a purchase order and/or contract will only be made by the authority which originally made the award, as recommended by the responsible department. This change and justification must be in writing.

4. Petty Cash

The use of a petty cash system by departments will not be affected by the implementation of the Purchasing System. The use of petty cash should not be used as a means to avoid the established program established herewith.

5. Encumbrance of Funds

Except in cases of emergency, approved by the City Manager and the Finance Department, the Purchasing Officer shall not issue any purchase order unless an unencumbered appropriation exists in the fund account against which such purchase is to be charged.

6. Blanket Purchase Orders

Blanket purchases orders are used, to the extent practical and on an annual basis, for nominal purchases, \$500.00 or less per item, and for repetitious orders of commodities required by authorized employees for their departments. These include such items as small tools, hardware, small quantities of lumber, automotive parts, cement, etc. These blanket orders will have a time limit to coincide with the fiscal year.

E. Value and Price Policies

1. Cash Discounts

Cash discounts from vendors will be encouraged. Discounts will be included on the purchase order. The cash discount may be the deciding factor in placing business if all other considerations are equal.

2. Competitive Procurement

The Purchasing Division will solicit bids from responsible vendors/contractors which are qualified, capable, and willing to meet our requirements/specifications and provide the lowest ultimate cost to the city. Competitive bids will be obtained from at least three of the best qualified sources or from as wide a range of suppliers/contractors as is considered practical.

3. Product Testing/Sampling

When samples of products are desired for testing prior to their acceptance by the using department, such samples will be obtained through the Purchasing Division. In cases where equipment must be tested, the items will be obtained in accordance with procurement procedures and delivered to the appropriate department for testing. Departments are responsible for securing test data and reporting results to the Purchasing Division.

4. Standardization

Departments are expected to make maximum use of standard products. The Purchasing Division will work with departments to achieve standardization of purchased materials, supplies, and services to the extent that such action serves the needs of the city.

5. Full Value Analysis

In order to assure that every reasonable effort is made to buy only those items which represent true value in relation to their necessary function, requesting departments may be required to provide a full value analysis. This analysis will be a comparison of offers based on total costs which includes, but is not limited to, the following areas:

- a. actual cost
- b. delivery costs
- c. life expectancy
- d. maintenance costs
- e. parts availability

6. Inventory Policy

Inventory will be kept as low as possible consistent with sound inventory management principles and compatible with good business practice. Constant reviews of established maximum and minimum stock levels and requirements should be conducted. Whenever possible, requirements will be grouped and combined to take maximum advantage of quantity discounts, with consideration given to shelf life and obsolescence.

7. Surplus

All supplies and equipment which are surplus to the city's needs shall be identified by the using departments. Such surplus will be reported to the Purchasing Division using a property transfer request. A list of all such items will be circulated to all departments before such list is submitted to the City Council or Board of Public Utilities. The Purchasing Division shall use the item(s) as a trade-in on new equipment, sell to the highest bidder, or otherwise dispose of the surplus item in accordance with current practices. In addition, the Purchasing Officer will encourage the reuse or recycling of materials by other City departments, other governmental agencies, or the public (by our public auction methods) over landfill disposal practices.

Employees may bid and purchase items at auctions, provided, however, that neither employees nor members of their immediate family may participate in the purchase or purchase items for which such employees had direct or indirect responsibility, or for which the employee has information concerning the item's value and condition which is not made available to the general public.

8. Property Transfers

City equipment and property is placed in service by the requesting department at the time of acquisition. Maintenance contracts, depreciation records, insurance inventories, etc., make it necessary to pinpoint the location of all such property at any given time. All equipment or property must be transferred via a property transfer request.

F. Supplier Policies

1. Supplier Contacts and Commitments

No employee outside the Purchasing Division is authorized, in any way, expressly or by implication, to commit or obligate the city, or to instruct a supplier to make any change in existing commitments for which the Purchasing Division is responsible. On the other hand, direct discussion between suppliers and departments will be encouraged and assisted by the Purchasing Division whenever necessary. Contacts between departments and supplier shall be made under the direction of the Purchasing Division.

2. Return of Material

The right is reserved to inspect all material for compliance with the specifications of a purchase order or a contract. Rejected material will normally be returned to the supplier at supplier's expense. If circumstances warrant, negotiations may be made for acceptance at reduced cost to the city. The return of purchased material subsequently determined to be in excess of actual requirements will be subject to negotiation by the buyer and supplier.

