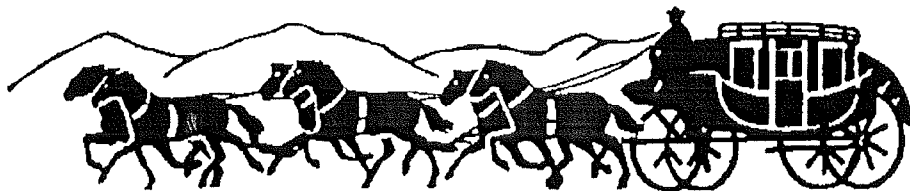


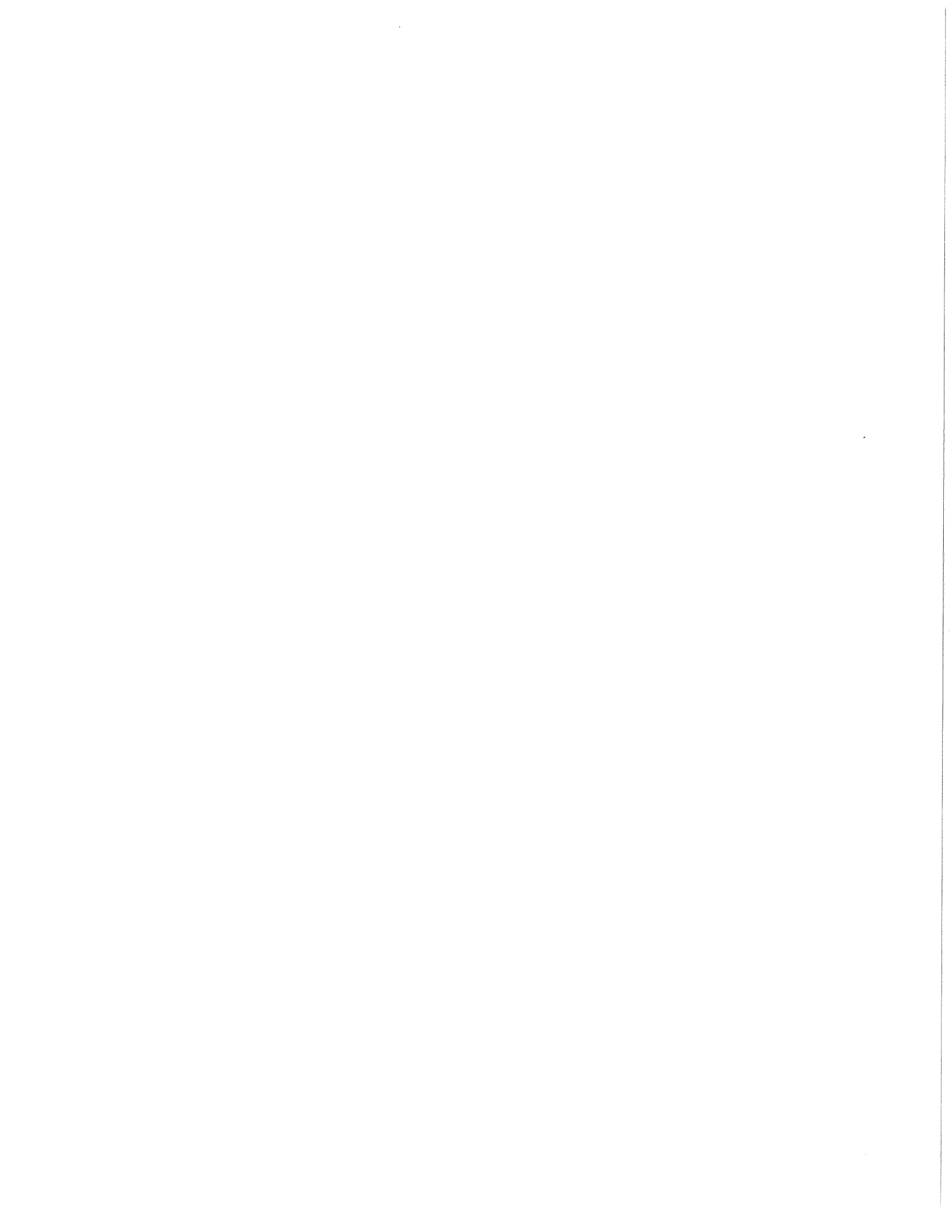
# CITY OF ARROYO GRANDE



## PURCHASING POLICIES & PROCEDURES MANUAL

Issued by Financial Services

February 2000



# INTRODUCTION

This Purchasing Manual has been prepared to translate purchasing information from the Municipal Code into everyday practices and procedures.

The establishment of a formal purchasing system provides guidelines for City staff in the purchase of goods and services at competitive prices. The basic purchasing policy is to obtain quality supplies, services, vehicles, and equipment required for proper operation of the City of Arroyo Grande, at the lowest price. It is recognized that the lowest price is not the sole factor in evaluating the cost of purchases. Service, quality, timeliness, and price are all a factor of a satisfactory purchase.

The information in this document is presented to ensure that purchases made by City staff comply with State, as well as City, purchasing requirements. This manual does not contain or repeat State requirements, nor is it intended to conflict with or supersede State requirements. In the event of any conflict between the provision of this manual and State law or City ordinance/resolution, the more stringent requirement shall prevail.

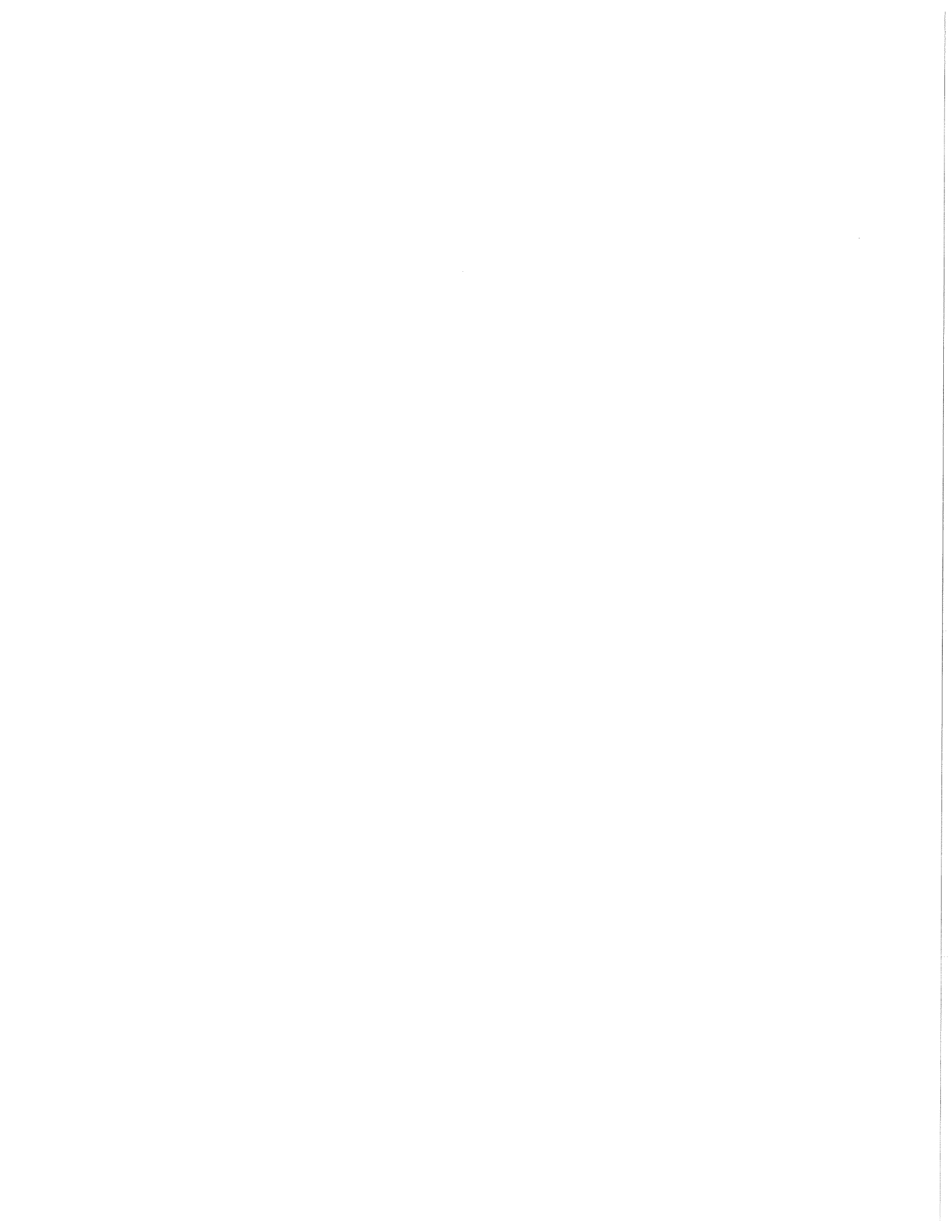
Because circumstances change, more effective and efficient ways are discovered to accomplish tasks and achieve goals, the information in this document may change. Establishing and documenting policies and procedures is a dynamic process. Changes to City policy, updates, and revisions will be issued from time to time. This document has been developed to readily accommodate additions and deletions.

This manual is divided into two sections. The first section describes purchasing policies and procedures while the second section contains applicable exhibits. The purchasing section from the Municipal Code, an index by subject, and examples of City forms are contained in Section 2.

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## LEGAL BASIS

On August 12, 1997 the Arroyo Grande City Council adopted Ordinance 488 C.S. which replaced Chapter 4 of Title 2 of the City Municipal Code with revised purchasing guidelines.

The new Chapter 4 of Title 2 implemented major changes to the City's purchasing policies. Purchasing limits, definitions, and guidelines for evaluating bids were incorporated in the new Chapter 4. This replaced outdated dollar limits, ambiguous purchasing policies and procedures, and outdated language. With the adoption of this manual and the accompanying ordinance, Title 2 of Chapter 4 will be changed once again.

The following is a general description of this ordinance (with proposed changes) and other City purchasing ordinances and resolutions currently in place:

**Proposed Ordinance No.            C.S.**

The revised Chapter 4 of Title 2 of the City Municipal Code contains the following six sections.

Section 2-4.01: This section deals with Requisitions, the form, the authorization, and petty cash purchases.

Section 2-4.02: The purchasing process and the procedure for purchasing items under Four Levels of expenditures are defined. The dollar value of the four levels is established by resolution of the City Council (shown in parenthesis). At the First Level bids of any nature are not required (under \$1,500). Second Level expenditures require three informal bids and/or City Manager (Under \$5,000). Third Level expenditures require three written competitive bids (Under \$10,000). Fourth Level expenditures (Over \$10,000) must be approved by the City Council and conform to formal bid procedures. All public projects are to be made in compliance with State laws. This section also defines open purchase orders and guidelines for evaluating bids.

Sections 2-4.03: Requires City Manager written approval for a purchase order with a value greater than the Third Level (Over \$5,000, under \$10,000).

Sections 2-4.04: City Council approval is required for all purchase orders of the Fourth Level (\$10,000).

Section 2-4.05: City Council approval is required for all professional services contracts over \$25,000. Budgeted Professional Services Contracts of less than \$25,000 may be approved by the City Manager.

Section 2-4.06: Those occasions when the procedures of this ordinance may be dispensed with is defined. Emergencies, sole source vendors, cooperative purchases with another government agencies, and for the preservation or protection of the public are examples of those unusual circumstances.

## LEGAL BASIS (continued)

### **Resolution 3356 - Adoption of Uniform Public Works Construction Cost Account Act (UPCCAA)**

Under the State of California Public Contract Code, all governmental jurisdictions are limited to the dollar amount of public project work that can be performed using internal resources. Cities are also required to follow various bidding procedures in undertaking public projects. In 1983 the State of California provided alternative bidding procedures for public agencies undertaking public project work, provided the agency subscribed to uniform construction cost accounting policies and procedures. The City elects, through Resolution 3356, to become subject to the Uniform Public Construction Cost Account procedures.

### **Ordinance No. 503 C.S.**

This ordinance replaces Section 2-4.02(c) of Chapter 4 of Title 2 of the Arroyo Grande Municipal Code. The ordinance establishes the following guidelines.

