
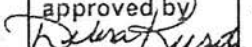


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|  | ADMINISTRATIVE POLICIES AND PROCEDURES | number | 5 | page | 1 of 16 |
| | | revision | 2 | supersedes | February 9, 1999 |
| SUBJECT | | approved by | effective date | | |
| Purchasing Policy | |  Debra Kurita | January 2, 2007 | | |

A. PURPOSE

The Purpose of this Administrative Policy and Procedure (AP&P) is to provide the City of Alameda a means of assuring continuity and uniformity in its purchasing operation, and to define the responsibilities for purchasing supplies, equipment and services. These guidelines are not intended to address every issue, exception, or contingency that may arise in the course of purchasing activities. The basic standard that should always prevail is to exercise good judgment in the use and stewardship of City resources, including keeping within the budget authorized by the City Council.

B. POLICY

The policy outlined herein is to be adhered to by the purchasing office and all departments when procuring supplies, equipment and services. This policy strives to define decision making with prudent review and internal control procedures and to maintain departmental responsibility and flexibility in evaluating, selecting, and purchasing supplies, equipment and services.

Purchase orders shall be issued prior to ordering supplies, equipment and services and not "after the fact" for work already done or materials already ordered.

The purchase of supplies, equipment and services within the specification of a "Public Works contract construction project" is subject to the regulations contained in the *State of California Uniform Construction Cost Accounting Procedures* (UCCAP) and is covered in the Contracting for Construction Services section within the Administrative Policies and Procedures. The award of Professional Design and Consulting Services is covered in Personal/Professional Services.

UNAUTHORIZED PURCHASES:

No purchase of supplies, equipment or services shall be made without an authorized purchase order. Otherwise, such purchases are void and not considered an obligation of the City of Alameda. The person executing the unauthorized purchase may be held personally liable for the costs of the purchase.

C. GENERAL PROCEDURES

RESPONSIBILITIES OF THE PURCHASING OFFICE:

The Purchasing Office is responsible for:

the procurement of general supplies, equipment and services;
the administration of the purchasing policy; and
the management of surplus City property.

To perform these functions efficiently and assist departments, the Purchasing Office will:

- a. be charged with the responsibility and authority for coordinating and managing the procurement of the City's general supplies and equipment from the lowest bidder when required by this policy;
- b. ensure full and open competition on all purchases as required by this Policy;
- c. identify, evaluate and utilize purchasing methods that best meet the needs of the City (i.e., cooperative purchases, blanket purchase orders, contractual agreements, etc.);
- d. assist all departments with research and recommendation in developing specifications;
- e. review specifications for completeness of information to ensure specifications are not unnecessarily restrictive;
- f. coordinate vendor relations, locate sources of supply and evaluate vendor performance; and
- g. recommend revisions to purchasing procedures when necessary and keep informed of current developments in the field of public purchasing; prescribe and maintain all forms and records necessary for the efficient operation of the purchasing function;
- h. act as the City's agent in the transfer and disposal of surplus equipment and materials;
- i. investigate the cost of recycled and not-recycled products to determine if the purchase of recycled products is practical and economical; (added costs should not exceed ten percent (10%) of the lowest non-recycled product price); and

- j. make purchase award recommendations to the appropriate authority.

RESPONSIBILITIES OF DEPARTMENTS

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

- a. to provide to the Purchasing Office at the beginning of each fiscal year, an updated authorized signature list designating those individuals who are delegated the authority to make purchases per the policies and procedures described herein;
- b. to anticipate requirements sufficiently in advance to allow adequate time to obtain goods in accordance with the best purchasing practices;
- c. to communicate and coordinate purchases with the purchasing office as necessary; to provide detailed, accurate specifications to insure goods obtained are consistent with requirements and expectations; to prepare requisitions in accordance with instructions so as to minimize the processing effort;
- d. to inform the Purchasing staff of any vendor relations problems, shipping problems (i.e., damaged goods, late delivery, wrong items delivered, incorrect quantity delivered, etc.), and any situations that could affect the purchasing function;
- e. to minimize urgent and sole source purchases and to provide written documentation when such purchases may be necessary;
- f. to assist the Purchasing Office with the review of all bids received for compliance with specifications, and provide written documentation regarding findings;
- g. to notify vendors of purchase award when authorized;
- h. to not "split" orders for the purpose of avoiding procurement requirements; and
- i. to consider the use of recycled products when practical and economically feasible (the added costs should not exceed ten percent (10%) of the lowest non-recycled product price.)