G. Bid Requirements

The following purchasing requirements will apply according to the purchase dollar amount:

<u>Dollar Amount Range</u>	<u>Bid Requirement</u>
0 - \$ 1,000	Department discretion
\$ 1,001 - \$ 3,500	At least three telephone proposals by Purchasing Dept. or requesting dept. Competitive bids to show on all requisitions.

\$ 3,501 - \$ 7,500	At least three written price quotations by Purchasing Dept. or requesting dept. Competitive bids to show on all requisitions.
\$7,501 - \$15,000	Informal sealed bids (no advertising) by Purchasing Dept. or requesting dept. Competitive bids to show on all requisitions.
\$15,001 - up	Quotations must be received through public notice by sealed competitive bid by Purchasing

The employee who solicits quotes must indicate the date the quote was solicited and the date the quote was received. The employee must also indicate thereon that the quote was received in response to his or her request.

Whenever quotes are required, the bidding party must get at least three (3) quotes.

H. Exceptions to Bidding Requirements

Exceptions which permit bidding procedures to be dispensed with are:

1. When an emergency requires that an order be placed with the nearest source of supply;
2. When the amount involved is less than \$1,000.00.
3. When the contract is for professional services such as attorneys, architects, engineers, data processing, public relations, and promotions, elections services, negotiation/acquisition of land, trash, garbage, insurance bonds, or other services of a similar nature.
4. To be approved by the Purchasing Officer or his designee.

While such exceptions are permitted, it is the general policy of the city to allow for maximum possible competition in all areas to obtain the best product/service available at a fair and reasonable price. To the extent possible, this will be accomplished by calling for "A Request for Proposals" (RFP's) for such services. In addition, City Administrative Policy No. 00-02, "Appropriate Use of Consultants," shall be followed.

I. Rejection of Bids

The City of Tulare, at its discretion, may reject any and all bids presented under the formal bidding procedure.

J. Award of Contracts

Contracts shall be awarded to the bidder whose bid is determined to be to the best advantage of the City. Such determination rests at the discretion of the City Council or the Public Utility Board. In reaching a determination of best advantage, the City may consider the following factors:

1. Price;
2. Quality of supplies, services, or equipment;
3. Conformity with the specifications;
4. Service;
5. Business reputation of the bidder;
6. Financial condition of the bidder;
7. Delivery terms;
8. Delivery schedule;

9. Warranty terms;
10. Sales tax revenue to be returned to the City;
11. Compatibility of the supplies, services, or equipment with existing City supplies, services, or equipment.

K Equipment Purchases

All vehicles purchased (new or used) must be approved by the Clean Air Committee, the City Manager, and the Fleet Maintenance Department. Further, all other types of equipment must comply with the San Joaquin Valley Air Pollution Control District rules and the City must obtain a Permit To Operate, if required.

SECTION II

PROCUREMENT BY FORMAL ADVERTISING

Part I GENERAL POLICY

Procurement will be accomplished through formal advertising when purchases exceed \$15,000.00 (\$7,501.00 to \$15,000 by direction of the City Manager). Formal processes are preferred for two major reasons: first, the best price and other factors are derived from full and free competition; second, all interested and qualified sources are given an opportunity to compete. Each bidder is placed on the same basis and given the same opportunity to develop and submit his best bid. The intent is to minimize the application of personal, subjective judgement in the procurement process and, thus, avoid any doubts as to the integrity of the city in the expenditure of public funds. Where formal bids are obtained, the awards shall be made on the basis of the lowest and most responsible bid. When applicable for procurements other than public works contracts, full value analysis (as described in Section I, Part I, Item E-5) may be utilized to determine the lowest bid. However, any or all bids may be rejected when it is in the city's interest to do so and such rejections are in accordance with applicable state or local law. Award of formally advertised purchases rests with the City Council, Board of Public Utilities, or Redevelopment Agency Board of Directors.

