

CITY OF FOUNTAIN VALLEY

PURCHASING MANUAL



Purchasing Policies and Procedures



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PP-1.0 CENTRALIZED PURCHASING AND AUTHORITY

PURPOSE

The purpose of this policy is to discuss the function and authority of the Purchasing Officer.

POLICY

Centralized Purchasing FVMC chapter 2.30.020 has adopted a centralized purchasing division to establish efficient procedures for the purchase of supplies, services and equipment at the lowest possible cost, with suitability for purpose and quality needed, to exercise positive financial control over purchases and to clearly define authority for the purchasing function.

Purchasing Officer FVMC Chapter 2.30.030 has created the function of Purchasing Officer. The Finance Director, or designee, shall be the Purchasing Officer and shall have authority to:

- Procure or supervise the procurement of supplies, services and equipment needed by the city.
- Exercise general supervision and control over all inventories of all city assets.
- Assign surplus assets to departments or divisions or dispose of assets as they are replaced or which have been declared surplus.
- Negotiate and recommend execution of contracts for the purchase of supplies, services or equipment.
- Endeavor to obtain full and open competition on all purchases.
- Keep informed of current developments in the field of purchasing, prices, market conditions, and new products.
- Recommend the adoption of formal and informal purchase dollar limits which establish the methods of source selection and contract award.
- Consistent with this chapter, recommend operational procedures and establish the requirements for forms to be used in procurement of supplies, services and equipment and recommend to the city manager the level of authority for the approval of all purchases for the departments.
- Such other future duties as in the finance manager's discretion are incidental and necessary to the conduct of the division.

Delegation of Purchasing Authority. The Purchasing Officer, with the approval of the City Manager, may authorize any department to purchase specified supplies, material, equipment and services, provided that that such purchase is made in conformity with the procedures established by this manual. Such authorization by the Purchasing Officer shall be made in writing. Reference FVMC 2.30.050

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PP-2.0 RESPONSIBILITY OF PURCHASING

PURPOSE

The purpose of this policy is to discuss the responsibilities of Purchasing, and customers in the procurement of goods and services.

PURCHASING RESPONSIBILITIES

The responsibilities and objectives of Purchasing is to purchase all material, supplies, equipment, and services required by City departments, meeting the requirements of public law, generally accepted moral and ethical standards and the specific requirements of customers.

Law. The California Government Code, Public Contracts Code, and various statutes governing public purchasing provide the authority, and the body of regulations which must be observed by public purchasers. Fountain Valley Municipal Code, FVMC chapters 2.30 and 2.36 embodies the local authority and regulations. Without the codes, the City would have no authority to purchase. General California contract law and the Uniform Commercial Code (UCC) provide the general body of law that regulates contracting/procurement. Additionally, specific laws affect certain procurements. As an example, when using Federal funds, the Uniform Guidance (2 CFR 200) prevail as authoritative policy and procedure.

Moral and Ethical Standards. The City will not do business with companies if the company's agents do not conform to generally accepted moral and ethical standards. As public employees, our every process must be able to withstand the scrutiny of public inquiry and must represent, to the best of our abilities, a standard and method of doing business that the residents of Fountain Valley endorse.

The Purchasing Officer shall:

- Purchase or contract for supplies, materials, equipment and services in a manner providing full and open competition and in accordance with law and purchasing procedures.
- Identify, evaluate and utilize purchasing methods that best meet the needs of the City.
- Coordinate with Departments on the identification and disposal of surplus assets.
- Operate a central store for commonly used supplies and materials, and temporarily store and manage unused assets.
- Recommend revisions to the Purchasing Policies and procedures when necessary, and keep informed of current developments in the field of Public Purchasing.

Departments are responsible for:

- Complying with applicable grant covenants and the City's purchasing policies and procedures.
- Providing necessary information and working with the Purchasing Officer in:
 - Evaluating vendor performance.
 - Resolving vendor grievances.
 - Identifying department procurement needs.
 - Evaluating vendor responses to solicitations.
- Justifying the selection of vendors in accordance with the City's purchasing policies and procedures.