REQUISITIONING AUTHORITY

Requisitioning authority and purchasing authority are different and each has a specific purpose. Requisitioning authority authorizes the expenditure of funds for specific requirements in specific budget areas. A requisition is the written document that contains the reason for the need of a purchased material/service.

Requisitioning authority is delegated from the City Manager to Department Heads. Each of these Department Heads can further delegate requisitioning authority as they determine justifiable to operate their departments. Requisitions may be originated by any employee. However, before the Purchasing Office can act upon a requisition, someone with appropriate requisitioning authority must approve it. Annually, and as staff changes occur, the Department Head files a form with the Purchasing Office listing departmental personnel with requisitioning authority.

PURCHASING AUTHORITY

The purchasing authority is delegated by the City Manager to the Finance Director/Chief Financial Officer who is charged with the responsibility and authority for coordinating and managing the procurement of the City's supplies, equipment and services according to this policy.

APPROVAL AUTHORIZATIONS

Approval authorizations are established as follows:

| Approving Authority | Requisition Authority | Purchase Authority |
|---|-----------------------|--|
| City Council | Unlimited | Unlimited |
| City Manager or designee | \$75,000 | \$75,000 |
| Assistant City Manager | \$25,000 | \$25,000 |
| Chief Financial Officer | \$25,000 \$75,000 | \$25,000 – materials/supplies \$75,000 – contracts/services |
| Department Head | \$25,000 | \$25,000 |
| Division Manager | \$10,000 | \$10,000 |
| Supervisor | \$5,000 | \$5,000 |
| Executive Assistant or designated staff | \$1,000 | \$1,000 |

Refer to Appendix A at the end of this document for additional information on approval authority, applicability of contract to the project as well as review, notification and award of bids.

INTERPRETATION OF AMOUNTS THROUGHOUT THIS POLICY

Every amount specified in this Policy must be interpreted to be fully inclusive of all costs associated with the procurement, e.g., sales tax, shipping and handling, etc. Therefore, it is the responsibility of the Department to become familiar, in advance of the procurement, with all the costs generally associated with acquisition in order to accurately determine the proper procedure to be followed. For example, if a piece of equipment is estimated to cost \$24,000 and sales tax will be charged, this piece of equipment will cost more than \$25,000. Therefore, all the requirements associated with purchases in excess of \$25,000 must be followed. If there are questions, please consult with the Finance Department in advance of the purchase.

PURCHASING PROTEST

Any person who submits a proposal may protest any acquisition conducted in accordance with the Administrative Procedure by filing a protest with the City Clerk prior to the Council meeting at which the recommendation to award will be considered.

CONTRACTING FOR CONSTRUCTION SERVICES

I. PURPOSE

- A. The City has adopted the State of California Uniform Construction Cost Accounting Procedures (UCCAP) (See Alameda Municipal Code Section 2-61.1). These procedures are intended to provide uniformity of cost accounting standards for construction work performed or contracted by public entities in the state and a method for the bidding of Public Works projects.

This section is designed to provide a synopsis of the general provisions of the UCCAP and adopt local administrative procedures to comply with the intent of the UCCAP. The UCCAP should be consulted for detailed information.

- B. Generally, the UCCAP permits the City to solicit bids and award contracts for Public Works projects as follows:

Projects over \$75,000 - Formal Bids

Projects up to \$75,000 - Informal Bids

Projects less than \$25,000 - may be performed by:

- 1) City employees
- 2) Negotiated contract, or
- 3) Purchase Order

- C. Maintenance work is separate and distinct from Public Works projects and does not fall under the provisions of the UCCAP. For accounting purposes, however, the bidding requirements will be observed and shall be as noted for Public Works projects.

II. PROCEDURES

- A. Development of Plans and Specifications

1. Plans and specifications for projects estimated to cost more than \$75,000 must be approved by City Council.

The department will prepare plans and specifications, using the City's standard form that will permit the widest opportunity to prospective bidders to respond to the request for bids based on the

specifications. The Recycling and Source Reduction Policy and Local Preference Policy will be included in specifications.

Prior to the finalization of the plans and specifications, the insurance requirements for the project must be reviewed and approved by the Risk Manager. In addition, the commercial aspects of the proposed contract must be reviewed and approved by the Department Head and legal aspects by the City Attorney.