PART II PROCEDURE

A. Formal Bidding Procedure

Formal bidding procedure includes the following basic steps:

1. Preparation of invitations for bid, describing the requirements of the City clearly, accurately, and completely, but avoiding unnecessary restrictive specifications or requirements which might duly limit the number of bidders. Contractual terms and conditions applicable to the procurement should be included.
2. Publicizing the invitation for bids through advertising in newspapers of general circulation, posting in public places and by other means, such as applicable bidders lists and publications. These notices shall give the location of where bid forms and specifications may be secured, location and time bids will be opened and be published in sufficient time to enable prospective bidders to prepare and submit bids before the time set as the submittal deadline.
3. Bids shall be opened publicly in the presence of the City Clerk and one or more witnesses at the time and place designated in the invitation for bids. The name and amount of each bid, plus any other relevant information will be recorded; the record and each bid shall be open to public inspection after the award of the contract.

B. Supplemental Procedures

1. Bidder's Security

When legally required or deemed necessary, a ten percent (10%) bidder's security may be prescribed in the invitation for bid. The purpose is to protect the city from refusal or failure of the lowest bidder to execute the contract within ten days after the notice of award has been mailed. If the lowest bidder does not execute the contract, the City Council may award to the next lowest bidder, applying the lowest bidder's security to the difference between low bid and second lowest bid. The surplus, if any, is to be returned to the lowest bidder.

2. Performance Bonds

The City Council has the authority to require a performance bond before entering a contract in such amount as it finds reasonably necessary and, in the case of public works contracts, for an amount not less than required by state law (100% for faithful performance and 50% for supplies/materials).

3. Tie Bids

If two or more bids received are for the same total amount or unit price, quality being equal, the City Council may accept the one it chooses or accept the lowest bid made by negotiation with the tie bidders. Full value analysis and/or local preference consideration (Section I, Part I, C-4) may be used to avoid tie bids when legally applicable.

SECTION III

PROCUREMENT BY OPEN MARKET PROCEDURE

PART I GENERAL POLICY

Procurements are made by using the open market procedure if the use of formal advertising is not feasible or legally required. These procurements occur if:

1. The amount involved is \$1,001 to \$15,000 (over \$15,001, with the City Manager's approval);
2. No acceptable bids have been received after formal advertising;
3. The purchases are for services where the prices are established by law, for technical items or equipment requiring standardization and inter-changeability of parts with existing equipment;
4. Otherwise authorized by law, rules, or regulations;
5. Co-operative purchasing with another government agency on negotiation of bid basis.

All procurement awards will be made only to contractors whose proposals both meet the specified procurement requirements and the established eligibility requirements.

PART II PROCEDURES

Open market procedure involves the request for offers from potential bidders which are not disclosed to competitors or the public and where subsequent negotiations on the basis of these proposals are conducted individually with each firm. Only after execution of an agreement is the successful firm made known and the terms and conditions of the offer disclosed. Open market bids and orders will be kept in the purchasing office and will be open for public inspection for one year.

A. Source Selection Procedure

1. Establishing Adequate Competition

The procurement requirements shall be made by written or telephone request to at least three bidders or by posting a notice in publications. The notice will require a response by a certain date. All requests and bids will be fully documented.

2. Establishing Eligibility Requirements

It must be determined that:

- a. Past experience or verified references indicate the capability to perform tasks and deliver specified supplies and services;
- b. Management demonstrates capabilities compatible with the magnitude and complexity of the contemplated procurement;
- c. The required facility and manpower resources are available; and
- d. An ability to meet schedules has been demonstrated.

3. Establishing Criteria for Evaluating Proposals

Selection criteria are guides for:

- a. Measuring how well a supplier's approach meets the desired performance; and
- b. Permitting the evaluation of proposals against objective norms rather than against each other.

B. Awards

Based on the factors mentioned, an agreement is reached with the lowest bidder, taking full value analysis results and local preference into consideration. A contract is then completed, usually in the form of a purchase order.

SECTION IV

SOLE SOURCE PROCUREMENT

PART I GENERAL POLICY

This method of procurement involves discussion and bargaining on price and other terms with a single proposed contractor or supplier who is the only producer of the required item or the only person or firm with expertise to perform the required services. When a non-competitive procurement is approved, the city is responsible for acting, whenever possible, to avoid the need for subsequent non-competitive procurements. This action includes both examination of the reasons for the procurement being non-competitive and steps to insure competitive conditions for subsequent procurements, particularly as to the availability of complete and accurate data, reasonableness of delivery requirements and possible break-out of components for competitive procurements.