- (1) Public projects of \$25,000 or less may be performed by City employees or by negotiated contract or purchase order approved by the City Manager.
- (2) Public projects of \$75,000 or less may be let to contract by informal procedures.
- (3) Public projects of more than \$75,000 require formal bidding procedures.



# GENERAL POLICIES

## GENERAL:

The basic purchasing policy of the City of Arroyo Grande is to obtain supplies, services, vehicles, and equipment needed for the proper operation of its various departments/divisions at the lowest possible cost. This will be accomplished through the use of quotes and competitive bidding whenever possible (or required). The purchasing functions are decentralized, with each department/division responsible for compliance with City policies and procedures. The following summary of policies and procedures are defined in detail in this document and in the City's Administrative Policies and Procedures.

- No purchase will be approved or undertaken unless an appropriation has been established, through either the adopted annual budget or City Council approval of additional appropriations.
- All purchases shall be of the quality deemed necessary to suit the intended purpose, suitable, and beneficial to the City, and in the City's best interest.
- The dollar limits for purchases and bids are established by ordinance or resolution. Purchases shall not be split to avoid the required procedures or certain dollar limits.
- Competitive quotations will be sought based on established dollar limits.
- Approval of purchases of supplies and equipment are made according to the following schedule:

\$0 - \$1,500	Departmental authority with no written bid required.
\$1,501 - \$5,000	Department Director approval is required along with written documentation of an informal competitive evaluation and selection process (at a minimum completion of telephone bid form).
\$5,001 - \$10,000	City Manager approval required with written documentation of a competitive evaluation and selection process.
\$10,001 +	Formal bid process required, i.e. City Council approval for public bid, which includes written specifications, public advertisement, sealed bids, and public bid opening by Deputy City Clerk/Administrative Services Director.

## GENERAL POLICIES (continued)

- The City Manager may approve Professional Service contracts of less than \$25,000 when the appropriation for the contract is included in the original approved budget. However, when ever possible, Request for Proposal (RFP) or Request for Qualifications (RFQ) will be issued as a form of solicitation.
- Public works construction projects are subject to the dollar limits of the Uniform Public Construction Cost Accounting Act (UPCCA). Where differences exist between City policy and the Act, the more stringent requirements shall prevail. The following are the minimum bid standards required by UPCCAA.

\$0-\$25,000	Projects may be performed by City employees by force account, by negotiated contract, or by purchase order. Formal bids, either oral or written, are not required; however, City procedures require written documentation of a competitive evaluation for services and supplies over \$1,500.
\$25,001-\$75,000	Informal bid procedures, either oral or written, are required.
\$75,001 +	Written specifications, public advertisement, sealed bids, and official bid opening are required.

- Where possible, the City will consider the use of cooperative purchasing or blanket contracts for goods and services, as such contract may provide savings.
- A 5% local preference is given to community vendors when all factors are equal except price. Application of the five percent (5%) shall mean that the local vendor bid shall be deemed (but not actually) reduced by 5% for purposes of the selection process only.
- Receipt of goods or services will be verified and approved by the appropriate official prior to payment of invoices.
- The emergency purchase of goods is authorized under certain conditions.

These purchasing principles will allow the City to spend tax money and public funds in the most prudent fashion. With a formal system of buying goods and services, including a purchase order system, the City clearly specifies what it buys, avoids disputes with vendors, provides a full audit trail of purchases, allows level competition to set prices, controls spending within budget limits, creates a positive tone for relationships with vendors, sets a professional standard of organizational behavior, limits the possibility of waste, creates an organized system of checks and balances, enhances public trust, and give the City the opportunity to save money.

## **GENERAL POLICIES (continued)**

### **BUDGET:**

The annual budget is an essential element of the financial planning, control, and evaluation process of the City. This annual budget is reviewed each fiscal year by the City Council and is designed as the financial blueprint for the City. Upon adoptions, this document serves as the financial operating plan for the City.

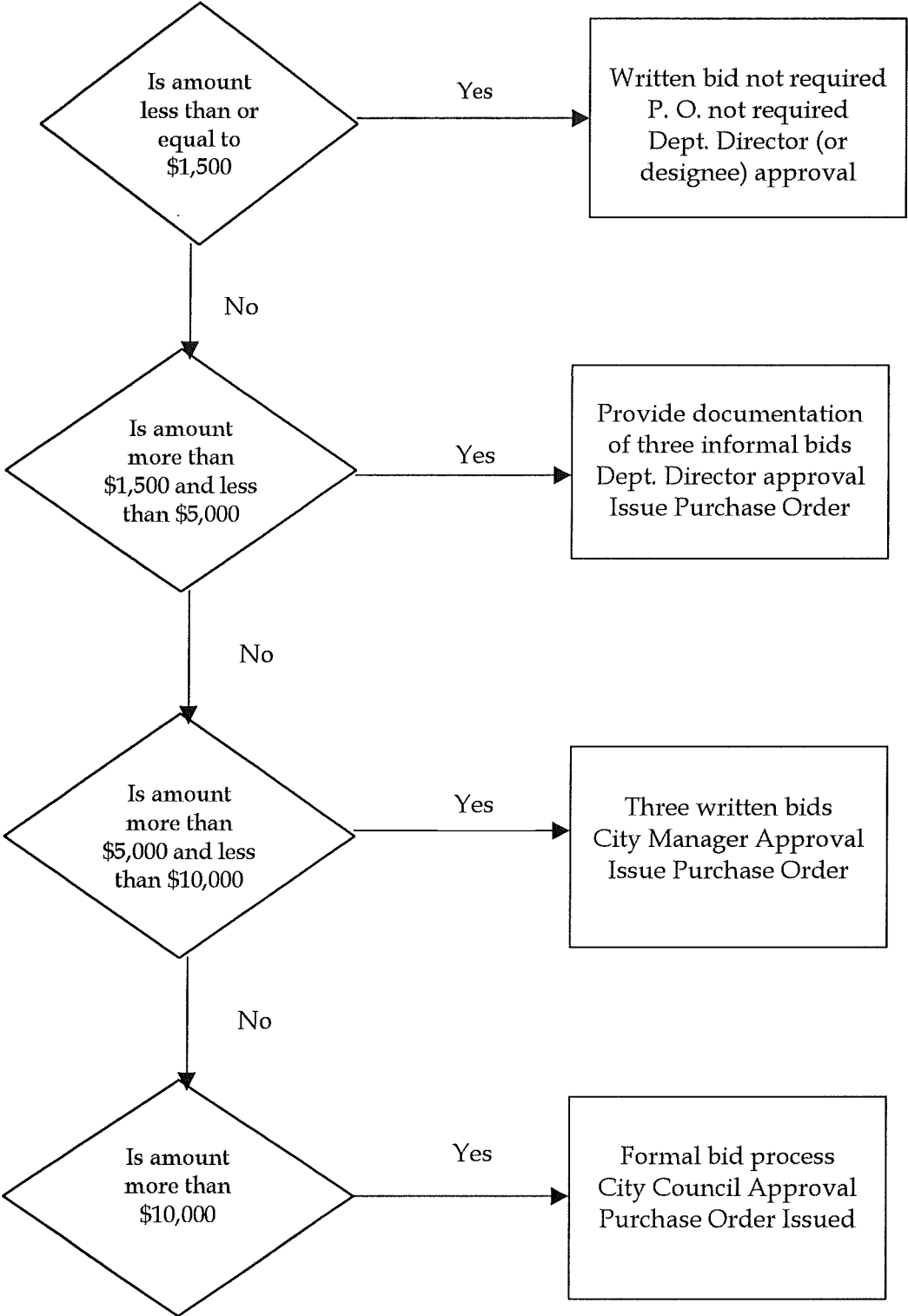
Upon adoption, the appropriations and estimated revenue amounts are entered into the City's financial system. Monthly reports are issued on the fifteenth (15<sup>th</sup>) of each month, for the financial transactions of the previous month. These monthly reports are provided to each department/division to allow the tracking of expenditure activity and revenue earnings. It is the responsibility of the department/division to maintain budget control of their individual budgets. Ultimate responsibility for the individual budget rests with the Department Director.

### **Grant Funding:**

Federal, State, or grant programs may require special conditions that are more stringent than City procedures. It is the responsibility of the department accepting the grant to ensure that all grant provisions are complied with.

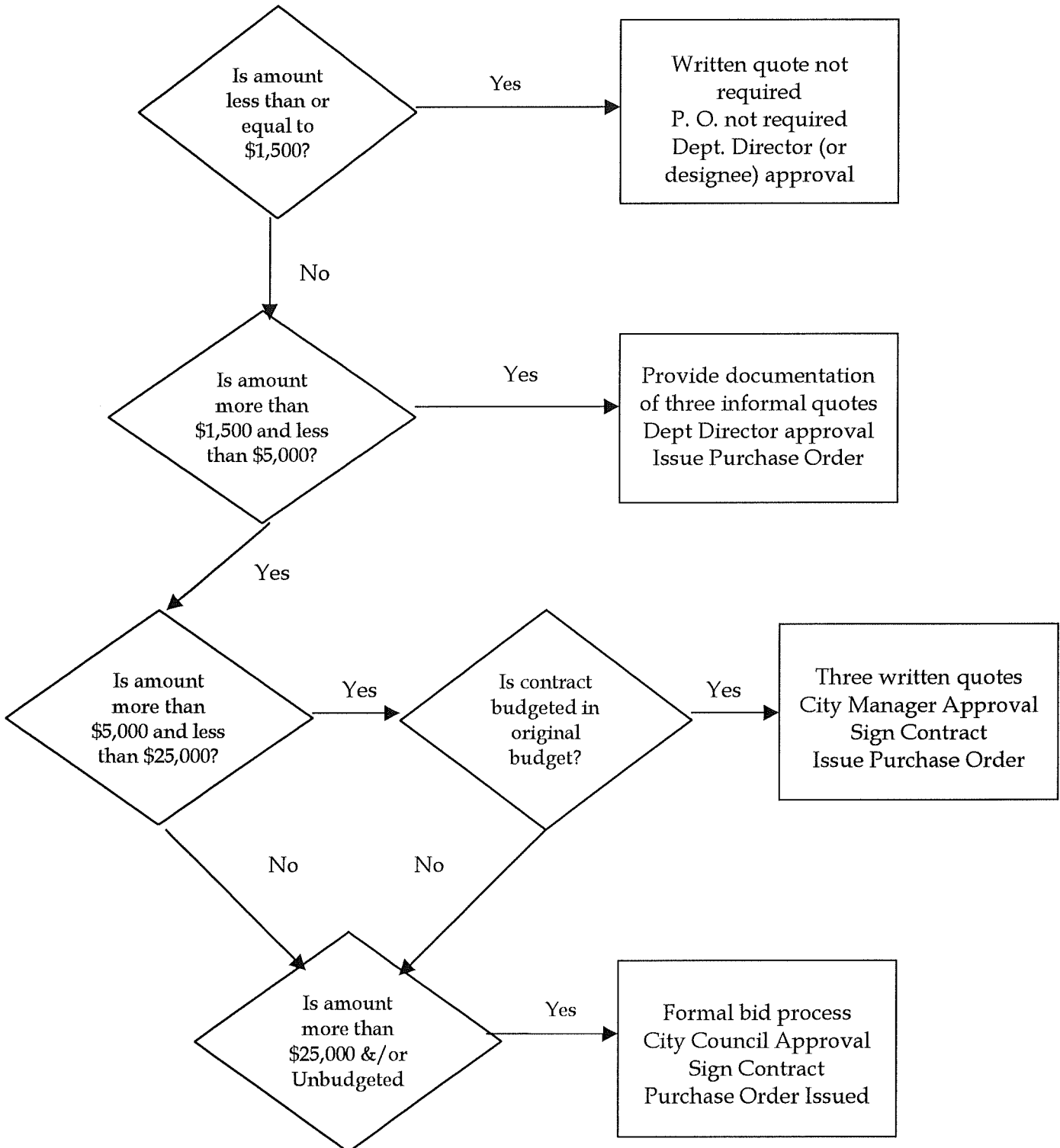


**SUPPLIES AND SERVICES**  
**PURCHASING, BIDDING, PAYMENT AUTHORIZATION,**  
**& PURCHASE ORDER FLOW CHART**



# PROFESSIONAL SERVICES

## PAYMENT AUTHORIZATION, & PURCHASE ORDER FLOW CHART



## **PURCHASING AUTHORITY AND RESPONSIBILITIES**

### **PURCHASING AUTHORITY:**

There are three levels of authority for normal purchases: Department/Division Award, City Manager Award, and City Council Award. Generally, authority is established by the dollar amount of the purchase.