2. Bid bonds, performance bonds, and payment bonds may be required in amounts stated in the specifications.

B. Solicitation of Bids and Proposals

1. Projects estimated to cost more than \$75,000 must be let by formal competitive bids.
2. Notices describing the project, stating where to obtain more information, the time and place for submitting bids, and their opening shall be:

Mailed to trade journals not less than twenty (20) days before the opening of the bids;

Published in a newspaper of general circulation not less than fourteen (14) days before the opening of the bids;

Mailed to contractors on the bidders list, not less than ten (10) days before the bid opening; and

Others, if necessary or desired

3. Rejection of Bids: In its discretion, the City may reject any bids presented, and after reevaluating its cost estimates of the project, the City shall have the option of either the following:
 - a. abandoning the project;
 - b. re-advertising for bids in the manner described by this article; orpursuant to Charter section 2-15, the Council may, by 4/5 vote, override the requirement for bidding if it determines that the public project will be performed more economically by the City without a contract; or that materials and supplies can be purchased at a lower price in the open market; or if no bids are received through the formal or informal procedure, the project may be performed by city employees

by force account or be negotiated contract without further bidding.

4. Projects between \$25,000 and \$75,000 may be let by informal competitive bid procedures.

- a. Notices describing the project in general terms stating how to obtain more information, the time and place for submitting bids will be:

published in trade journals and mailed to contractors on the list of qualified contractors for the category of work to be performed not less than ten (10) calendar days before bids are due;

sent to only those contractors who are qualified to perform the work;

sent to others as necessary or desired

- b. If the bids received are in excess of \$75,000 but less than \$80,000, then the City Council may, by a four-fifths (4/5) vote, award the contract to the lowest responsible bidder if the Council determines the estimate for the work was reasonable. If the Council does not award the contract, but wants to proceed with the project, the specifications must be reviewed and formal bids solicited.

5. Projects less than \$25,000 may be done by force account, negotiated contract, or by purchase order. Records must be kept by the Agency/Department of all inquiries and informal requests for quotes to substantiate the award.

C. Award of Contract

1. Contracts valued over \$75,000 shall be awarded by the City Council.
2. Contracts valued at less than \$75,000 are to be awarded by the City Manager or his/her designee.
3. The City's Local Preference Rules and Recycled and Source Reduction Purchasing Policy must be reviewed.

D. Preparation/Review of Contracts

1. All contracts must be approved as to form by the City Attorney.
2. It is strongly recommended that the City Attorney's office be consulted as early as possible to review and prepare the contract.

E. Monitoring and Administration

1. A copy of all contracts must be forwarded to Accounts Payable to be retained for financial audit purposes.
2. Departments will administer the contract and supervise the work specified in the contract, approve progress payments, accept the work, and authorize payment of invoices.
3. The Accounts Payable office will process payments in accordance with the terms of the contract.

III. LIST OF QUALIFIED CONTRACTORS

A. The Public Works Department will maintain a list of all licensed contractors that are qualified to bid.

1. Annually in November a notice must be sent to appropriate trade journals by the Public Works Director inviting contractors to submit their names to be included on the list of bidders.

PURCHASING OF MATERIALS AND SERVICES

I. GENERAL

Materials and Services, other than professional services (e.g. architects, financial advisors, etc), are purchased by the Departments, through formal or informal bids or by open market purchases. Professional Services are discussed in the next category. The Department Head may delegate certain purchases to others.

II. BIDDING REQUIREMENTS

Transactions over \$25,000 - formal bids
Transactions less than \$25,000 - informal bids
Transactions less than \$10,000 - require informal oral quotations
Transactions less than \$1,000 - quotations or informal bids not required

III. PROCEDURES

A. Development of Plans and Specifications

1. Plans and specifications for materials or services estimated to cost more than \$25,000 must first be approved by City Council (City of Alameda Ordinance 2473.)
2. The department will prepare the specifications for the material or service required. Specifications shall not be unduly restrictive, but written to promote the overall economy and encourage competition.
3. Prior to finalization of the specifications, the Department Head will review and forward them to the Risk Manager, if appropriate, and to the City Attorney if the City's Standard General Specifications are not used.