PP-3.0 DELEGATION OF AUTHORITY

PURPOSE

The purpose of this policy is to establish delegated routine authority for purchases excluding emergencies.

POLICY

Within the award authority granted to the Purchasing Officer by FVMC 2.30.050, this policy delegates certain routine authority to City employees. For the purpose of this policy, the term "Buyer" will refer to all employees delegated the authority to make purchases for the City.

This policy allows Buyers to plan and negotiate a procurement of goods and materials for the City. The final approval and signatures for all procurements by definition of FVMC 2.36.110 is executed by the Purchasing Officer.

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PP-4.0 PROCUREMENT AND VENDOR SELECTION

PURPOSE

The purpose of this policy is to describe the authorized methods of procurement, and the policy that controls them, excluding public works contracts.

POLICY

General supplies, materials, equipment and services will be procured competitively in accordance with this manual. The following types and methods of procurement are authorized as indicated.

PROCEDURES

1) **Procurement of supplies, materials, equipment and non-professional services:**

All purchases over \$3,500 are required to be completed by purchase order form as established by FVMC 2.36.080, except for "Fixed Charges" (as defined herein).



Note: Orders may NOT be split (smaller quantities purchased on several invoices or purchase orders rather than as a total purchase) in an effort to lower the total cost of a specific invoice to facilitate the processing of a particular order. Rather, quantities purchased must be determined by department need, product availability, delivery schedules, storage capacity and funds available for said purchase.

Non-Professional Services includes services other than Professional Services (as defined herein).

- a) **Micro-Purchases:** Micro-purchase means a purchase of supplies, materials, equipment or non-professional services, the aggregate amount of which does not exceed \$3,500.

To the extent practicable, micro-purchases shall be distributed equitably among qualified suppliers. Micro-purchases may be awarded without soliciting competitive quotations if the price is considered reasonable. This type of purchase may be done through petty cash, store account, reimbursement, invoice or Cal Card when meeting all requirements of all other polices.

- b) **Small Purchases:** In accordance with FVMC 2.36.020 and PP-13.0 budgeted purchases valued at more than \$3,500 and less than \$50,000 may be procured utilizing informal quotations obtained from at least two qualified vendors. Quotes may be obtained from a variety of sources, e.g. internet search, vendor price listing, verbal quotes or written quotes. Price quotes shall be attached or included on the requisition and delivered to the Purchasing Division for approval and purchase order processing; quotations shall remain with the purchase order packet.

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c) **Procurements Over \$50,000** require City Council approval and shall be made as follows:

Purchases of **supplies, material and equipment** shall be awarded to the lowest responsive and responsible bidder in accordance with the Formal Bid Procedures (PP-14.0).

Non-professional service contracts that are considered to be a “public work” (as defined in PP-5.0) shall be awarded in accordance with Public Contract Code Section 22037 and FVMC 2.36.030, or may be awarded Under Uniform Cost Accounting as set forth in PP-18.0. If not considered a “public work”, the City shall select vendors through a Request for Proposal or a Request for Bid process, whichever serves the City’s greater benefit, based on each contract or procurement. Contracts through a Request for Bid process shall be awarded in accordance with the procedures set forth in PP-14.0. Contracts through a Request for Proposal process shall be awarded in accordance with the procedures set forth in PP-14.1.

2) **Procurement of Professional Services** includes any type of special service or advice in financial, economic, accounting, engineering, legal or administrative matters by persons specially trained and experienced and competent to perform the special services required (Gov’t Code § 53060). Such services include but are not limited to architectural; engineering; environmental; financial; land surveying; construction management; audits; training services; legal services; preparation of planning or studies; technology application development; and personnel, job classification and benefit studies.

a) **Contracts Under \$50,000** can be performed by negotiated contract and/or by purchase order.

b) **Contracts equal to or greater than \$50,000** require City Council approval and shall be made by Request for Proposal (RFP) or Request for Qualification (RFQ) in accordance with the procedures set forth in PP-14.1:

3) **Bid Exceptions:** competitive bidding/solicitation of proposals may be dispensed with when one or more of the following Bid Exceptions apply (as set forth in FVMC 2.36.070):