Except as permitted by the exceptions listed in this manual, a formal purchase order, approved by the Department Director is required for all purchases where any single item exceeds \$1,500.

For purchases exceeding \$1,500, but where no single item exceeds \$1,500, a formal purchase order is not required. However, purchase orders may be issued, regardless of amount, when required by the vendor, or when the complexity of the contract demands a formal document for clarity.

### **DEPARTMENT AUTHORITY/RESPONSIBILITY:**

The department/division manager may authorize the purchase of supplies, equipment, or services as needed for purchases up to \$5,000. When an individual item exceeds \$1,500, product requirements will be defined, documentation of the three quotes received, and a purchase order obtained before the item is acquired.

For purchases over \$5,000 and under \$10,000, the department/division will provide detailed specifications to vendors and receive in return three quotes for the supplies or services. The City Manager's approval is required, along with copies of the written documentation before the bid may be accepted and a purchase order issued.

It is the responsibility of the acquiring department/division to:

- Prepare standards and specifications.
- Maintain lists of supplies and services vendors.
- Make purchases in accordance with established policies and procedures.
- Verify that an appropriation is available for the purchase.
- Anticipate the department/divisions' needs well in advance, in order to minimize the need for emergency purchases.
- Review goods and services received to ensure conformity with purchase order or contract.
- When a cost discrepancies or goods/services dissatisfaction arises, notify the Financial Services Department. No bill should be processed for payment when the goods or serves are unsatisfactory, or there is a price discrepancy between the originally quoted price and the bill received.

## **PURCHASING AUTHORITY AND RESPONSIBILITY (continued)**

### **PROHIBITED PRACTICES:**

- ◆ No City employee shall have a direct or indirect financial interest in any contract or purchase of goods or services entered into by the City, or shall derive any personal benefit from the City's purchase of goods or services.
- ◆ No City employee shall use the City's purchasing procedures to obtain property for personal use, by misrepresenting to vendors, for the purpose of obtaining price discounts, that the personal purchases are for the City.
- ◆ No City employee shall draft or cause to be drafted any specifications for bids in such a way as to intentionally limit the bidding directly or indirectly to any one bidder, except for the sole source procurement.

### **HAZARDOUS MATERIALS:**

Purchase orders for chemicals, solvents, cleaners, or other products that may contain any kinds of hazardous material shall include a requirement that the vendor furnish a Material Safety Data Sheet (MSDS) with the shipment.

### **RECYCLING:**

It is the policy of the City to conserve and protect its natural resources. The maintenance of a quality environment for citizens of the City is an ongoing objective. In light of these statements, it is the policy of the City to encourage the use of recycled goods whenever possible.

### **AUTHORIZATION SIGNATURE LIST:**

The Authorized Signature List certifies those departmental personnel who are authorized to sign departmental purchase orders, receiving reports, invoices, and requests for payment. The list is maintained within the Financial Services Department. The following items relate to this list.

- One copy of the list should be retained by Financial Services and one copy by the issuing department.
- The list shall be reviewed semi-annually by the department with any changes promptly submitted to Financial Services.
- Whenever any changes are made to the list, the signature of the Department Director is required.



## PURCHASING AUTHORITY TABLE

Category	Authority Limits for Purchases/Payments	Bid Requirements
Equipment/Supplies/Trade Services	\$0-\$1,500      Department Director or designee	No bid requirements
	\$1,501-\$5,000      Department Director	Document 3 vendor quotes (verbal/phone)
	\$5,001-\$10,000      Department Director with solicited bids from 3 vendors	Informal bid process City Manager approval required
	\$10,001 +      City Council Approval Public bid process	Written specifications, public advertisement, sealed bids, office opening
Professional Services		
Request for Proposal	\$0-\$1,500      Department Director	No written quote required
Request for Qualifications	\$1,501 - \$5,000      Department Director	Informal quotes
	\$5,001 - \$25,000      City Manager approval if included in adopted budget	Written quotes required
	\$25,000 +      City Council Approval	RFP, written bids, etc.
Public Projects	\$0-\$25,000	City Council approval may be performed by City employees, or negotiated contract
	\$25,001-\$75,000	City Council approval-informal bids required
	\$75,001 +	City Council approval-formal bid process to award contract



## PURCHASES OF GOODS AND SERVICES

### PURCHASES OVER THE \$1,500 LIMIT:

Simply stated, a Purchase Order is required when someone wants to buy goods or services that cost more than \$1,500. There are some *exceptions* to this basic rule, each of which is discussed, in greater detail in the following sections.

- If formal bidding is required, the Purchase Order is prepared after a contract has been executed.
- If, due to the nature of the service, no bidding is required, the Purchase Order is prepared after the contract has been executed.

At the time of this writing, manual purchase orders are being issued by Financial Services upon request. However, the City is working toward implementing the Eden Purchase Order System that will allow departmental input of purchase order information. It is expected that after departmental input, Financial Services will approve, print purchase orders, and distribute to the originating department on a weekly basis. The returned purchase orders are to be reviewed for accuracy and completeness before copies are distributed to the following:

- Forward the white (Vendor) copy to the vendor.
- Forward the yellow (Financial Services) copy along with supporting documentation to Accounts Payable.
- Retain the pink (Department) copy in the ordering department.

### BIDDING REQUIREMENTS:

Trade services, equipment and supply purchases have the same bidding requirements and levels of approval. Trade services include those activities that do not require a high degree of profession certification, such as gardeners, painters, and printers. When bidding for trade services, equipment, and supplies, the contract is awarded to the lowest bidder. Purchases of technology equipment or supplies, such as computer equipment (hardware and software), must meet standards and receive approval of the Computer Technology Committee.

Requirements (to be documented on the bid sheet)

- Less than \$1,500 No bid required (and no Purchase Order).
- \$1,501 to \$5,000 Three (3) documented quotes (verbal/phone acceptable)
- \$5,001 to \$10,000 Three (3) written quotations.
- Above \$10,000 Formal bid process (detail later in this section).

## **PURCHASE OF GOODS AND SERVICES (continued)**

### **BIDDING EXCEPTIONS:**

A bid is not required if one of the following conditions is met.

1. The merchandise or service is unique because of its quality, durability, availability, or fitness for a particular use.
2. The merchandise or service is available from only one source.
3. A State or local emergency has been declared and the City Manager determines that critical circumstances require the immediate purchase of the merchandise or service.
4. The merchandise or service is provided by an independent contractor that has contracted with the City to provide labor and materials for other than a Public Works project. An example is an office supply contract that is in place for one year with purchases of supplies made periodically based on the contract.
5. The service is to be performed by a professional (discussed below).

### **PROFESSIONAL SERVICES:**

Professional services are those activities performed by a consultant who possesses a high degree of expertise in a particular profession, such as an Attorney, Certified Public Accountant, Engineer, and Architect. There is no bidding requirement for this type of service, since the agent is being hired based on his/her qualifications, not lowest bid. Any professional service agreement must have sufficient background analysis to support the contract. A purchase order is to be issued after the contract is signed to facilitate budgetary control. Each agreement must be properly executed and held on file with the Administrative Services Department.

The City Manager may approve up to \$25,000 of professional services if funds were allocated for such a contract in the original adopted budget. City Council approval is required for unbudgeted (and thus unexpected) professional service contract and contracts with a value of more than \$25,000.

Requirements (to be documented on the bid sheet)

- \$1,500 through \$5,000 Telephone/Verbal quotations.
- \$5,001 through \$25,000 Written quotations.
- Above \$25,000 Formal bid (RFP) process

Verbal quotations, usually obtained by telephone call, are to be described on the Informal Bid Form. It is important that the specifications are accurate and comprehensive. Thus it may be beneficial to transmit the specifications by fax or mail even when the quotation is received verbally.

Written quotations are attached to the Informal Bid Form. Again, it is important that the specifications are accurate and comprehensive.

Professional Services of \$25,001, or more, must follow the Formal Bid Process discussed beginning on Page 23.

# REQUEST FOR PROPOSAL/QUALIFICATIONS

A Request for Proposal (RFP) or a Request for Qualifications (RFQ) is a form of solicitation for a proposal requiring some professional, unique, or technical service or product. The RFP or RFQ may be used as a basis for purchasing or entering into a contract when specifications and price will not necessarily be the predominant award criteria.

The RFP and/or RFQ may be used to contract for professional services or advice in financial, economic, accounting, legal, engineering, architectural, environmental, land surveying, technical, or administrative matters, and for the acquisition of unique products or equipment in some or all of the following circumstances:

1. The evaluation factors involve technical or professional ability
2. The evaluation involves artistic and/or aesthetic value
3. The price or cost is secondary consideration
4. The advantages of a particular vendor out weight any price differential

## DEVELOPING THE RFP OR RFQ

Because RFP's and RFQ's ask for a subjective product, they should contain the greatest detail possible, including (but not limited to) the following:

- A precise description of the problem or objective
- The services to be performed
- The product to be provided
- The anticipated time schedule for;
  - Submittal of RFP/RFQ (date and time)
  - Any pre-proposal conference (date, time, and location)
  - Review and evaluation of the proposals
  - Award of the contract
  - Commencement of work on the project
  - Completion date
- Expectations or limitations on the part of the City, i.e.
  - The format, form, and quantity of any expected reports
  - The extent/nature of assistance/cooperation available from the City
- Expected content of the RFP/RFQ, including;
  - The overall description of techniques to be used
  - Listing of similar services provided to other clients
  - Listing of available reference to contact
  - Description and qualifications of assigned lead and supporting personnel
  - Time and staff expected to be expended
  - Facilities and equipment to be used

## REQUEST FOR PROPOSALS/QUALIFICATIONS (continued)

- Expected content of the RFP/RFQ, including (continued);
  - Portion of contract to be performed by sub-contractors
  - Subcontractor/Subconsultants qualifications
  - Cost, in summary and total, and desired method of payment.
- Contractual requirements including, but not limited to:
  - Prohibition against assignment
  - Indemnification
  - Insurance requirements
  - Bonding requirements
  - Warranties
  - Compliance with federal, state, and City laws, rules, and regulations
  - Compliance with any grant related regulations
  - Sample contract

### RFP/RFQ PROCEDURES

The RFP/RFQ for services may, but are not required to, state the amount budgeted for the service. Because unique services are requested, cost is not considered the primary selection criteria.

Construction project management service RFP's shall require evidence be provided of experience in construction project design review and evaluation, construction mobilization and supervision, bid evaluation, project scheduling, cost-benefit analysis, claims review and negotiation, and general management and administration of a construction project.

To ensure maximum exposure and competition, the responsible department shall prepare a list of potential firms to receive the RFP/RFQ. City staff shall make reasonable efforts to ensure that small business firms, located in San Luis Obispo County, are aware of the RFP/RFQ's issued.

If required or desired, the responsible department will submit the RFP/RFQ notice to be advertised in a local newspaper of general circulation. The notice will be published one or more times beginning at least thirty calendar days prior to the designated closing. Additional advertisements may be placed in a regional newspaper of general circulation; appropriate professional or trade journals; and state or governmental publications designed for public notice.

The requesting department shall prepare sufficient copies of the RFP/RFQ to allow distribution to potential respondents of record and responses to the published advertisements. In addition, a list should be maintained of RFP/RFQ's issued and responses.

## **REQUEST FOR PROPOSALS/QUALIFICATIONS (continued)**

### **RECEIPT OF PROPOSALS:**

Proposals received by 5:00 p.m. of the designated closing day will be opened on the following workday for preliminary review.

No information can be distributed to any potential respondents until all responses have been reviewed completely and the contract awarded.

