

CITY OF REDONDO BEACH		ADMINISTRATIVE POLICY/PROCEDURES (APP)
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Supersedes: 10/01/01		

I. PURPOSE AND SCOPE

To establish policy and procedures regarding issuing a purchase order (PO) for purchases of goods and services. This APP is not applicable to Public Works projects, which are regulated by Chapter 6.1, Title 2, of the Redondo Beach Municipal Code (RBMC).

II. GENERAL

Purchases of materials, equipment, supplies, and professional services are regulated by Chapter 6, Title 2, of the RBMC. Requirements for each purchase depend on its type. The types of purchases are listed below and the procedures related to each follow.

Departments need to include all ancillary costs (sales tax, freight, etc.) when reviewing a vendor's quote in order to determine the applicable quoting/bidding requirements.

Financial Services Department (FSD) reserves the right to review and audit POs in order to maintain compliance with the City's procurement regulations. FSD may require Departments to complete a sealed bid process for goods and services that are repetitively purchased throughout the fiscal year.

III. PROCEDURES

A. Purchases NOT REQUIRING a PO

A PO is NOT REQUIRED for purchases less than \$2,500; however, that does not exempt you from obtaining quotes, as follows:

1. Purchases of \$500 or less, per RBMC 2-6.07(a): The requesting Department in arranging for City purchases may make purchases of up to the sum of Five Hundred and no/100ths (\$500.00) Dollars at its discretion. Purchases shall be made at the lowest cost commensurate with quality needed at reasonable intervals of time.
2. Purchases of \$500.01 to \$2,499.99, per RBMC 2-6.07(b): The Requesting Department in arranging for City purchases shall solicit and receive two (2) quotes in writing from over Five Hundred and no/100ths (\$500.00) Dollars and less than the sum of Two Thousand Five Hundred and no/100ths (\$2,500.00) Dollars.

B. Purchases REQUIRING a PO

A PO is REQUIRED for all purchases of \$2,500 or greater. A PO number for purchases must be issued by the FSD. This will be done only upon receipt of a properly completed requisition that includes appropriate supporting documentation (e.g., quotes, sole source justification, Council approvals, etc.) and proof that all departmental approvals have been obtained. Each department is responsible for inputting the requisition into the automated purchasing system and releasing it to obtain the required approvals. Once a PO number has been issued, FSD will notify the employee who input the requisition that their PO is ready to print.

Funding for a PO is verified through the automated purchasing system; however, responsibility lies with the Department Head to insure that adequate funding is available and that the total annual expenditure does not exceed the authorized budget appropriation.

1. Purchases of \$2,500.00 to \$4,999.99, per RBMC 2-6.07(c): Purchases of materials, supplies, and equipment of an estimated expenditure of Two Thousand Five Hundred and no/100ths (\$2,500.00) Dollars and less than Five Thousand and no/100ths (\$5,000.00) Dollars require three (3) written quotes.
2. Purchases of \$5,000 or greater (Sealed Bid/Proposal)

- a) Departments are required to submit a completed "Sealed Bid Request" form and bid specifications to FSD to initiate a sealed bid/proposal process for all purchases of \$5,000 or greater, with the exception of professional services and sole source purchases (see Sections F and G below). Once the "Sealed Bid Request" form is received and all bid forms are approved for release, the bid process commences.

At the conclusion of the bid process, FSD will forward the official bid results and copies of all bids/proposals to the originating Department. Departments are to review the received bids/proposals to determine the lowest responsive and responsible bidder. Once the lowest bidder is selected, Departments need to coordinate with the bidder, City Attorney's Office, and Risk Management to obtain signatures/approvals of all relevant contract documents. Departments are required to forward a report with all contract documents to Council for approval of the selected bidder. A PO is REQUIRED after Departments obtain Council approval.

- b) Per RBMC 2-6.07(d), purchases of materials, supplies, and equipment of an estimated expenditure of five thousand and no/100ths (\$5,000.00) dollars must be authorized in advance by the Council, unless otherwise approved in the current fiscal year's budget. The notice inviting bids is posted on the bulletin board in the City's administrative offices at least ten (10) days prior to the closing of bids, and the notice is published in the official newspaper of the City at least once ten (10) days prior to the closing of bid notices. The Council may elect to receive and handle the bids or may elect to direct that the bids received at any given time, date, and place by the Purchasing Agent be opened and publicly declared, and a resume of the bids received shall be forwarded with recommendations to the Council.
- c) Sealed Bid/Proposal Evaluation Criteria

A sealed bid must be both responsive and responsible.