- (1) An emergency requires that an order be placed with the nearest source of supply;
- (2) When the commodity or service can be obtained from only one vendor;
- (3) When used equipment can be acquired which meets the needs of the city and costs less;
- (4) When participating in cooperative contracts with another government agency;
- (5) When “piggybacking” off the pricing that was previously established by another government agency; provided the original solicitation was made in a competitive manner and awarded to the lowest responsible bidder.
- (6) When the public interest otherwise requires that bidding be dispensed with provided the city council approves the purchase by majority vote and, as part of its approval, indicates the reasons bidding was dispensed with; or the city manager, director of finance, or purchasing manager makes similar findings for contracts with a value of fifty thousand dollars or less;
- (7) Where two bids cannot be obtained.

* However, in no event shall formal bid procedures be dispensed when required by federal or state law.

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- 4) **Fixed Charges:** Fixed Charges are defined as goods or services that can be acquired from only one source for which a fixed charge has been determined. A purchase order is not required for these types of purchases. Instead, the Department should submit the invoice and payment request to Accounts Payable along with a note that identifies the purchase as a "Fixed Charge – PO Not Required" and any other pertinent documentation. Departments are responsible for ensuring that all procurements involving fixed charges have sufficient budgetary authority. In addition, all applicable purchasing policies must continue to be adhered to. For example, purchases that exceed \$50,000 require prior approval by the City Council.

The following are examples of goods and services that can only be acquired from one source for which a fixed charge has been determined:

- Advertising
- Assessments
- Payments to other agencies
- Membership dues and subscriptions
- Postage
- Refunds
- Utility services
- Training/Meeting Registrations
- Invoices for periodic renewals, maintenance fees, and other charges associated with software licenses
- Recreation contract class instructor fees
- Disbursement of financial assistance in connection with a grant agreement or written contract.

- 5) **Capital Equipment Purchases** are purchases of items found on the 10 Year Replacement Schedule, valuing \$3,500 or more and **MUST** be approved by the assigned Fund Manager before a purchase order can be issued. Capital purchases which are not on the 10 Year Replacement Schedule must first receive budgetary expenditure approval by the Finance Department or Council. When Capital purchases are in excess of \$50,000, Council approval by means of a Council Action is also required prior to a purchase order being issued.

- 6) **Grant or special funding items** may have regulations that prevail over the City's policies and procedures for procurement. In the case of grant or special funding the **MORE** restrictive of either the City or funding agency's procedure will apply to a purchase.

7) **Other Procurement Options**

- a. **Petty Cash Approval.** Petty cash is available for purchases of less than \$100.00 and are processed by means of Petty Cash Forms, then signed by the requestor and the requesting department's manager.
- b. **Cal Card and Procurement Card Approval.** The City has establish a Cal Card program for small dollar purchases, online purchases, one time buys and special circumstances. All Cal Card purchases must meet the conditions of PP-20.0 and cannot be used for the purchase of Capital Equipment of Public Works projects or contracted services.



PP-5.0 PUBLIC WORKS CONTRACTS

PURPOSE

The purpose of this policy is to establish the authority, coordination, and procedures for the Purchasing Officer related to Public Works contracts. Reference FVMC 2.36.030

DEFINITIONS

Public Work is defined as work which involves the erection, construction, alteration, painting, repair or improvement of any City structure, building or road.

POLICY

Public Works capital improvement projects are governed by the California Public Contracts Code and as such are administered by the Public Works Department. These procedures will thus only address those aspects of Public Works "capital improvement projects" that require the issuance of a purchase order or other payment processing that may be administered by the Purchasing Officer.