A reasonable length of time between solicitation and closing dates must be allowed to provide potential respondents time for preparation in accordance with the complexity, the size of the project, and the scope of advertising.

Respondents may modify or withdraw their proposals prior to the established closing date and time, without penalty. However, any modifications submitted after the established closing date and time will not be accepted. Such modifications will be returned to the respondent, unopened.

City staff may conduct conferences to explain the requirements of the project. A sufficient amount of time should be allowed after the RFP/RFQ has been issued to allow potential respondents to become familiar with the project. Any clarification or changes required to the RFP/RFQ, as a result of the conference, shall be added as a written amendment. A summary of the conference shall be provided to all prospective respondents receiving the request.

### **AMENDMENTS TO THE RFP/RFQ:**

Amendments to the RFP/RFQ shall be identified as such and shall require acknowledgment as such by firms receiving the RFP/RFQ. Amendments shall be sent to all known recipients of the RFP/RFQ within a reasonable time period before the closing date. If the time and date established for the receipt of proposals does not allow sufficient time for consideration and changes, the time and date will be modified by amendment.

Amendments should be used to make any changes in quantities, descriptions, schedules, or to correct defects or ambiguities in the original RFP/RFQ. Amendments are provided to ensure that all potential respondents are furnished with the same information with which to prepare proposals.

### **PROPOSAL OPENING:**

Proposals shall be received in the Administrative Services Director/Deputy City Clerk's office, shall be time-stamped upon receipt, and shall be retained in a secure place until the established closing date and time.

## REQUEST FOR PROPOSALS/QUALIFICATIONS (continued)

To avoid disclosure of the contents of competing RFPs/RFQs, proposals will be opened in the presence of the Administrative Services Director/Deputy City Clerk and the department director, or his/her designee, requesting the proposals. The contents of the RFPs/RFQs will not be made available for public inspection until after an award is made, or all proposals are rejected.

The project manager (or Department Director) shall maintain a register of proposals received, including name and address of respondent, the number of modifications received, if any, and any additional information requested. The register will be open to inspection after the award of the contract or the rejection of all proposals.

Proposals and modifications shall be shown only to the evaluation committee personnel (or the Administrative Services Director/Deputy City Clerk and the department director requesting the proposals) until the contract is awarded or all proposals have been rejected.

### EVALUATION FACTORS AND METHOD:

The RFP/RFQ shall state the evaluation factors and the relative importance of each. Evaluation factors may include:

General quality and responsiveness of the proposal, including but not limited to;

1. Responsiveness to the terms, conditions, and items of performance;
2. Completeness and thoroughness of the proposal;
3. Grasp of the problem, work to be performed, and approach to be used.

Organization and personnel making the proposal;

1. Evidence of a good organizational and management practices.
2. Qualification of the personnel.
3. The firm's experience and past performance.
4. The financial condition of the firm.

If appropriate, the price, in any of the following formats, may be considered.

1. Total price and price breakdown.
2. Price range.
3. Cost schedule.

Factors not specified in the RFP/RFQ may not be considered in the evaluation.

The most commonly accepted evaluation method is as follows:

- Review proposals to determine those meeting minimum RFP/RFQ requirements.
- Score proposals using the factors specified in the RFP/RFQ.



## REQUEST FOR PROPOSALS/QUALIFICATIONS (continued)

- Prepare a listing, by ranking, of the proposals.
- Meet with the firm preparing the highest rank proposal to ensure that the City and the firm have a clear understanding of the contract provisions.
- Reach agreement on a fair and reasonable price (if not stated in the RFP/RFQ).
- If agreement is not reached, terminate negotiations in writing, and begin process with second ranked proposal.

The RFP/RFQ procedures do not require that a contract be awarded after the proposals have been evaluated. All proposals may be rejected.

### **AWARD OF CONTRACT:**

Department Directors are authorized to contract for up to \$5,000. The City Manager is authorized to approve professional service contracts up to \$25,000 if the contract cost was budgeted in the original approved budget. All contracts with a value of more than \$25,000 must be approved by the City Council.

All professional services shall be by written contact in a form approved by the City Attorney.



## FORMAL BID PROCESS FOR MERCHANDISE OR SERVICES

The responsibility for completion of the formal bid process are shared by the department wishing to purchase merchandise or services ("Initiating Department") and the Administrative Services Director/Deputy City Clerk.

### INITIATING DEPARTMENT RESPONSIBILITIES:

- Prepare a notice inviting sealed bids that includes the following:
  1. A general description of the item to be purchased.
  2. A statement indicating where bid forms and specifications can be obtained.
  3. A statement specifying the time and place for the opening of the bids.
  4. A statement describing the bid security required, such as a bid bond equal to 10% of the amount of the bid.
  5. Statement describing performances bond requirements if the vendor is selected.

#### Sample Bid Public Notice:

The City of Arroyo Grande, California invites bids for the supply of (name of bid item). Bid specifications are available from the (Department) at City Hall, 214 E. Branch Street, Arroyo Grande, CA 93420, (805) 473-XXXX. Sealed bids will be received until XXp.m. (date), 2000, at which time bids will be opened in the City Hall Council Chambers. The City reserves the right to reject any and all bids if deemed in the best interests of the City.

- Prepare a bid form including detail specifications for the item to be purchased. The following format is suggested for both competitive bids and Request for Proposals:
  1. Background - Provide as much background as necessary to give the bidder an understanding of the environment in which the job will be performed and to which the job relates.
  2. Scope of work - Describe in detail the requirement for the job and detail specification.
  3. Desired project schedule - Be as specific as possible.
  4. Minimum and desirable qualifications - Be as specific as possible.
  5. Submission of bids (or proposals) - Include date, time, location. Include a detail list of the information the bid or proposal should contain.
  6. Questions - List the name, address, and telephone number of the person to be contacted concerning questions about the project.
- Send a notice to all applicable vendors.

## **FORMAL BID PROCESS (continued)**

### **INITIATING DEPARTMENT RESPONSIBILITIES (continued)**

- Send the notice to the Administrative Services Director/Deputy City Clerk for publication.
- Review qualifications and references of successful bidder(s).
- Negotiate contract with vendor selected.
- Prepare Staff Report for presentation to City Council.
- If approved by City Council, obtain certificates of insurance and performance bonds from the vendor.
- Forwards all appropriate documents and two original contracts, signed by the vendor, to the Administrative Services Director/Deputy City Clerk.
- After the Administrative Services Director/Deputy City Clerk has executed the contract, enter purchase order data into computer system to record encumbrance.
- Deal with the vendor on a day to day basis for completion of the contract and processing of payments.

### **ADMINISTRATIVE SERVICES/DEPUTY CITY CLERK RESPONSIBILITIES**

- Publish or post the notice in three places at least ten (10) days before the scheduled bid opening date.
- Conduct the bid opening.
- Notify vendors not selected and return bid bonds.
- Maintain copies of the rejected bids until contract is awarded by City Council.
- Obtain and attest to Mayor's signature on executed contract.
- Send original, signed contract to vendor, copy to Initiating Department, and retain one original contract in file.

### **SELECTION OF VENDOR AND REVIEW OF BIDS**

The City's policy is to obtain goods and services of the highest quality for the lowest cost. The following factors should be considered when seeking the "highest quality" vendor:

- Ability, capacity, and skill.
- Ability to meet time requirements.
- Character, integrity, and reputation.
- Previous vendor experience.
- Financial resources available for contract performance. (Note security and bid bond requirements when formal bids are received).
- Ability to provide future maintenance and service, if necessary.

The City has established a policy that provides for a five percent (5%) preference to local bidders and vendors. This is accomplished by reducing the local vendor's bids by 5% when comparing such bids to those of other bidders.

# COMPETITIVE BID PROCESS

## FOR PUBLIC PROJECTS

### GUIDELINES:

The competitive bid process guidelines presented in this manual are based on the State of California Uniform Public Construction Cost Accounting Act ("Act"). Federal, grant, or City rules and regulations may be more stringent; the stricter regulations shall prevail.

### DEFINITIONS:

**Public Project** means construction, reconstruction, erection, alteration, restoration, improvement, demolition, and repair work involving any facility owned, leased, or operated by the City. The definition also includes painting or repainting any facility owned, leased or operated by the City. Construction, erection, improvement, or repair of dams, reservoirs, and electrical transmission lines of 230,000 volts and higher that are owned by the City, are considered a public project.

A public project does not include maintenance work, consisting of routine, recurring, and usual work for the preservation or protection of facilities owned or operated by the City, including minor repainting. Street and highways resurfacing at less than one inch (1") deep, landscape maintenance (mowing, watering, trimming, pruning, planting, replacement of plants, and servicing of irrigation and sprinkler systems) are not a public project. Work performed to keep, operate, and maintain water, power, or waste disposal systems owned by the City shall not be subject to the competitive bid process.

**Facility** is any plant, building, structure, ground facility, real property, street, highway, or public work improvement; and any utility system owned by the City, subject to the limitations on utility systems previously stated.

**Force account** is work performed on public projects using internal resources, including, but not limited to, labor, equipment, materials, supplies, and subcontracts of the City.

### CONTRACTING PROCEDURES/DOLLAR LIMITATIONS:

**Public projects of \$25,000 or less**, with City Council approval, may be performed by the employees of the City by force account, negotiated contract, or purchase order.

Force account work is performed with internal resources, including, but not limited to, labor, equipment, materials, supplies, and subcontractors of the City. The Department Director shall request a project number with which to record all expenditures in the Capital Improvement Project Fund. Purchase orders are to be issued for purchases of

## **COMPETITIVE BID PROCESS (continued)**

more than \$1,500. Any negotiated contract associated with the project shall be approved as to form by the City Attorney.

**Public project of \$25,001 to \$75,000** shall be contracted by informal procedures, which does not require published notices inviting bids, public openings, or other formal bid procedures. However, all requirements established for projects with a lesser dollar amount apply to this category of projects.

**Public projects of more than \$75,000** are subject to the formal bidding procedures described in this section.

### **INFORMAL BIDDING PROCEDURES:**

A notice inviting informal bids shall be mailed to all contractors for the category of work to be bid in accordance of Section 222034 of the Act, and to all construction trade journals specified by the California Uniform Public Construction Cost Accounting Commission (Commission). Additional contractors and/or construction trade journals may be notified at the discretion of the department soliciting bids.

The notice inviting bids shall be sent only to the construction trade journals specified by the Commission if there is no list of qualified contractors maintained by the department for the particular category of work to be performed.

The notice inviting informal bids may be sent exclusively to specific contractors if the product or service is proprietary in nature such that it can be obtained only from a certain contractor or contractors.

The notice inviting informal bids shall describe the project in general terms, how to obtain more detailed information about the project, and the time and place for the submission of bids. These mailings of notices to contractors and construction trade journal shall be completed not less than ten (10) days before bids are due.

### **FORMAL BIDDING PROCEDURES:**

All public projects greater than \$75,000 require City Council authorization to solicit bids. Once authorization has been received, the Department shall prepare and publish a notice inviting formal bid in a newspaper of local circulation, at least fourteen (14) calendar days before the date scheduled to open bids. Notices will be mailed to all "bidders of record" and all construction trade journals at least thirty (30) days before the date scheduled to open bids. Other such notices may also be given, as the department director deems to be necessary.

Advertisements and invitations to bid will contain, at a minimum, the following:

- An overview of the project, including a brief description of the work.

## COMPETITIVE BID PROCESS (continued)

- An estimated construction cost range.
- Any special conditions or requirements of the project, the funding, and the prevailing wages.
- When and where the specifications will be available.
- Instructions of how to obtain the specifications (nonrefundable cash or check made payable to the City of Arroyo Grande).
- Type of California contractor's license required.
- The City of Arroyo Grande business license requirement.
- The time and place of any "pre-bid conference", if scheduled. It should be noted that attendance is not mandatory at the pre-bid conference, but bidders are urged to attend to review the bid documents, plans, specifications, and the job site.
- When and where to submit bids.
- When and where the bids will be opened.
- Requirements for a bid bond in the form of cash, cashier's or certified check payable to the City of Arroyo Grande, or a bidder's bond executed by an admitted surety insurance carrier in the State of California. The bid shall be in an amount equal to at least ten percent (10%) of the bid amount. A bid will not be considered unless one of the forms of bid security is enclosed (Government Code Section 201710).