"Responsive bid" means a bid which meets all of the specifications set forth in the request for bid or proposal.

"Responsible bidder" means a bidder possessing the skills, judgment, integrity, experience and financial resources necessary to timely perform and fulfill the equipment or services requested in the bid or proposal.

In addition to price in determining the "lowest responsible and responsive bidder", consideration will be given to quality and performance of the commodity to be purchased or service provided by the bidder. Criteria for determining the lowest responsible bidder shall include, but not be limited to, the following:

- (1) Ability, capacity and skill of the bidder to provide the supplies, materials, equipment or contractual services as required.
- (2) Ability of the bidder to provide the materials, supplies, equipment, or contractual services with time specified.

- (3) Character, integrity, reputation, judgment, experience and efficiency of the bidder.
- (4) Quality or performance of previous purchases from said bidder.
- (5) Ability of the bidder to provide future maintenance, repair parts and services for the use of the commodity purchased.
- (6) Performance by bidder under contracts with other public or private entities.
- (7) Listing of contractor as "debarred" or determination of other public agency that bidder has submitted a fraudulent bid within the prior five years.
- (8) Possession of required license(s), permit(s), or other governmental approvals, if any, to supply or provide the subject supplies, materials, equipment, or services.

If two or more sealed bids or proposals received are for the same total amount or unit price, quality and service being equal, and if the public interest will not permit the delay of re-advertising for bids, Council may, at its discretion, accept the one it chooses or accept the lowest bid made by and after negotiation with the tie bidders.

C. Procurement Card Purchases

Employees may use their City-issued procurement card to charge pre-approved travel expenses and purchases of material, equipment, and supplies. All purchases charged to a City-issued procurement card are subject to quoting regulations established in sub-sections (b) and (c) of RBMC 2-6.07 and purchase order requirements established in this APP. Please reference, "Purchasing Card Program" APP 5.06, for the specific procedures regarding use of City procurement cards.

D. Professional Services

A PO is REQUIRED for all professional service contracts, regardless of the amount. Council approval of the contract is required prior to issuance of a PO. Per RBMC 2-6.09, professional services of engineers, architects, accountants, attorneys, doctors, and other professional classes are hereby declared to be noncompetitive, and bids need not be received in any case where the City is depending upon the skill, integrity, judgment, and ability of the service rather than the dollar cost of the direct labor and material going into the service.

E. Sole Source

If it is determined that materials, supplies, equipment, vehicles and/or services are unique and/or available only from one source, purchasing from a single or sole source shall be permitted and are exempt from bidding requirements, per RBMC 2-6.10. However, a PO may be required depending on the dollar amount. Follow the guidelines in Section A and B above. Single and sole source purchasing may include proprietary items sold directly from the manufacturer, items that have only one distributor authorized to sell in this area, or a specified product that has proven to be the only product that is acceptable. Sole source determinations shall be supported by written documentation signed by the requesting Department Head or designee and forwarded to FSD with the requisition for approval.

F. Emergency Purchases

An "emergency" means unforeseen circumstances beyond the control of the City that either: (a) present a real, immediate threat to the proper performance of essential functions; or (b) will likely result in material loss or damage to property, bodily injury, or loss of life if immediate action is not taken.

If an emergency exists, the City Manager or person(s) designated by the City Manager to act in the event of an emergency may: declare an emergency situation exists; (b) waive competitive purchasing requirements; and (c) award, on behalf of the City, contracts and purchase orders necessary to address the emergency situation.

A PO is REQUIRED within two (2) working days of placing the order, or as soon as the information is available. The City Manager or designee(s) shall submit a report to Council, at the earliest opportunity, and obtain the approval of Council for the emergency purchases.

G. Cooperative Purchasing Agreements

Use of cooperative purchasing agreements (U.S. Communities, Western States Contracting Alliance, LAMPACC, etc.) provides a cost-effective and efficient method of purchasing goods and services for the City. Per resolution CC-1005-317, the use of cooperative purchasing agreements has been authorized by Council. Departments that utilize these type of agreements for products and services \$5,000 or greater are required to forward a report with all contract documents to Council for approval. A PO is REQUIRED for agreements \$2,500 or greater.