PART II PROCEDURE

A. Justification for Requesting Sole Source Procurement

All requests for approval to negotiate sole source procurement should be submitted for approval to the Purchasing Officer and reflect the degree of consideration given to other sources in the field and the reasons why such sources lack the capability. The following illustrations represent factors that should be considered as appropriate in preparing the request:

1. What capability does the proposed contractor have that is important to the specific effort and makes him/her unique in comparison to others in the same field?
2. What prior experience of a highly specialized nature does he/she have that is vital to the proposed effort?
3. What facilities and equipment does he/she have that are specialized and vital to the effort?
4. Does he/she have a substantial investment of some kind that would have to be duplicated at the City's expense by another source entering the field?
5. Is completion precluded because of the existence of patent rights or copyrights?
6. No acceptable bids have been received after compliance with competitive procedures.
7. Only one source of supply responded to an invitation for bid or request for proposal.

B. Cost and Price Analysis

The price and other terms must be negotiated. Cost and price analysis is essential for assuring that the city receives a reasonable price.

C. Award

The Purchasing Officer or City Council, Board of Public Utilities or Redevelopment Agency Board of Directors, whichever is applicable, dependent on type and cost of item or service, awards the purchase.

SECTION V

PROCUREMENT PROCESS

PART I SUPPLIER, DEPARTMENT RELATIONSHIPS

Purpose

The purpose of this section is to set forth a guide to be applied in the procurement function for the maintenance of intelligent, constant and harmonious relationships with suppliers and their representatives and the City of Tulare. The success of the procurement program may be determined by the manner in which these relationships are fostered.

A. Relations with Other Departments

The Purchasing Division exists as a service agency to all City departments. Cooperation is essential for the successful operation of the procurement function. Throughout this manual the principles and responsibilities are set forth for all departments of the City in connection with the procurement function. The purpose of this section is to emphasize these responsibilities.

1. Purchasing Division's Responsibility

- a. To become acquainted with the needs of the various departments of the City.
- b. To know the availability and the delivery times of the various materials needed.
- c. To maintain sufficient quantities of materials in store to satisfy the normal needs of the city for a reasonable length of time.

2. Using Department's Responsibility

- a. To consider the lead time necessary for the Purchasing Division to obtain items ordered, planning requisitions accordingly. This will eliminate rush orders at a higher price.
- b. To prepare specifications for material that requires engineering or technical background.
- c. To be specific and complete, to include equivalent brands or model numbers.
- d. To refrain from making contacts with suppliers directly whenever possible and in no case obligate the Purchasing Division without prior authorization.

B. Relations with Suppliers' Representatives

The promotion of good supplier relations is an important function of the Purchasing Division. It is important that the Purchasing Division be aware of all transactions that are conducted between the City and its suppliers. It is necessary that the various other departments be free from the routing visits of suppliers. Much of the suppliers' and the City's time will be saved by observing the following rules and principles.

1. All suppliers' representatives shall receive courteous and prompt attention.
2. All suppliers' representatives should generally work through the Purchasing Division, and when appropriate, the Purchasing Divisions will arrange interviews between the suppliers' representatives and other departments of the city.
3. The Purchasing Division shall pass on to other departments useful information obtained from interviews, direct mail, and advertising.
4. Every employee of the City shall keep himself free of obligation by refusing to accept gratuities of any value in any form offered by suppliers or their representatives.
5. Offers of any gratuity to any official or employee of the City by a vendor or contractor may be cause for declaring such individual or firm an irresponsible bidder and for barring such firm or individual from bidding.

PART II PROCUREMENT PROCEDURES

A. Purchase Requisitions

The purchase requisition is the means used to correctly define the requirement of the using department. The requisition is a form to be completed by the using department, supplying as much information as is known by the requesting department in order to allow the Purchasing Division to properly process it and make the most economical purchase.

1. Information on Requisitions

Requisitions, both computerized and paper, shall be completed by the requesting department giving the following information:

- a. Date Issued: the date the purchase requisition is written.
- b. Issued By: the name of the using department.
- c. Approved: the signature or approval of the department head or his/her designee, and, for requisitions of \$15,000.00 or more, City Manager approval.
- d. Required Delivery: state a definite delivery date (do not use substitutions such as "rush", "immediately", "as soon as possible").
- e. Deliver To: the location at which material is to be delivered, listing the street address.
- f. Quantity and Unit: the number or amount required; state whether the item is procured by the dozen, gross, board feet, pints, etc.
- g. Description: adequate description of the item by catalog number, model number, or specifications, etc.
- h. Account Number: the proper budget code account number to which the material will be charged. Account number definitions for non-capital purchases may be found in the back of the budget book.