The instructions to the bidders must include:

- The date and time that bids are to be received and opened.
- The bids must be submitted in a sealed envelope, addressed to the Administrative Services Director/Deputy City Clerk, and designated with the title of the project and specification number. The envelope must contain only the bid proposal forms provided and the bid bond required, in addition to the bidder's name and address of business.
- Late bids will be rejected and returned to the bidder, unopened.
- Bids may be withdrawn only by a written request at any time prior to the time designated for the bid opening.

Bid information must include:

- Bids must be submitted on the prescribed forms provided with the specifications.
- All blank spaces for bid pricing must be completed, in ink or typewritten.
- All documents with the notation "Bidder's Failure to Complete All Items Contained on this Page May Cause Rejection of Your Bid" must be submitted with the bid proposal documents.

## COMPETITIVE BID PROCESS (continued)

- Contractors will be required to provide an insurance certificate and/or policy declaring that the policy is in full force and effect. The City will be given written notice by registered mail at least 30 days prior to the effective date of any changes in the policy that affect the City of Arroyo Grande, or its officers or employees, or of cancellation of the policy.
- The insurance policy must include the City of Arroyo Grande as an additional insured, but only as respects the employees of the named insured doing business for the City.

General conditions must include:

- All items will be constructed as complete and in place; all prices shown will be the price proposed for all equipment, labor, material, and services required in the plans and specifications.
- Bidders cannot be released from their obligation of their bid because of events during their submittal. However, the bidder may request release from the City if a written request is received within five calendar days after the bid opening.
- Unit price will be the basis for award after all prices submitted have been verified.
- The bidder, to verify changes, must initial any erasures or deletions of information entered in the proposal.

Bid proposal documents must be signed, dated, and completed in ink or by typewriter.

- Any proposal signed by an agent, other than an owner, partner, or corporate officer, must be accompanied by a power of attorney.
- Subcontractors performing more than one-half of one percent (0.5%) of the bid amount must be identified in the bid documents, including business location and contractor's license class.
- Subcontractors are subject to all state, federal, and municipal requirements.
- Subcontractors are required, upon award of the contract, to file certifications identical in substance to those included in the proposal submitted by the bidder.

A required bid surety will be administered as follows:

- A bidder must submit with their bid, by either cash, certified check, or cashier's check (payable to the City) a corporate surety bond. The bond will be issued by an admitted surety insurer in the State of California for ten percent (10%) of the bid total. Such bid will act as a guarantee that the bidder will enter into the contract, if awarded.



## COMPETITIVE BID PROCESS (continued)

- After the award, bid security will be returned to the unsuccessful bidders, except the three lowest bidders. The bid security of the three lowest bidders will be returned after the final execution of the contract.
- Upon failure of the successful bidder to execute and deliver the contract and bonds within fourteen (14) calendar days after receiving notice of the award of the contract, the bid security of the successful bidder will be forfeited to the City as liquidated damages.
- If the City awards the contract to the next lowest bidder, the forfeited security will be applied to the difference between the two bids, and any surplus shall be returned to the forfeiting bidder.
- The specifications must include the number of working days required to complete the project.
- The successful bidder must commence work on or before the date specified in a written "Notice to Proceed" and must fully complete the project with the specified number of working days.
- If work is not completed as specified, liquidated damages will be assessed for each consecutive calendar day work is delayed.

The bidder's responsibilities include, but are not limited, to the following:

- The bidder should conduct a site inspection, including visiting the job site, being informed of the conditions of the construction of the project, the employment of labor, and the existence of any surface conditions affecting the cost of the work. Failure to carry out the provisions of the contract.
- The City will not provide to prospective bidders, oral addenda or interpretation of the meaning of the plans, specifications, or other documents. Any and all request for such interpretations must be in writing and received by the Department Director at least ten (10) days prior to the specified date of the bid opening.
- Interpretations and supplemental instructions will be supplied in the form of written addenda to all "plan-holders" not later than seven (7) calendar days prior to the specified or revised date of the bid opening. Failure of any bidder to receive any such addendum or interpretation shall not relieve the bidder from any obligation under the bid submitted. All addenda shall become a part of the specifications and contract documents.

### Performance and Payment Bonds:

- Performance and payment bonds will be furnished by the successful bidder, to be issued by an admitted corporate surety, in the amount of one hundred percent (100%) of the contract price.
- Bonds must be in a form accepted by the City and must meet all City requirements, include the requirement that the bond limit will be

## COMPETITIVE BID PROCESS (continued)

- automatically increased if the contract amount is increased after the execution of the contract.
- The performance bond will remain in effect for one (1) year after acceptance of the work by the City, as a guarantee against defective work.
- The payment bond shall remain in effect until six (6) months after the period in which claims may be filed in accordance with Section 3184 of the Civil code.

### Bid Selection:

- The City Council may reject some or all bids, or may award the contract to the lowest responsible bidder with a bid complying with all requirements.
- All bids will be compared on the basis of the quantities and unit costs, or on lump sums shown on the bid proposal.
- Before award, the bidder may be required to furnish evidence of capability, equipment, and financial resources to adequately perform the work. Bidders found to not be qualified may have their bid rejected.
- If no bids are received, the Department Director may have the project performed by negotiated contract or by force account.
- If the City council has approved the plans, specifications, and working details for the project an award of bid will be made within sixty (60) days after the bid opening.
- The City may consider the next lowest bidder within four (4) additional weeks, if the lowest responsible bidder refuses or fails to execute the contract.
- If all bids are rejected, the Department Director shall reevaluate the cost estimates for the project. The Director may then, with the concurrence of the City Manager, abandon the project, re-advertise for bids, or request that the City Council adopt a resolution by a four-fifths (4/5) vote, declaring that City employees can perform the project more economically. If such a resolution is adopted, the Department Director may have the project done by force account.

### Contract Execution:

- Execution of a contract will occur after an official "Notice of Award of Contract" is mailed to the contractor with contract along with the contract and bond forms for signature.
- Laws and regulations, including all applicable State laws, City ordinances and resolutions, and regulations of all authorities having jurisdiction over construction of the project, shall apply to the contract and deemed to be included in the contract.

## COMPETITIVE BID PROCESS (continued)

- The Department Director shall determine whether bids are responsive, may reject bids as improper or nonresponsive, deem a contractor unresponsive, or determine that the project has become infeasible.
- Bid instructions must be strictly followed by bidders. However, the City reserves the right to waive any minor bid irregularity.
- The successful bidder may request the retention portion of payments under the contract be released to the contractor, provided substitute securities in the same amount are deposited by the bidder with the City or a chartered bank as escrow agent. The bidder shall be deemed the beneficial owner of such securities and receive any interest earned.



# CONTRACT MANAGEMENT

Upon contract award, the City must administer the contract, control payments, provide contract extensions, maintain a procurement file, and approve any changes in products or services. Further, the quality and quantity of goods must be inspected before payments are made. Contract management is the primary responsibility of the department in charge of the project. Finally, after the materials or equipment are no longer used or are obsolete, the Department Director may dispose of this as surplus property upon City Council approval. All of these functions, which occur during the lifecycle of procured goods, are discussed in the following sections.

## **CONTRACT ADMINISTRATION:**

Upon contract award, the Department Director will determine that all required contracts have been prepared in proper form and properly executed. In addition, the Department Director will review all payment to vendors in accordance with the payment schedule specified in the contract. Payment to vendors shall not be made:

- Under a contract made in violation of these procedures.
- For a product or service rendered prior to the execution of a valid contract, except in an emergency.
- In an amount in excess of the authorized contract amount.

## **CONTRACT EXTENSIONS AND RENEWALS:**

Contract shall provide than any option for renewal or extension may be exercised at the sole discretion of the City and shall not be subject to agreement or acceptance by the vendor. No option shall be exercised unless the Department Director determines in writing, after reasonable investigation of costs and benefits, that the exercise of the option is more advantageous to the City than other means of procuring comparable supplies or services. Renewals should contain a well-defined time limit in days, months, or years.

## **PROCUREMENT FILES:**

A file shall be maintained on each contract. The file shall be maintained for at least three years from the date of final payment under the contract. The file shall include a copy of all written documents required by these procedures and shall be open to public inspection.

## **QUALITY AND QUANTITY OF ITEMS PURCHASED:**

To obtain the correct quality of goods purchased, the following steps may be taken, as appropriate:

## CONTRACT MANAGEMENT (continued)

- Testing, analyzing, and measuring past performance of items may be used to determine quality.
- The intended purpose of goods should be considered when purchasing a particular product or service. Quality of goods should be stated in the procurement specifications.
- Purchase orders must be in writing to avoid vendor questions on the description of items to be purchased.
- Commercial grades or standards should be used when applicable.

All purchases shall be of the quality deemed necessary to suit the intended purpose, be suitable and beneficial to the City. The least expensive goods meeting quality standards should be purchased.

The quantity of goods purchased is determined by scheduled work on continuing operations. The necessary quantity can be affected by changes in operations, markets, cost and availability of storage facilities, handling and shipping costs, and losses.

### RECEIPT, INSPECTION, AND TESTING:

The department must verify that delivered items conform to purchase order specifications and that no discrepancies in quantity or quality exist. The Department Director, or designee, is responsible for signing for delivery. The inclusion of a signed shipping notice, the vendor's invoice, and a "request for payment" form to the Financial Services Department is sufficient assurance that the delivered commodity meets specifications. When a shipment does not conform to the purchase order, the Department Director shall immediately notify the vendor of the discrepancy, and hold the goods for inspection. Tests or samples of items to be purchased may be required as part of a bid. The Department director shall reject an item if it does not conform to specifications.

### DISPOSAL OF SURPLUS PROPERTY:

Existing materials, supplies, or equipment that are no longer in use or have become obsolete may be deemed as surplus property by resolution of the City Council. Once property is deemed as surplus, the Department Director may:

- Use the surplus equipment as a trade on replacement equipment.
- Sell or otherwise dispose of surplus material, supplies, or equipment at public or private sale in the following manner:
  1. A notice inviting formal bids shall be published in a newspaper of general circulation if the item is expected to sell for more than \$5,000. The sale will be made to the highest bidder.
  2. The property shall be included in a list prepared by the Department and sold by informal bid to the highest bidder if the value is \$5,000 or less.

## **OTHER PURCHASING ISSUES AND POLICIES**

### **SOLE SOURCE PROCUREMENTS:**

Sole source procurement is any transaction in which the services and/or supplies can be obtained only from one source. The only justification for sole source procurement is as follows:

1. The contractor or supplier is the sole provider of the service or supply.
2. The contractor or supplier is the only source permitted to provide the service or supply because of the manufacturer's agreement with the contractor or supplier as sole representative in a certain geographical area.

Sole source justification should be in memorandum form describing, in general terms, the reason for making the sole source purchase. An authorized departmental representative must sign the memorandum.

### **CANCELLATIONS:**

The Department Director may cancel an invitation for bids, a request for proposals, or other solicitation, may reject in whole or in part, any and all bids or proposals when it is determined that cancellation or rejection serves the best interest of the City.

### **COOPERATIVE PURCHASING:**

Cooperative purchasing is a technique where by municipalities cooperate to purchase goods and services. This arrangement offers the participants significant economies of scale. Although the municipalities jointly issue specifications and receive bids, each entity independently executes its own contract, administers the procurement function, and finances the purchase.

### **STOCKLESS PURCHASING:**

Stockless purchasing is a specialized technique providing for the purchase of a commodity or service at an agreed price, but in quantities delivered and paid for as needed by the City. The vendor owns the inventory and the City has no responsibility for that inventory. Stockless purchasing is recommended as an alternative to maintaining significant inventories of supplies used by numerous departments and offices.

Stockless purchasing uses a blanket contract that designates approximate quantities, specified time periods, prices, provisions for price adjustments, delivery and billing procedures and a catalogue of items covered by the contract. By shifting inventory requirements to the supplier, the City is able to conserve public funds and, to a considerable degree, dispense with the storage of certain supply items until requisitioned for delivery by the user department. The types of items typically

## **OTHER PURCHASING ISSUES AND POLICIES (continued)**

purchased under stockless purchasing are office supplies, maintenance, and repair parts, and operating items.