PROCEDURES

1. Public Works employees and the Purchasing Division shall perform authorized Public Works contracting in accordance with California law, and City Code.
2. Firm knowledge as to the source of funds for proposed Public Works is required to ensure application of the correct laws and procedures.
3. The City Attorney is the authority as to questions regarding what qualifies as public work. They should be consulted as necessary when there is any doubt or question as to whether the proposed work is Public Works.
4. Public Works normally require the contractor to comply with the prevailing wage rate of the Labor Code Section 1711 while executing a contract. Proposed work should be reviewed for exemption to prevailing wage in accordance with the governing laws.
5. The various California codes require certain types of bonding on Public Works contracts. FMVC 2.36.060 authorizes the City to require or waive bonds for contracts. Generally, the specified bonds are required to minimize risk to the City. Waiving of bonds should only be asked after review indicates such waiver will not create undue risk. The availability to waive the requirements of bonds is to facilitate awards to small and disadvantaged businesses and sole proprietorships that may not be able to obtain bonding.

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PP-6.0 VENDOR RELATIONS

PURPOSE

The purpose of this policy is to state the basic policies concerning vendor relations in the procurement of supplies, material, equipment and services.

POLICY

1. **General.** It is the City's policy to maintain and practice the highest possible standard of business ethics, professional courtesy and competence in all our dealings. Applicable laws must be observed at all times. In this regard, the following should be observed when dealing with suppliers and their representatives:

- Accord prompt and courteous reception, as well as fair and equal treatment to all suppliers and their representatives.
- Provide equal opportunity for all suppliers to make price and specification quotations.
- Guarantee the confidentiality of all specifications, prices and data made by vendors that are clearly marked as confidential or proprietary.
- Decline to take advantage of seller's errors, and show consideration for seller's difficulties.
- Avoid putting the seller to unnecessary expense or inconvenience.
- Explain as clearly and fully as possible to suppliers the reason for rejection of bids/proposals and always notify formal bidders to whom and at what price awards were made.
- Remain scrupulously free from obligations to any supplier.
- Ensure all awards other than sole source are conducted so as to give reasonable opportunity to bid/quote on an equal basis with competitors.

2. **Agent Authority.** FVMC 2.36.110 states that authority to commit the City is reserved to the City Manager when awards are \$50,000 dollars or less. The Director of Finance is authorized to award and sign contracts when the contract is \$25,000 dollars or less. Awards over \$50,000 shall be awarded by City Council. Suppliers reasonably see City employees as agents of the City and assume that, as agents, they can obligate the City. In this regard the following should be observed when dealing with suppliers and their representatives:

Ensure that authority to commit the City is clearly expressed to suppliers so as to leave no doubt as to the potential of acceptance of an offer.

3. **Backdoor Selling.** An all too common practice of suppliers is that of cultivating favor for their products and for themselves among personnel in using departments. The cultivation can range from hard sell tactics to fraternization, gifts, bribes, or kickbacks. It is a sales technique that attempts to avoid or bypass the normal controls provided by Purchasing. Evidence of it is normally sole source requisitions. Backdoor selling frequently results in a less than optimal product and price and unnecessary friction between using departments and Purchasing. Back door selling is to be actively discouraged through:

Ensuring suppliers are informed it is the City's policy to procure material and services competitively through Purchasing. Involving Purchasing in researching and sourcing requirements as soon as general requirements are known.



PP-7.0 STANDARD OF CONDUCT

PURPOSE

The purpose of this policy is to prescribe ethical standards and rules of conduct required of all City employees.