B. Solicitations of Bids and Proposals

1. Transactions estimated to exceed \$25,000 must be let by formal competitive bid. A notice describing the material or service to be purchased and stating where to obtain more information, the time and place for submitting bids, and their opening shall be:
 - a. published in a newspaper of general circulation at least ten (10) days before the date of opening bid;
 - b. mailed to suppliers whose names are on the bidders list;
and
 - c. distributed to other interested suppliers;

2. Transactions estimated to cost between \$25,000 and \$10,000:

Informal bid requests shall be solicited in writing for transactions estimated to cost less than \$25,000 but greater than \$10,000 from a minimum of three (3) suppliers unless the impracticalities for not doing so are documented

3. Transactions estimated to be less than \$10,000:

Quotations shall be solicited from at least three (3) suppliers unless the impracticalities for not doing so are documented. Solicitation may be verbal or written. All must be documented for future reference

4. Transactions estimated to be less than \$1,000

Open market purchases at commercially reasonable prices may be made without securing quotes.

C. Awards

1. Awards of purchases of materials or services over \$25,000 must be approved by City Council.
2. Awards for materials or services less than \$25,000 but more than \$10,000 may be made by the City Manager or his/her designee.
3. Awards less than \$10,000 may be made by the Department Head.
4. The City's Local Preference Rules and Recycled and Source Reduction Policy must be reviewed.
5. All contracts must be approved as to form by the City Attorney.

D. Leases

1. Leases for equipment are considered, for bidding purposes and approvals, the same as a purchase. The total lease value (full term of the lease agreement) will determine the level of bidding and approval criteria (see above).

PERSONAL/PROFESSIONAL SERVICES

I. PURPOSE

This section of the Purchasing Policy establishes guidelines for contracting for personal/professional services.

II. BACKGROUND

Personal/professional services are exempt from the formal bid process (see Government Code Section 4526). This is in accordance with established law that the formal requirements of competitive bidding ordinarily do not apply to municipal contracts for services involving specialized knowledge or personal skill, such as attorneys, architects; engineers, accountants, specialized consultants, etc.

III. GUIDELINES

- A. The item of personal/professional services must be contained in the annual budget as part of a capital project or an item approved by the City Council.
- B. A personal services contract up to \$5,000 is left to the discretion of the department when the items are budgeted. (This amount is equivalent to the small claims jurisdictional limit). Requisitions for contracts over \$5,000 but less than \$75,000 must be approved by the City Manager.
- C. Personal/professional services contracts from \$5,000 - \$75,000 may be secured by the City's standard contract where the project is budgeted or funds are deposited. The agreement is to be reviewed by the City Attorney as to form and then signed by the City Manager, providing adequate appropriation has been included in the budget.
- D. Personal/professional services in excess of \$75,000 will be secured by a written agreement approved as to form by the City Attorney and authorized by the City Council. All contracts approved by the City Council require only the signature of the City Attorney, Mayor, other party, and attested to by the City Clerk.
- E. Personal/professional services contracts for legal services are to be approved and signed by the City Attorney, providing adequate appropriations have been included in the budget.
 - 1. The City Attorney may approve litigation costs up to \$35,000 in emergency situations. Council must be notified within 72 hours each time such costs are incurred and approved. A standard

contract must be issued, and the Finance Department must approve the costs for purchasing compliance. The City Council will award the contract.

IV. SELECTION PROCEDURES

A. Formally advertise projects estimated to cost more than \$75,000 stating the description of the project, where to obtain more information, and a time for submitting proposals.

1. Notices shall be:

- a. published in a newspaper of general circulation fourteen (14) days before the due date of the proposal;
- b. mailed to those consultants who have previously expressed an interest to provide service to the City; and
- c. mailed to others, if desired.

B. Request brochures and qualifications for the project. Information furnished by the consultants should provide the following essential information:

1. the firm's principals' experience, background, academic training, and where registered;
2. qualifications of key personnel to be used on the project;
3. office location and space availability where work is to be performed;
4. size of organization and availability of sufficient personnel to complete project within time required.
5. name(s) of any outside consultants used, how they will be utilized on the project, and the registration of the outside consultant's principals, if appropriate;
6. list of previous clients and similar projects;
7. list of references, including banks; and length of time in business.

C. Select a desired number of consultants with whom personal interviews are desired. Interviews to be conducted on an individual basis and not as a group. At the interview, the services to be furnished, and the proposed approach to organization, liaison, completion schedules, and other pertinent items are to be discussed.