- i. Unit Price: the estimated unit price or last unit price paid for the item.
- j. Total: Total will be calculated automatically with electronic requisitions, otherwise provide an estimated total amount of the requisition.
- k. Remarks and Suggested Source: suggested source of supply and any additional information which will help the Purchasing Division.

2. Distribution of Requisitions

Electronic requisitions have no hard copies to process. Handwritten requisitions will be sent to the Purchasing Office.

a. Requisition Exemptions

Monthly utility bills, (electricity, gas, telephones, pagers)
Attorney fees, Public Works projects, Redevelopment projects, and other agreements where contract are issued that have been approved by the appropriate boards, committees or governing City officials.

B. Request for Quotation and Bids

Upon receipt of a purchase requisition, the Purchasing Division shall obtain a source of supply. This is done by selecting, from a bidder's list, firms that will give the best price, proper quality and service. To secure the best quality, service, and price, quotations shall be secured from several sources. It is City policy that, whenever possible, that no less than three suppliers be invited to quote on all purchases as described under "Bid Requirements".

All quotations become a part of the Purchasing Division's records and may be reviewed by those persons interested.

C. Purchase Order

A purchase order authorizes the seller to ship and invoice materials or services as specified. Phraseology in the text of the purchase order should be clear and precise; if this is not adhered to, misunderstandings will occur, unnecessary correspondence will result and procedures will be delayed.

1. Issuance of Purchasing Orders

Purchase orders shall be issued based upon requisitions. All requisitions shall be filed with the Purchasing Division and no purchase shall be made until an order has been obtained. (see Emergency Purchases)

2. Purchase Order Form

A standard purchase order form is used for all purchases. Each order is a 5-part computer printed form consisting of an original and four copies.

- a. Original Copy: the original copy is mailed to the vendor to be used as authority to furnish the city such materials or services as indicated.

- b. Copy #2: the #2 copy will be kept in the Purchasing Division to be placed in the numeric vendors' file.
- c. Copy #3: the #3 copy will be kept in the Purchasing Division to be forwarded to the Finance Department with the appropriate invoices.
- d. Copy #4: the #4 copy will be kept in the Purchasing department, in the vendors file.
- e. Copy #5: the #5 copy will be returned to the requisitioning department.

D. Purchase Order Acknowledgment

An acknowledgment of the City's purchase order by the supplier is simply an agreement on the supplier's part to furnish the items specified in accordance with the City's terms and conditions. Some suppliers have the practice of sending their own forms of acknowledgment. The forms should be sent to the Purchasing Division without signature because such acceptance on the City's part will mean that the City has accepted all of the supplier's terms and conditions as printed on his acknowledgment form, thereby making a new contract which supersedes the conditions of the City's purchase order.

E. Follow-up

Date and method of follow-up will depend upon the nature of the order and the promised delivery date.

F. Receiving Procedure

The file copy of the purchase order serves as the receiving report. In most cases, it will be retained in the Purchasing Division.

1. Receiving Requirements

The using department is responsible for verifying receipt of all items by approving the invoices, indicating the date of receipt, and forwarding the invoices to the Purchasing Department for payment.

2. Blanket Purchase Orders

There are a number of vendors to which the city issues "Blanket Purchase Orders" because of the volume of business transacted. These P.O.s are usually issued on a yearly basis and each department receives a copy of the list of blanket P.O.s. The Blanket Purchase Order is used for routine purchases of supplies and materials with a maximum limit per item of \$500.00, or per invoice of \$1,000.00, and not for capital expenditures. Note: small items used as part of capital expenditure projects (nuts, bolts, etc.) may be put on a blanket purchase order.