### **SPECIFIC BLANKET CONTRACTS:**

A specific blanket contract includes items, prices, quantities and time frames. It is based upon established prices for supplies, either picked up or delivered to the City. A contract of this type offers major price advantages over small individual purchases made by separate departments. The City Manager approves all blanket contracts bid negotiated by Department Directors.

### **INVENTORY:**

A fixed asset inventory is an important area in which information can be valuable to the purchasing function. Every purchase of a furnishing, vehicle, or piece of equipment (with a value equal to or greater than established \$500) should be carried in a fixed asset inventory. Information about cost, date of acquisition, condition, and other pertinent information is important to maintain. Information on projected replacement is needed for proper planning and insurance purposes.

### **CONFLICT OF INTEREST/THIRD PARTY TRANSACTIONS:**

It is important to maintain public trust and confidence in the integrity of purchasing transactions. Any City employee who has a real or perceived conflict of interest should refrain from participation in the transaction.



## REQUESTS FOR PAYMENT

### GENERAL:

The Accounts Payable person shall receive directly all original invoices for goods and services. The invoices will be date marked, copied and distributed to the receipting departments. The original invoices will remain with Financial Services to be attached to a copy of the payment check. Before a check can be processed by Financial Services, one of the following forms must be submitted. "I Forms" and "Form C's" must accompany the invoice. All checks will be mailed by Financial Services, unless specifically requested to be held for the department or the vendor. Any check received directly must be signed for in Financial Services.

### FORMS:

- "I FORM" to be used for invoices, subscriptions, and any other payments. The department shall included on the "I Form" the vendor's name and address, the invoice number, a brief description, account number, and invoice amount. The designated department representative shall authorize payment by signing the "I Form". If the "I Form" requests payment on a single items of greater than \$1,500 value, a completed bid sheet must be attached. Depending on the value of the item, either three documented informal (telephone or oral) bids (\$1,501 to \$5,000) or informal bids (\$5,001 to \$10,000) must accompany the "I Form". This form is available on the shared network (as is "Form C" and "Form T") and is shown on page 57 in this document.
- "FORM C" to be used for contracts. This form will be used for contracts where progress payments are to be made during construction. Enabling documentation includes (1) invoice from the vendor showing percentage of completion (2) City Council authorization for payment (3) documentation of the release of any liens if final payment is to be made. To make (2) a little easier on the department, the first page of the staff report with recommendation and fiscal impact portion will be accepted in lieu of the complete report. This form is shown on Page 59 in this document.
- "Form T" is used for travel expenses. Before the travel takes place, Part I of the form is filled out, listing the traveler, date of trip, location, estimated costs, and approval by the Department Director and City Manager. Part I also lists the checks that are to be prepared before the trip is taken, such as hotel and conference registration. Upon return from the trip Part II of the form is completed. This area compares the estimated costs with the actual costs incurred. Should the advance exceed actual costs, the employee is to return the completed form to Financial Services along with the excess advance, in the form of a check or cash. If actual costs exceed the advance, the City will reimburse the employee with the next check run. Page 61 is an example of this form.

## REQUESTS FOR PAYMENT (continued)

### **AUTHORIZED SIGNATURE FORMS:**

Authorized Signature Forms are to be on file for the employees authorizing payment on either the "I Form" or the "Form C". The authorization limits are as follows;

\$0-\$1,500	Department Director or designee (supervisor, etc.).
\$1,501 - \$5,000	Department Director (with City Manager Approval)
\$5,001 to \$10,000	City Manager
\$10,001 & Above	City Council

### **OTHER ISSUES:**

**Multi-Division Payments** - All divisions must approve payments made from multiple divisions in a department. To better inform the divisions of expenditures being made against their budget, all divisions will sign the "I Form" or "Form C" ..

**Computer Purchases** - All computer related purchases will be approved by the Chair of the Computer Technology Committee. Departments shall routinely route a data processing invoice to the Computer Technology Committee for approval.

**Vehicle Repair Invoices** - When vehicle repairs are completed, the Fleet Maintenance Coordinator will submit the original invoices (department/division indicated on the invoice) directly to Financial Services, where the original will be retained and a copy sent to the departments. The departments prepare the "I Form" using the appropriate account numbers. Though parts are received by Vehicle Maintenance the preparation of the "I Form" gives more control to the departments.

**Original Invoice Copies** - All original receipts received by the departments must be attached to the "I Form". Some vendors issue an original invoice when merchandise is received and send a duplicate with the monthly billing. If the Department has the original receipt, it must be submitted with the payment request. If the original is not submitted with the "I Form", nor received directly with from the vendor, a check will not be issued. The preferred method is for the vendor to mail the original invoice, with the monthly statement, directly to the Accounts Payable Clerk.

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF ARROYO GRANDE REPEALING CHAPTER 4 OF TITLE 2 OF THE ARROYO GRANDE MUNICIPAL CODE AND ADDING THERETO A NEW CHAPTER 4**

**WHEREAS**, the City finds it serves the interests and general welfare of the citizens of the City of Arroyo Grande to encourage and assist businesses to locate and remain in the City, and thereby preserve and foster the City's economic and social vitality; and

**WHEREAS**, it is in many cases difficult or impossible for businesses located in the City to compete with non-local businesses for City and other contracts. This competitive disadvantage results in many businesses leaving or choosing not to locate in Arroyo Grande, and thus further results in the deterioration of the local tax base and labor force, and in some local persons and families having to leave Arroyo Grande in order to secure work; and

**WHEREAS**, by affording local businesses a preference in the award of City contracts, businesses will be encouraged to locate and remain in the City, and as a result the City's interests and general welfare will be served.

**NOW, THEREFORE THE CITY COUNCIL OF THE CITY OF ARROYO GRANDE DOES ORDAIN AS FOLLOWS:**

**SECTION 1:** That Chapter 4 of Title 2 of the Arroyo Grande Municipal Code is hereby repealed and deleted in its entirety and replaced with a new Chapter 4 of Title 2 attached hereto as Exhibit "A" and incorporated herein by this reference as though fully set forth.

**SECTION 2:** If any section, subsection, subdivision, paragraph, sentence, clause or phrase of this ordinance or any part thereof is for any reason held to be unlawful, such decision shall not affect the validity of the remaining portion of this ordinance or any part thereof. The City Council hereby declares that it would have passed each section, subsection, subdivision, paragraph, sentence, clause or phrase thereof, irrespective of the fact than any one or more section, subsection, subdivision, paragraph, sentence, clause or phases be declared unconstitutional.

**SECTION 3:** A summary of this Ordinance shall be published in a newspaper published and circulated in the City of Arroyo Grande at least five (5) days prior to the City Council meeting at which the proposed Ordinance is to be adopted. A certified copy of the full text of the Proposed Ordinance shall be posted in the office of the Director of Administrative Services/Deputy City Clerk. Within fifteen (15) days after adoption of the Ordinance, the summary with the names of those City Council Members voting for and against the Ordinance shall be published again, and the Director of Administrative Services/Deputy City Clerk shall post a certified copy of the full text of such adopted Ordinance.

**ORDINANCE NO.**

**SECTION 4:** This Ordinance shall take effect thirty (30) days after it's final passage.

On motion of Council Member \_\_\_\_\_, seconded by Council Member \_\_\_\_\_, and on the following roll call vote to wit:

**AYES:**

**NOES:**

**ABSENT:**

the foregoing Ordinance was adopted this \_\_\_\_\_ day of \_\_\_\_\_, 2000.

**ORDINANCE NO.**

\_\_\_\_\_  
**MICHAEL A. LADY, MAYOR**

**ATTEST:**

\_\_\_\_\_  
**KELLY WETMORE, DIRECTOR OF ADMINISTRATIVE SERVICES  
DEPUTY CITY CLERK**

**APPROVED AS TO CONTENT:**

\_\_\_\_\_  
**RICK TerBORCH, INTERIM CITY MANAGER**

**APPROVED AS TO FORM:**

\_\_\_\_\_  
**TIMOTHY J. CARMEL, CITY ATTORNEY**



**CHAPTER 4. PURCHASING PROCEDURE**

**Sec. 2-4.01. Requisitions.**

(a) Form. Whenever any user department requires the purchase or acquisition of materials, supplies, or services for the proper functioning of such department, it shall order the purchase from among available vendors, subject to budgeted dollar constraints, in either written or verbal form. Upon invoicing from the vendor, the user department shall clearly mark the budget account number(s) to be charged upon payment, for the benefit of the Financial Services Department.

(b) Authorization. Written invoices shall be signed by the chief officer of the department ordering the materials or services. The chief officer shall be deemed to be the department director, as well as such assistants as he/she may authorize.

(c) Petty Cash Purchases. Written requisitions shall not be required for the purchase or acquisition of materials, supplies, or services under the amount established by resolution of the City Council. Such purchases may be made from petty cash or via the normal accounts payable process. The department director shall approve and initial all invoices for purchases under the amount established by resolution of the City Council and clearly mark the budget account number to be charged upon payment.

(Sec. 1, Ord. 181, as amended by Sec. 4, Ord. 447 C.S., eff. July 23, 1992; Sec. 1, Ord. 488 C.S., eff. September 14, 1997)

**Sec. 2-4.02. Purchasing Process.**

(a) First Level Expenditures. For First Level Expenditures, in an amount established by resolution of the City Council, the user department is not obligated to obtain bids nor to issue a written purchase order.

(b) Second Level Expenditures. For Second Level Expenditures, in an amount established by resolution of the City Council, the user department shall first solicit at least three (3) informal bids, diligently attempting in good faith to obtain the best value for the City. The user department director or his/her authorized assistant shall record all informal bids. The user department shall prepare a written purchase order for all Second Level Expenditures. The original purchase order shall be forwarded to the designated vendor, and the second copy shall be filed with the user department until delivery or acceptance of the purchase.

(c) Third Level Expenditures. For Third Level Expenditures in an amount established by resolution of the City Council, unless otherwise ordered by the City Manager, the user department shall first solicit at least three (3) written competitive bids, diligently attempting in good faith to obtain the best value for the City. All written bids shall be retained by the user department director or his/her authorized assistant. For purchases greater than First Level, the user department shall prepare a written purchase order. The original purchase order shall be forwarded to the designated vendor, and the second copy shall be filed with the user department until delivery or acceptance of the purchase.

(d) Fourth Level Expenditures. For Fourth Level purchases, in an amount established by resolution of the City Council, only the formal bid process shall be permitted. The completed purchase order, with bids or bid summaries attached, shall be forwarded to the user department director for his/her approval and signature on all copies. The original purchase order shall be forwarded to the designated vendor, and the second copy shall be filed with the user department until delivery or acceptance of the purchase.

(e) Expenditures Involving Public Projects. Expenditures involving public projects shall be made in compliance with the State laws applicable thereto.

(f) Open Purchase Orders.

(1) Defined. "Open purchase order" shall mean a purchase where the acquisition is not made all at one time; it shall be a continuing order providing continuing authority to purchase from vendors who furnish monthly supplies or services in such volume as to justify the issuance of an open order. All open purchase orders shall state a maximum amount of expenditures.

(2) Use. Upon the user department's written request therefor, an open purchase order may be prepared and issued. The original copy, after approval and signature, shall be forwarded to the vendor. The second copy shall be retained by the user department. When an open purchase order is utilized, expenditures shall be reported by the use of requisitions. Such requisitions shall be signed by the department director or his/her duly authorized assistant. Such requisitions against an open purchase order shall be filed immediately by the user department before each and every purchase.