H. Local Merchant Preference

Any potential purchase of \$500 or more, which requires quotes/bidding, must consider if any one of the quotes/bids is from a local vendor. If so, the local vendor preference policy must be applied. RBMC 2-6.06, establishes a local merchant purchasing preference in the form of a one-percent (1.0%) price advantage in the evaluation of bids or proposals for the purchase of goods, supplies, and equipment. Vendors that have been conducting business from a physical location within the City and possess a current business license continuously for at least six months prior to the request for bids or quotes are eligible. The preference does not apply to procurements related to public works projects; purchases funded by grants, donations, or gifts to the City; contracts for professional services; and sole-source purchases.

Departments that receive a bid or quote from a vendor that qualifies as a local merchant will need to reduce the vendor's total price by one percent (1.0%) for evaluation purposes only (e.g., \$1,000 is evaluated as \$990). The reduced price is compared to all other bids or quotes received to determine the lowest responsive and responsible bid or quote. If the Department selects the vendor that qualifies as a local merchant, then the purchase order and/or contract is issued for the original bid or quote amount (e.g., \$1,000 not the evaluation amount of \$990).

I. Purchase Order Exceptions

The following is a list of purchases/transactions that do not require the issuance of a PO:

1. Non-contracted purchases with a value of less than \$2,500
2. Fees for conferences, seminars, conventions, meetings, and related travel expenses
3. Credit card payments
4. Subscriptions
5. Dues for memberships, professional associations, and civic organizations
6. Payments for recreation class instructors, directors, counselors, drama/theatre participants, sports officials
7. Insurance premium payments
8. Utility bills (including internet, cell phone, and pager services)
9. Public library collection materials and services

10. Real property rental/lease payments
11. Attorney fees
12. Senior lunch program meals
13. Rideshare program incentives and bus passes
14. Galleria maintenance and security fees
15. Expenses related to CDBG Public Funding Agreements

All other purchase order exceptions require approval of FSD and will be reviewed on a case-by-case basis.

J. Purchase Order Reconciliations

FSD will provide an open PO report to each Department on a quarterly basis. Each Department is responsible for reviewing this report and advising FSD in writing if any open POs need to be closed or adjusted. Within 10 calendar days of receipt, Departments are required to obtain the signature of their Department Head and forward the reconciled PO report to FSD.

K. Asset Disposition

Please reference, "Asset Disposition" Administrative Policy/Procedures 5.08, for the specific procedures on disposing of surplus City property that had a purchase value of \$5,000 or greater.

L. Violations

Employees shall not make multiple purchases and/or split purchases of less than \$2,500 from the same vendor or from different vendors with the intent to avoid the PO requirement. Purchase of materials, equipment, supplies, and non-professional services of \$2,500 or greater shall be made only by purchase orders, except as otherwise provided in this Administrative Policy and Procedures (APP). Except in an emergency, with the approval of the City Manager or designee, no officer or employee of the city shall request a supplier to deliver material, equipment, supplies, and non-professional services to the city unless a purchase order has been issued by FSD according to the requirements of this APP.

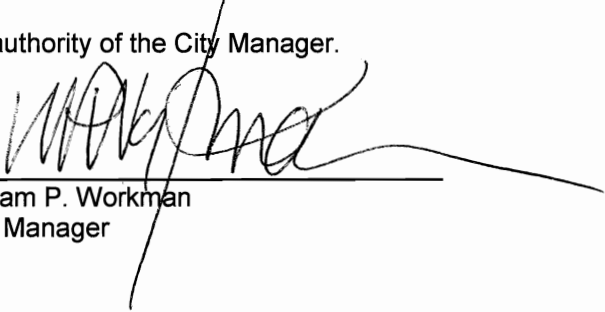
Employees that violate any purchasing regulations established in this APP, APP 5.06 and RBMC 2-6.01 through 2-6.11, shall be subject to disciplinary action.

IV. EXCEPTIONS

There will be no exceptions to this policy unless provided and approved by the City Manager.

V. AUTHORITY

By authority of the City Manager.



William P. Workman
City Manager