The person receiving materials or services under the provisions of a Blanket Purchase Order shall obtain, at that time, an invoice, delivery slip, or other form of receipt for materials or services received. This documentation will be delivered to the Purchasing Division no later than the next working day

3. Freight Defined

Whenever freight is a part of a purchase order, it is important to take note of the freight on board (F.O.B.) point. The F.O.B. point usually determines where ownership passes from seller to buyer, as well as who pays transportation charges. The more frequent F.O.B. terms and affect on ownership are as follows:

- a. Destination or Delivered: the seller will pay transportation charges and the title does not pass to the buyer until the goods are received.
- b. Collect: the purchase was made F.O.B. shipping point and the buyer will pay the transportation charges; ownership passes to the buyer as soon as the goods are delivered to the destination point specified.
- c. Prepaid and Added: the seller will pay transportation charges F.O.B. destination and add them to the invoice; ownership remains with the seller until the goods are delivered to the destination point specified.
- d. Freight Allowed: indicates that the title passes as soon as the goods are delivered to a common carrier but the seller will reimburse the buyer for the transportation charges.

G. Emergency Purchases

While the need for occasional emergency purchases is recognized, the practice shall be curtailed as much as is possible by anticipating needs in time for the use of regular purchasing procedures.

1. Emergency During Working Hours

The using department shall call the Purchasing Division, advising of the emergency which has arisen, and shall request a purchase order number. On the day following the emergency, the requisition shall be prepared and processed as usual. The invoice or packing slip shall accompany the requisition and a confirming purchase order will be prepared. The requisition shall contain the phrase "Confirmation - Emergency Purchase" and shall show the purchase order number.

2. Emergency During Off Working Hours

The using department shall obtain the material or service needed and a delivery slip or invoice from the vendor. On the first working day following the emergency, the requisition shall be prepared and processed as above, with a brief report including the date, time and nature of the emergency.

H. Coordination of Purchases

Each budget year, several departments may have the need to purchase like items, i.e., computers, office furniture, and vehicles. Every attempt should be made to consolidate these purchases in order to obtain quantity price advantages and compatibility between departments.

Departments that are planning purchases which may be consolidated should notify the Purchasing Department early in the fiscal year. Purchasing will coordinate the purchase process if the process is warranted.

I. Credit Card Purchases

Credit card purchases for materials, supplies, and equipment need to be handled through purchasing. A handwritten requisition with an explanation will be required to be sent to Purchasing and all purchases will be made through the Purchasing Office. Credit card purchases shall not be made unless all purchasing policies and practices have been followed.

J. Return of Unauthorized Purchases

If items are purchased without following the procurements policies set forth in this manual, invoices for those items will not be paid and the items must be returned.

SECTION VI
MISCELLANEOUS

A. WARRANTY OR GUARANTEE

The City purchases many items which have a warranty or guarantee for a certain period of time such as tires, batteries, office machines, and other equipment. Before these items are repaired or replaced, the Purchasing Division should be consulted to see if the items are covered by a warranty or guarantee.

Each department should retain all such warranties or guarantees with complete information.

B. SIGNATURES

Contracts, applications for title, tax exemption certificates, agreements, and contracts for utilities shall not be signed by any City employee unless authorized by the City Manager.

C. THEFT

All discovered theft, vandalism, or damage to City property by third parties (including traffic accidents) shall be reported immediately by the department head or a delegated supervisor to the appropriate law enforcement agency (City Police, Sheriff's Department, or Highway Patrol). All damage or injury to City property or staff and all damage or injury done by City employees or equipment to other property or persons shall be reported to the Human Resources Manager

D. DEADLINE FOR CLAIMS

Purchase orders shall include the following notice:

Notice: Pursuant to the Government Claims Act (Calif. Govt. Code '911.2), a claim based on contractual agreement must be brought within one year. Request for payment made more than one year after purchase of goods or service rendered, will be rejected.

E. FEDERAL GRANT REQUIREMENTS – DEBARMENT

The City of Tulare's policy is to not procure goods or services or make contract purchases from an entity or individual included on the debarment or to make a sub-recipient award to an entity or individual included on the debarment list under Executive Order 12549, "Debarment and Suspension." The EPLS (<https://www.epls.gov/>) is an electronic, web-based system that identifies those parties excluded from receiving Federal contracts, certain subcontracts, and certain types of Federal financial and non-financial assistance and benefits. The EPLS keeps its user community aware of administrative and statutory exclusions across the entire government, and individuals barred from entering the United States. The user is able to search, view, and download both current and archived exclusions

A purchase or contract greater than \$25,000.00 shall not be made from or with an entity or individual included on the debarment list. Purchases and contracts that exceed the small purchase threshold of \$25,000.00 shall be verified by one or more of the following methods: Cross checked to the debarment list before a purchase is made,

Collecting a certification from the entity, or Adding a clause or condition to the covered transaction with that entity. The small purchase threshold applies to a contract amount and not to separate invoice amounts. Purchases for goods and services or contract purchases less than \$25,000.00 will not be cross-checked to the debarment list; however purchases will not knowingly be made from those entities or individuals.