(g) Guidelines for Evaluating Bids. Except as otherwise required by law, guidelines for evaluating bids shall include, but not be limited to, the following:

(1) The character, integrity, reputation, judgment, experience, and efficiency of the bidder (this may include an analysis of previous work performed for the City);

(2) The ability of the bidder to perform the contract, or provide the materials,



supplies, or services required, within the time specified, without delay or interference;

(3) The ability of the bidder to provide future maintenance, repair parts, and replacement of purchased materials or supplies;

(4) Compliance by the bidder with federal acts, executive orders, and state statutes governing nondiscrimination in employment;

(5) The results of any evaluation relating performance and price, such as testing, life cycle costing, and analysis of service, maintenance, and technical data;

(6) Fitness and quality being equal, a preference may be granted to local vendors for the purchase of materials, supplies, and services. The City may provide a preference to each qualified local vendor if the bid of a local qualified vendor does not exceed the lowest bid or price quoted by other vendors by more than five percent (5%). Application of the five percent (5%) preference in the award of the contract shall mean the amount by which the local vendor bid or estimate shall be deemed reduced in the City's bid award or selection process and shall not actually reduce the amount ultimately paid by the City to the successful bidder. To qualify as a local vendor, a business must have all current applicable City licenses and permits, must maintain its primary office, distribution point, or place of business within the City of Arroyo Grande and must report and pay sales tax to the State of California that identifies the point of sale for taxable transactions as a location within the City limits.

(Sec. 1, Ord. 188, as amended by Sec. 4, Ord. 447 C.S., eff. July 23, 1992; Sec. 1, Ord. 488 C.S., eff. September 14, 1997)

**Sec. 2-4.03. Third Level Purchase Orders: Approval by City Manager.**

Department directors and all other City employees shall not be authorized to sign, issue, or deliver any purchase order, or accept any delivery of goods or services of Third Level value, until such time as the City Manager has authorized same in writing. Any such purchase orders or acceptance of goods or services of Third Level value without the prior written approval of the City Manager shall be a nullity.

(Sec. 3, Ord. 181, as amended by Sec. 4, Ord. 447 C.S., eff. July 23, 1992; Sec. 1, Ord. 488 C.S., eff. September 14, 1997)

**Sec. 2-4.04. Purchase Orders For Four Level Purchases: Approval by Council.**

The City Manager and department directors shall not be authorized to sign, issue, or deliver any purchase order, or accept any delivery of goods or services, of Fourth Level value until such time as the Council first shall have authorized the same. Any purchase orders or acceptance of goods or services in excess of Fourth Level value without the prior approval of the Council shall be a nullity.

(Sec. 1, Ord. 488 C.S., eff. September 14, 1997)

**Sec. 2-4.05. Professional Services Contracts.** The City Manager and department directors shall not be authorized to sign, issue, or deliver any purchase order, or accept any professional services contract, in excess of amount established by resolution of the City Council, until such time as the Council first shall have authorized same. The issuance of any purchase orders or acceptance of a contract in excess of amount established by resolution of the City Council without the prior approval of the Council shall be a nullity. Professional services contracts of less than the amount established by resolution of the City Council and budgeted in the original approved annual budget, may be approved by the City Manager.

**Sec. 2-4.06. Use of Procedures Not Required.** The procedures and provisions set forth in Section 2-4.02 of this chapter may be dispensed with, at the discretion and judgment of the City Manager if deemed to be in the best interests of the City, as follows:

- (a) When an emergency requires that an order be placed with the nearest available source of supply;
- (b) When the item(s) to be purchased can be obtained from only one vendor or supplier;
- (c) When the purchase will be made cooperatively with one or more other units of government, or by use of another agency's bid procurement procedure, provided it meets the standards established by this chapter;
- (d) When reasonably necessary for the preservation or protection of public peace, health, safety, or welfare of persons or property; or
- (e) When, given the indeterminate nature of the City's need, a request for proposal will result in a more favorable and efficient comparison of materials, supplies, or services.

**RESOLUTION NO.**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY  
OF ARROYO GRANDE AUTHORIZING LEVELS OF  
PURCHASING AUTHORITY**

**WHEREAS**, City of Arroyo Grande, County of San Luis Obispo, State of California ("City") is duly authorized and existing under the laws of said State; and

**WHEREAS**, the City of Arroyo Grande purchases goods and services for the operation of City functions; and

**WHEREAS**, it is prudent to establish levels of authority for such purchases of goods and services:

**NOW, THEREFORE, BE IT RESOLVED**, that the City Council of the City of Arroyo Grande, hereby adopts the Levels of Purchasing Authority attached to this Resolution and marked as Exhibit A, and hereby incorporates such Exhibit into this Resolution. The Levels of Purchasing Authority shall become effective May 1, 2000.

On motion of Council Member \_\_\_\_\_, seconded by Council Member \_\_\_\_\_, and on the following roll call vote, to wit:

**AYES:**

**NOES:**

**ABSENT:**

the foregoing Resolution was passed and adopted this \_\_\_\_\_ day of \_\_\_\_\_, 2000.

RESOLUTION NO.

\_\_\_\_\_  
MICHAEL A. LADY, MAYOR

ATTEST:

\_\_\_\_\_  
KELLY WETMORE, DIRECTOR OF ADMINISTRATIVE SERVICES/  
DEPUTY CITY CLERK

APPROVED AS TO CONTENT:

\_\_\_\_\_  
RICK TerBORCH, INTERIM CITY MANAGER

APPROVED AS TO FORM:

\_\_\_\_\_  
TIMOTHY J. CARMEL, CITY ATTORNEY

**RESOLUTION NO.**

**EXHIBIT A**

Petty Cash Limit:	Under \$100
First Level Expenditures:	Under \$1,500
Second Level Expenditures:	Over \$1,500 Under \$5,000
Third Level Expenditures:	Over \$5,000 Under \$10,000
Fourth Level Expenditures:	Over \$10,000
Professional Service Contract Authorization	Under \$25,000 if Included in Original Adopted Budget



**RESOLUTION NO. 3356**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF  
ARROYO GRANDE ELECTING TO BECOME SUBJECT TO  
UNIFORM PUBLIC CONSTRUCTION COST ACCOUNTING  
PROCEDURES**

**WHEREAS**, prior to the passage of Assembly Bill No. 1666, Chap. 1054 Stats. 1983, which added Chapter 2 commencing with Section 22000 to Part 3 of Division 2 of the Public Contract Code, existing law did not provide a uniform cost accounting standard for construction work performed or contracted by local public agencies; and

**WHEREAS**, Public Contract Code Section 22000 et seq., the Uniform Public Construction Cost Accounting Act (hereinafter "Act"), establishes such a uniform cost accounting standard; and

**WHEREAS**, the Uniform Public Construction Cost Accounting Commission (the "Commission") established under the Act has developed uniform public construction cost accounting procedures for implementation by local public agencies in the performance of or in the contracting for construction of public projects.

**NOW, THEREFORE, BE IT RESOLVED** that the City Council of the City of Arroyo Grande, California, hereby elects under Public Contract Code Section 22030 to become subject to the Uniform Public Construction Cost Accounting procedures set forth in the Act, and to the Commission's policies and procedures manual and cost accounting review procedures, as they may each from time to time be amended, and furthermore directs that the Director of Administrative Services notify the State Controller forthwith of this election.

This Resolution shall take effect upon its adoption.

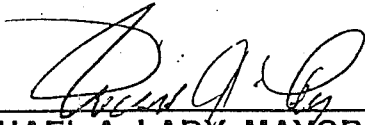
On motion of Council Member Runels, seconded by Council Member Dickens, and on the following roll call vote, to wit:

**AYES:** Council Members Runels, Dickens, Tolley, Ferrara, and Mayor Lady  
**NOES:** None  
**ABSENT:** None

the foregoing Resolution was adopted this 13th day of April, 1999.

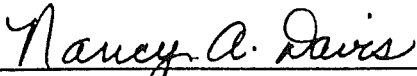
RESOLUTION NO. 3356

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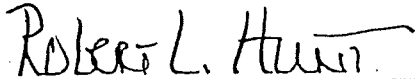
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MICHAEL A. LADY, MAYOR

ATTEST:



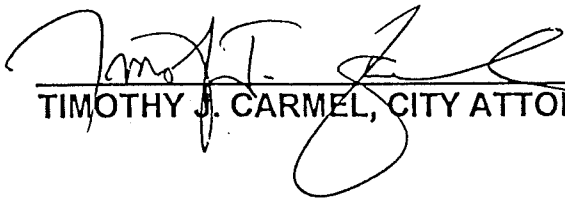
\_\_\_\_\_  
NANCY A. DAVIS, DIRECTOR OF ADMINISTRATIVE SERVICES

APPROVED AS TO CONTENT:



\_\_\_\_\_  
ROBERT L. HUNT, CITY MANAGER

APPROVED AS TO FORM:



\_\_\_\_\_  
TIMOTHY J. CARMEL, CITY ATTORNEY



ORDINANCE NO. 503 C.S.

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF  
ARROYO GRANDE REPEALING AND REPLACING SECTION  
2-4.02(c) OF CHAPTER 4 OF TITLE 2 OF THE ARROYO  
GRANDE MUNICIPAL CODE

WHEREAS, the City Council of the City of Arroyo Grande has adopted Resolution 3356 electing to utilize the Uniform Public Construction Cost Accounting Act (the "Act") procedures as set forth in Chapter 2, Part 3, Division 2 of the Public Contract Code (more specifically the alternative procedures provided in Article 3 of the Act)

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF ARROYO GRANDE DOES ORDAIN AS FOLLOWS:

**SECTION 1:** Section 2-4.02(c) of Chapter 4 of Title 2 of the Arroyo Grande Municipal Code shall be repealed in its entirety and revised to read as follows:

2-4.02 (c) - Expenditures involving public projects.

Notwithstanding the provisions of Article 4 (commencing with Section 20160) of Chapter 1, part 3 of the California Public Contract Code, the requirements for the award of contracts for public projects of the City shall be governed by the alternative procedures contained in Article 3 (commencing with Section 22030) of the Uniform Public Construction Cost Accounting Act (hereinafter "Act"), except as otherwise provided for in this Chapter.

(1) Public projects of \$25,000 or less.

Public projects, as defined by the Act, of twenty-five thousand dollars (\$25,000) or less, appropriations for which have been approved by the City Council, may be performed by the employees of the City by force account, or by negotiated contract or purchase order approved by the City Manager.

(2) Public projects of \$75,000 or less (informal bidding procedures).

Public projects, as defined by the Act, of seventy-five thousand dollars (\$75,000) or less may be let to contract by informal procedures as set forth in Section 22032, et seq., of the Public Contract Code.

- (a) A list of contractors shall be developed and maintained by the Director of Public Works in accordance with the provisions of Section 22034 of the Act.

ORDINANCE NO. 503 C.S.

PAGE 2

- (b) Where a public project is to be performed which is subject to the provisions of this Chapter, a notice inviting informal bids shall be mailed to all contractors for the category of work to be bid, as shown on the list developed in accordance with Section 22034 of the Act, and to all construction trade journals as specified by the California Uniform Construction Cost Accounting Commission pursuant to Section 22036 of the Act. Additional contractors and/or construction trade journals may be notified at the discretion of the department/agency soliciting bids; provided however: 1) if there is no list of qualified contractors maintained by the City for the particular category of work to be performed, the notice inviting bids shall be sent only to the construction trade journals specified by the Commission, or 2) if the product or service is proprietary in nature such that it can be obtained only from a certain contractor or contractors, the notice inviting informal bids may be sent exclusively to such contractor or contractors. All mailing of notices to contractors and construction trade journals shall be completed not less than ten (10) calendar days before bids are due.
- (c) The notice inviting informal bids shall describe the project in general terms, how to obtain more detailed information about the project, and state the time and place for the submission of bids.
- (d) The City Manager is authorized to award informal contracts pursuant to this section.
- (e) If all bids received are in excess of seventy-five thousand dollars (\$75,000), the governing body of the public agency may by passage of a resolution by a four-fifths vote, award the contract, at eighty thousand dollars (\$80,000), or less, to the lowest responsible bidder, if it determines the cost estimate of the public agency was reasonable.

(3) Public projects of more than \$75,000 (formal bidding procedures).

For all public projects of more than \$75,000, a contract shall be awarded pursuant to a formal bidding procedure as set forth in the Act, and subject to the exemptions provided for therein.

**SECTION 2:** That all ordinances, codes, sections of ordinances and codes, and resolutions that are inconsistent with the provisions of this Ordinance are hereby repealed.