POLICY

1. **General Requirements.** City employment in a purchasing position is a public trust and requires all such employees to maintain a special awareness of that trust. Each employee must avoid a conflict or appearance of conflict between their public employment and their private lives. They must avoid any action, whether or not specifically prohibited by this or other instruction or law, which results in or can reasonably be expected to create the appearance of:
 - a. Using public office for private gain.
 - b. Giving preferential treatment to any person or entity.
 - c. Impeding City efficiency or economy.
 - d. Losing independence or impartiality.
 - e. Making a City decision outside official channels.
 - f. Adversely affecting the confidence of the public in the integrity of the City government.
2. **Appearance of Impropriety.** It is not necessary to have an actual conflict of interest. The appearance of a conflict may affect the City's ability to operate. The underlying purpose of this policy is the maintenance of the public's confidence in the institutional integrity of the City government and its officer and employees. Whether an appearance of impropriety exists must be determined from the perspective of the general public. If under this standard, an action appears improper, the action will not be taken. Employees faced with questionable actions or decisions in this regard will disclose all relevant information to their appropriate supervisor/manager and will await that official's determination before proceeding.
3. **Standards of Personal Judgment.** Standards that may be acceptable in the private sector are not necessarily acceptable for City employees. Standards that are acceptable in other areas of the country may not be necessarily acceptable in California. The standard to be applied is the perspective of the general public in Fountain Valley. If under this standard an action appears improper, the action will not be taken.
4. **General Rules.** Employees subject to this policy:
 - a. Shall not engage in personal, business, or professional activity nor hold a financial interest that conflicts with the duties and responsibilities of their position.
 - b. Shall not solicit, accept, or agree to accept any gratuity for themselves, their families or others that results in their personal gain which may affect their impartiality in making decisions on the job. Discounts or concessions realistically available to the general population, items received that do not result in personal gain, and samples to the City used for general City use are examples of items that are not gratuities. Personal judgment should be used and questions regarding particular problems/events should be referred to the employee's immediate supervisor/manager.

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- c. Shall not directly or indirectly use, take, dispose of, or allow the use, taking, or disposing of City property or resources.
- d. Shall report to and discuss with the employee's immediate supervisor/manager questions, problems, potential problems.

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PP-8.0 SPECIFICATIONS

PURPOSE

The purpose of this policy is to describe types and uses of specifications and responsibilities in their use and implementation.

DEFINITIONS

1. Brand Name or Equal Specification means a specification which uses one or more manufacturer's names or catalog numbers to describe the standard of quality, performance, and other characteristics needed to meet City requirements, and which provides for the submission of equivalent products.
2. Design Specifications customarily employ dimensional and other physical requirement descriptions of the item being procured. These specifications concentrate on how the product is to be fabricated or constructed.
3. Sole Manufacturer Item Specifications is a specification for material meeting specific physical, functional, or performance characteristics that restricts competition to a particular manufacturer's model or catalog identification, which may be available on a limited competitive basis from more than one vendor.
4. Single Source Procedures is a procurement method that allows, under certain conditions, for procuring goods or services from a single source without competitive solicitation from multiple sources.
5. Standard Specifications are those specifications for items in common with repetitive use which have been developed and approved for repeated use in procurements.

POLICY

The City will obtain adequate and reasonable competition for the supplies, services and equipment being purchased. Awards shall be made to the responsible bidder offering the lowest acceptable price.

Therefore all purchases shall be competitively bid whenever possible, with the understanding that competition exists not only in prices, but in technical competence of vendors, in their ability to make timely deliveries, in the quality of the performance of their product or service, and in other objective characteristics of a product or service.

Specification and Competition. Narrow or non-objective specifications that will limit the ability to competitively solicit for requirements are to be avoided, and where required, objectively and rigorously evaluated and challenged.

In order to ensure objective contractor performance and eliminate unfair competitive advantage, contractors that develop or draft specifications, requirements, statements of work, or invitations for bids or requests for proposals must be excluded from competing for such procurements.

1. Responsibilities:

Purchasing Officer shall:

- a. Review specifications jointly with the user.
- b. Obtain expert advice and assistance from customer departments and other agencies.
- c. Seek to promote overall economy for the purposes intended, and encourage competition in satisfying the City's needs.
- d. Challenge unduly restrictive specifications.
- e. Determine when specifications are restrictive and when Brand Name or Single Source procedures are required.

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2. Customer Departments shall:

- a. Prepare specifications jointly with the Purchasing Officer and work to restrict vendor interface, prior to procurement.
- b. Use the resources of the Purchasing Officer in researching and developing purchase descriptions.
- c. Promote competitive procurements and challenge unduly restrictive specifications.
- d. Review and approve specifications' functional performance. That is, ensure the specifications are adequate to ensure the procurement of adequate material or services.
- e. Where restrictive specifications appear to be justified, ensure adequate analysis of tangible and intangible factors and document this analysis.
- f. Provide a written justification for a single source procurement.