V. FEE NEGOTIATION

Following interviews and evaluation, the firm deemed to be most qualified shall be selected and fee and contract negotiation entered into. A final determination of the services to be furnished, the type of fee arrangement, and actual amount of fee shall be established.

A. Types of Fee Payment.

1. Lump sum or fixed fee
2. Percent of costs of project*
3. Cost of services plus a fixed fee
4. Per Diem or hourly basis
5. Cost of services plus a percentage of cost of project*
6. Direct payroll costs times a multiplier to cover overhead and profit
7. Retainer fees, annual or otherwise

*This type of payment is not allowed on federally-funded projects.

Projects that will utilize special funds, i.e., federal funds will have to be evaluated and fee payment set in accordance with criteria prescribed by funding entity.

B. Fee Determination

The actual fee to be paid will be governed by the complexity of the project and the completeness of services required. In the event that a service and fee agreement cannot be reached with the first consultant selected, negotiations are to be terminated and the next consultant in order of priority called to negotiate.

C. Special Considerations

1. Assessment Districts: All other factors being equal, the desires of major property owners guaranteeing the consultant's fee should be given strong consideration in the employment of the consultant. Where the fees cannot be adequately guaranteed by the consultant to the property owners or the City, the assessment district work can proceed only on a contingency fee basis. In that event, the fee shall be increased a sufficient amount over the fee which would otherwise be applicable to compensate the consultant for the risks and the extended payment period involved.
2. State and Federal Grants: Consulting work performed on a contingency fee basis is discouraged and not allowed in federally-funded work.

- D. Successful negotiation of contracts in excess of \$75,000 requires the City Manager to present a signed professional agreement to the City Council for approval. Only signed contracts go to the City Council for their action.

VI. SELECTION REVIEW PROCESS

- A. Major Projects - Fee of \$75,000 or more.

The City Manager or his/her designee will appoint a review board of qualified individuals familiar with the project needs and personal/professional practices to interview those consulting firms that in his/her opinion appear to have the desirable qualifications. The review board should include the Department Head responsible for contract administration, the Department Head responsible for the project's functions, and such other City staff and/or other qualified professional individuals i.e., representatives from affected Boards and Commissions, who have knowledge or capabilities of value in interviewing the prospective consultants.

- B. Minor Projects - Fee less than \$75,000

When selecting a consultant to provide services on a specific project, the City Manager or his/her designee shall consider the capabilities and qualifications of the consultants. The City Manager or his/her designee shall also give consideration to distributing the work among various consultants on an informal rotational basis whenever feasible.

Where the City has experience with particular consultants who have rendered satisfactory services to the City in the past, the City Manager or his/her designee may determine it unnecessary to go through the procedure outlined herein.

Department Heads may approve and sign for projects up to \$25,000. The City Manager signs or approves up to \$75,000.

VII. ADDITIONAL CONSIDERATIONS

- A. All other factors being equal, consultants whose qualifications are satisfactory, who have sufficient experience and capabilities for providing the necessary professional services, and who have offices within the City shall normally be given priority in being considered for employment by the City. However, the scope of work should specify in detail the requirements for the work including appearance before governing and regulatory bodies. Otherwise, consultants outside of the immediate area

or not regularly doing professional work on projects within the City shall be considered for employment for the particular project.

- B. The firm selected shall be of high ethical and professional standing. All firms considered should be prepared to submit references from persons of known repute.
- C. Where the profession is regulated by the State of California, the principal member of the firm must be registered in the State of California in the field in which he/she is to be employed.
- D. The project manager assigned to be in direct charge of the work performance must have substantial recent related experience and have been responsible for the type of work involved in the project. Where appropriate, the manager must also be licensed by the State of California to perform the type of professional work involved in the project. All additional consultants retained by the selected consulting firm as subcontractors must be licensed by the State of California to practice within the field for which they are to be employed.
- E. The City Attorney has prepared a suggested contract form that must be used whenever applicable to insure that the City's interest is protected. All contracts must be approved as to form by the City Attorney.

Public Works Construction Projects (Under UCCAP*)

- Maintenance Work does not fall under Uniform Construction Cost Accounting Procedures (UCCAP).

Materials and Services*

[illegible]

Personal/Professional Services*

- Exempt from the formal bid process. Must be contained in the annual budget approved by City Council.