**ORDINANCE NO. 503 C.S.**

**PAGE 3**

**SECTION 3:** If any section, subsection, subdivision, paragraph, sentence, clause or phrase of this Ordinance or any part thereof is for any reason held to be unconstitutional, such decision shall not affect the validity of the remaining portion of this Ordinance or any part thereof. The City Council hereby declares that it would have passed each section, subsection, subdivision, paragraph, sentence, clause or phrase thereof, irrespective of the fact that any one or more section, subsection, subdivision, paragraph, sentence, clause or phrases be declared unconstitutional.

**SECTION 4:** Within fifteen (15) days after passage of this Ordinance, it shall be published once, together with the names of the Council members voting thereon, in a newspaper of general circulation within the City.


**SECTION 5:** This Ordinance shall take effect thirty (30) days after its adoption.

On motion of Council Member Runels, seconded by Council Member Tolley and on the following roll call vote, to-wit:

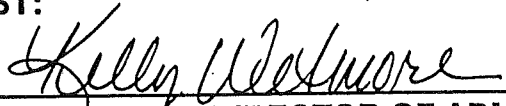
**AYES:** Council Members Runels, Tolley, Dickens, Ferrara, and Mayor Lady  
**NOES:** None  
**ABSENT:** None

the foregoing Ordinance was adopted this 27<sup>th</sup> day of April, 1999.

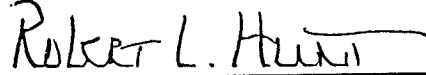
ORDINANCE NO. 503 C.S.  
PAGE 4

  
\_\_\_\_\_  
MICHAEL A. LADY, MAYOR

ATTEST:

  
\_\_\_\_\_  
KELLY WETMORE, DIRECTOR OF ADMINISTRATIVE SERVICES

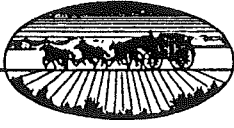
APPROVED AS TO CONTENT:

  
\_\_\_\_\_  
ROBERT L. HUNT, CITY MANAGER

APPROVED AS TO FORM:

  
\_\_\_\_\_  
TIMOTHY J. CARMEL, CITY ATTORNEY

City of  
**Arroyo Grande**  
 P.O. Box 550  
 Arroyo Grande, CA 93421



# PURCHASE ORDER

**FINANCIAL SERVICES**

P.O. Box 550  
 Arroyo Grande, CA 93421  
 (805) 473-5400 • Fax (805) 489-0386

PURCHASE ORDER NO. \_\_\_\_\_

<b>Vendor:</b>	<b>Ship To:</b>
	<b>Bill To:</b> City of Arroyo Grande Attn: Accounts Payable P.O. Box 550 Arroyo Grande, CA 93421

P.O. DATE	REQUISITIONER	SHIP VIA	F.O.B. POINT	TERMS

QUANTITY	UNIT	DESCRIPTION	UNIT PRICE	TOTAL
			<b>Subtotal</b>	
			<b>Sales Tax</b>	
			<b>Shipping &amp; Handling</b>	
			<b>Other</b>	
			<b>TOTAL</b>	

**Instructions:**

1. Please send two copies of your invoice.
2. Enter this order in accordance with the prices, terms, delivery method, and specifications listed above.
3. Please notify us immediately if you are unable to ship as specified.
4. The purchase order number must appear on all related correspondence, shipping papers, and invoices.

Authorized by: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_



City of Arroyo Grande

Written Quotations

Quotation Evaluation Summary

Verbal/Telephone Quotations

Date Prepared: \_\_\_\_\_ Department: \_\_\_\_\_

Prepared By: \_\_\_\_\_

Item No.	Description	Quantity	Unit	Supplier's Name		Supplier's Name		Supplier's Name	
				Unit Price	Total Price	Unit Price	Total Price	Unit Price	Total Price
Vendor									
Telephone No.									
Quoted By									
Total Quotation									\$
Cash Discount Terms									
F.O.B.									
Delivery Time from Receipt of Order									





**CITY OF ARROYO GRANDE**  
AUTHORIZED SIGNATURE FORMS

DEPARTMENT

THE FOLLOWING EMPLOYEES ARE AUTHORIZED TO REQUEST PAYMENTS  
BE MADE BY ACCOUNTS PAYABLE FOR THE FOLLOWING AMOUNTS

<u>Employee Name</u>	<u>Signature</u>	<u>Departmental Restrictions</u>

\_\_\_\_\_  
Department Director Approval

CITY POLICY ON DOLLAR LIMITATIONS

Payment Requests:

- Over \$0, less than \$1,500 - Department Director or designee (supervisor, etc.)
- Over \$1,500, less than \$5,000 - Department Director Signature Required
- Over \$5,000, less than \$10,000 - City Manager Signature Required
- Over \$10,000 - City Council Approval Required



*ARROYO GRANDE*

REQUEST FOR PAYMENT

FORM "I" for Invoices, Subscriptions, & Miscellaneous Payments

Vendor # \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Invoice		Description	Account No.	Invoice Amount
Date	Number			
TOTAL PAYMENT TO VENDOR				\$ _____

\_\_\_\_\_ AUTHORIZED SIGNATURE

CHECK TO BE MAILED  CHECK TO BE PICKED UP  (Signature when check picked up)



CITY OF ARROYO GRANDE  
REQUEST FOR PAYMENT  
FORM "C"  
For Contracts

DATE: \_\_\_\_\_  
TO: Accounts Payable  
FROM: \_\_\_\_\_  
SUBJECT: Payment Request  
Project Name: \_\_\_\_\_  
Contract No. \_\_\_\_\_  
Account Numbers: \_\_\_\_\_ in the amount of \$ \_\_\_\_\_  
\_\_\_\_\_ in the amount of \$ \_\_\_\_\_  
Vendor \_\_\_\_\_  
Payment Request Number \_\_\_\_\_

The attached invoice was received on the above mentioned project and is found to be in conformance with the requirements of the contract approved by council. Please arrange for payment in the next regularly scheduled check run. Retention **is/is not** withheld under the terms of the contract.

Following is the status of the contract:

Contract Amount	_____	100%
Completed to Date	_____	_____%
Less Previous Payments	_____	
Amount Due	_____	

\_\_\_\_\_  
Department/Division Director Date

\_\_\_\_\_  
Contract Administrator Date

\_\_\_\_\_  
Finance Director Date

\_\_\_\_\_  
Check No. Issued Date Issued Audited by Finance

FINAL PAYMENT APPROVALS:

INSPECTOR APPROVAL:  
YES \_\_\_\_\_ NO \_\_\_\_\_

LIENS CLEARED:  
YES \_\_\_\_\_ NO \_\_\_\_\_

## INSTRUCTIONS FOR USE OF "FORM C"

This form is to be used for all contracts. When the contract is approved by the City Council, please provide the following to Accounts Payable:

- A copy of the signed contract
- Copy of the Agenda Report to Council
- Party authorized to approve request for payment

When payments are to be made fill in the blanks on the form, making sure to signify the account numbers to charge, vendor, payment numbers, whether retention is to be withheld, and the percentage of completion.

In addition, please supply copies of all documentation that you have received for work completed on the contract. This documentation includes, but is not limited to the following;

- Time sheets for payroll costs
- Invoices for materials and supplies
- Invoices for rental equipment

If the final payment is to be made, please supply documentation that all liens have been released and inspections have been completed and signed off.

Finance will audit the request for payment for accuracy and proper documentation. Finance will establish files for each contract and payments made. For good internal control, the issuing department should also keep files on the contract, payments to date and all other useful information.

If you have any questions, please call Jackie Yacono at 5436

**CITY OF ARROYO GRANDE  
TRAVEL REQUEST AND EXPENSE REPORT  
FORM "T" FOR TRAVEL**

**Part I - TRAVEL REQUEST**

**INSTRUCTIONS:** Before trip, prepare Part I about trip and obtain proper authorizing signatures. Prepare Part II on estimated expenses, listing checks to be issued in advance in Part I. Send completed form to Accounts Payable.

- |  |                            |
|--|----------------------------|
| 1. Name & Title of Requester _____               | 5. Date of Trip _____      |
| 2. Date of Request _____                         | 6. Est. cost of Trip _____ |
| 3. Conference or Meeting: _____                  | 7. Account Number _____    |
| 4. Location _____                                | Yes _____ No _____         |
| 8. Was travel included in the Department budget? |                            |

9. Signature of Requester _____	Department Approval _____	City Manager Approval _____
---------------------------------	---------------------------	-----------------------------

ADVANCE PAYMENTS REQUESTED Payable to:	Date Req'd	AMOUNT ISSUED	CHECK NO.
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
(Request by Employee for Per Diem on last line)			
<u>Total Requested</u>		_____	

**PART II - EXPENSE REPORT**

**INSTRUCTIONS:** Complete Part II, attaching receipts for transportation, registration, lodging. Submit to Finance Department, along with any reimbursement due the City. After approval by the City Manager, any balance due traveler will be issued by Accounts Payable.

Expense Categories	City Car ( )	Private Car - Mileage Paid ( )	
	Rail ( )	Private Car - Credit Card Only ( )	
ESTIMATE	Air ( )		FINAL COSTS
_____	Transportation	_____	
_____	Garage, and/or Parking	_____	
_____	Lodging (Room charges & taxes only)	_____	
_____	Registration Fees	_____	
_____	Meals	_____	
_____	Per Diem @ \$40/day	_____	
_____	Other (Please Itemize)	_____	
_____	TOTAL EXPENSES	_____	
_____		Less: Total Advanced	_____

**I HEREBY CERTIFY THAT THIS IS A TRUE AND CORRECT STATEMENT OF MY EXPENDITURES**

Balance Due Employee/City \_\_\_\_\_

Employee \_\_\_\_\_

Audited By \_\_\_\_\_

Department Director Approval \_\_\_\_\_

Date \_\_\_\_\_

City Manager Approval \_\_\_\_\_

Check or Receipt No. \_\_\_\_\_

RULES FOR TRAVEL EXPENSE ALLOWANCES AND ROUTING

1. Describe travel and obtain authorizing signatures. Complete Estimated Expense Detail in Part II, and indicate in Part I any advance checks to be issued, and dates needed. If per diem is to be claimed, include the total amount to be issued to the employee on the final line for advance payments. If per diem is the only expense to be incurred, complete both Estimated and Final Cost in Part II when the Travel Request is submitted as only steps 1,2, 3,4, and 5 are to be completed.
2. Indicate on Part II the method of travel. Private autos may be used with Department Director approval for mileage reimbursement. If you elect to take your own car, you should take a City credit card for gasoline; mileage will not be reimbursed. Check one of these sections under "Private Car".
3. Obtain Department Director approval.
4. Attach copy of registration form to Travel Request. Retain original registration form as checks will be returned to departments for mailing, in case of last minute changes.
5. Send completed request to Finance Department.
6. When travel is complete, traveler will complete Part II and attach all required receipts, obtain department approval and return completed form to Finance. If advances exceeded actual expenses, include money due City. If per diem was the only expense incurred, this final step does not have to be completed.
7. A copy will be returned to the department, following audit.
8. The City will pay for the following expenses for approved travel and training:
  - Registration
  - Hotel room rates and applicable taxes
  - Mileage or transportation costs
  - Garage and/or parking fees
  - Meals
  - Telephone calls to home, not to exceed \$5.00 per day (cannot be averaged)
  - Tips to waiters, bell hops, baggage handlers
  - Laundry if trip exceeds seven (7) days
9. For travel and conferences, of one full day or more, a per diem amount can be claimed in lieu of itemizing meal and miscellaneous expenses. The per diem amount is intended to cover the cost of meals and all incidental expenses (i.e. taxis, parking, telephone, etc.) related to the day's activities. Receipts are not necessary when per diem is claimed. The current per diem rate is \$40 per day and is based upon the following:

Breakfast	\$ 6.00
Lunch	10.00
Dinner	18.00
Incidentals	<u>6.00</u>
Total	\$ 40.00

In extremely high cost cities, per diem may be increased with approval from the City Manager, with appropriate receipts.

10. The City will not pay for personal entertainment, i.e., movies, alcoholic beverages, sightseeing, etc.

All check requests should be on the appropriate Travel Request - Form "T".



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