For purchases **\$25,000 or greater**, which are to be charged to a **federal** grant or contract the City will run the vendor through the Excluded Parties List System (EPLS) system.

Definitions:

Federal Agency or agency: Any United States executive department, military department, government corporation, government controlled corporation, any other establishment in the executive branch, or any independent regulatory agency.

Debarment: An action taken to prohibit a recipient from participating in Federal government procurement contracts.

EPLS: The Excluded Parties List System (EPLS) is a source of the most current information about persons who are excluded or disqualified from covered transactions. In accordance with the Federal Office of Management and Budget (OMB) guidelines, the General Services Administration (GSA) maintains the EPLS. When the Federal agency takes an action to exclude a person under the nonprocurement or procurement debarment and suspension system, the agency enters the information about the excluded person into the EPLS.

Suspension: A action taken by a suspending official in accordance with regulations that immediately excludes a person from participating in covered transactions for a temporary period, pending completion of an investigation and such legal, debarment, or Program Fraud Civil Remedies Act proceedings as may ensure. A person so excluded is suspended.

Debarment Certification: A statement from a vendor or service provider that their company, and it's principals have not been debarred, suspended, proposed for debarment, declared ineligible, are not in the process of being debarred, or are voluntarily excluded from conducting business with a federal department or agency of the federal government. This certification can take the form of a signed letter, or a signature block with a procurement document.

Checking debarment status on the web: The process by which an agent checks the federal website (EPLS) to see if a vendor is on the government list of debarred vendors. Being on the list means the vendor is debarred, being absent from the list indicates a vendor is in good standing.

SECTION VII

CHARTER AND OTHER REQUIREMENTS FOR PURCHASING

The City Charter provides some direction in regard to purchasing. Section 23 states that the City Manager shall act as Purchasing Agent.

Section 23, Resolution No. 2988, Charter Amendment Number One states:

"When the expenditure required for the purchase of any supplies exceeds the sum of \$15,000.00, the Purchasing Agent shall advertise for sealed proposals in the manner hereinafter prescribed for proposals for public work and the contract shall be awarded by the City Council to the lowest responsible bidder, provided that the Council may reject all bids and order the Purchasing Agent to buy in the open market at a price less than the lowest bid received from a responsible bidder, and provided that if no bids are received, the Council may order the Purchasing Agent to buy in the open market."

Section 46, Resolution No. 2988, Charter Amendment Number Two states:

"All public buildings and work, when the expenditure therefore shall exceed the sum of \$15,000.00 shall be done by contract, and shall be let to the lowest responsible bidder, after advertising for one day in a daily newspaper of general circulation published in the city, for sealed proposals for the work contemplated. Provided that the Council may reject any and all bids, if deemed excessive, and re-advertise for bids or provide for work to be done by the Department of Public Works.

All contracts are to be approved as to form by the City Attorney, and shall be signed by the Mayor, and attested by the City Clerk.

No contract is valid, except in the case where the work to be done is to be paid for by special assessment, unless the City Finance Director/Treasurer shall endorse thereon his certificate that there remains an unexpended balance of an appropriation or proceeds of a bond issue applicable thereto."

Section 4.7 Penalty for Collusion states:

"If at any time it shall be found that a person, firm or corporation to whom the contract has been awarded, has, in presenting any bid of bids, colluded with any other party or parties, then the contract so awarded shall be null and void, and the contractor and his sureties shall be liable to the city for all loss or damage which the city may suffer thereby, and the Council may advertise anew for bids for said work."

Section 75 states:

"No Councilman shall in any manner attempt to influence the City Manager in the making of any appointment or in the purchase of supplies. A violation of this provision shall work a forfeiture of the office of the Councilman."