3. Types of specifications and policy regarding their use:

- a. Brand Name Specifications are not recommended unless there is a tangible gain to the City, or unless there is a commanding intangible benefit to the City and its citizens. If limitations on the source of supply, necessary restrictions in specifications, necessary standardization, quality considerations, or other valid reasons for waiving competition appears, then purchases may be made without recourse to the competitive bidding provisions of this chapter.
- b. Design Specifications should be closely reviewed to ensure purchase descriptions are adequate and not unduly restrictive. Performance requirements should be limited to those aspects of performance that are required for proper function.
- c. Sole Manufacturer Specifications are to be evaluated for adequate independent competition. If competition is evaluated to be less than two independent bids, then sole manufacturer requirements should be treated as single source, substituting 'sole manufacturer' for 'single source'.
- d. Single source purchases may be made in a non-competitive manner only if the price is considered reasonable. The facts and circumstances justifying the purchase from a single source must be documented. The following are examples of a single source justification:
 - Compatibility: The commodity or service matches existing brand of equipment for compatibility.
 - Replacement Part: The item is a replacement part for a specific brand of existing equipment.
 - Emergency: URGENT NEED for the item or service does not permit soliciting competitive bids.
- e. Standard Specifications are an excellent time and labor saving method of specification of repetitively procured operational material.



PP-9.0 REQUISITIONS AND PURCHASE ORDERS

PURPOSES

The purpose of this policy is to describe types, forms and uses of requisitions and purchase orders and responsibilities in their use and implementation.

POLICY

A requisition is a method of communicating the needs of the user department or requestor to the Purchasing Division when a demand for services, supplies or materials exists. Requisitions can be submitted to the Purchasing Division in the following forms; a pre-printed requisition form, online requisitions form, an e-mail defining the request or an approved Council Action. In all cases the requisition in whatever form selected must include the information defined in the Procedure of this Policy (see below).

A Purchase Order (PO) is generated in response to a requisition as a written confirmation of an order and as a contract between the supplier and the City. POs are computer generated through the and can only be created by the Purchasing Division and approved by the Purchasing Officer, Director of Finance or the City Manager or their designees.

PROCEDURE

1. Requisitions:

- a. Requisitions in any form must contain the “required” following information so the Purchasing Division will have a clear understanding of the services or supplies requested and the necessary information of funding and proper approvals. Information supplied on the Requisition is automatically transferred to create a purchase order when an authorized member of the user department approves the Requisition.

Please refer to the example requisition form at the end of this Policy for further clarification.

When submitting a requisition form, the basis for the **vendor selection** must be documented in **Section I**. If vendor selection is based on price, **Section II** must be completed. If vendor selection is a **single source** purchase, a Single Source Justification must be attached to the requisition. If vendor selection is based on other factors, those factors must be documented on the requisition form.

In addition, the following information is required:

• PO Number	The user department can leave this field blank when a PO number has not been assigned; otherwise enter the six-digit number assigned by the Purchasing Division.
• Vendor/ Vendor #	Enter the complete name and address and if available it is recommended to include the Vendor #. This is important to identify the correct vendor in the Vendor database.
• Contact	The name of the sales person or representative of the supplier is required when user department has made contact with the supplier.

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• Telephone	The telephone number of the supplier.
• Description	Enter a complete description of the materials, supplies, services or equipment in sufficient detail to illustrate to the vendor and the Purchasing Division what is being acquired. Include part numbers, make, model, color, size or other identifying information.
• Quantity	Enter the quantity of the item being ordered.
• Unit	Enter the unit of measure: LOT, EACH, BOX, PKG, CASE.
• Unit Price	When the requestor has confirmed the cost of supplies or services being ordered.
• Ext Price	The Extended Price when a Quantity and Unit Price are entered.
• Sales Tax	A separate line is used in the requisition to indicate whether the item is subject to sales tax. The requestor is responsible for verifying when a purchase is taxable and at what rate.
• Account Number	Enter the expenditure account number (fund, department, program and sub account) for all items.
• Prepared By	The name of the individual requesting the supplies or services.
• Manager's Approval	The signature of the user department's manager, supervisor or designee.
• Federally Funded	Either Box "Yes" or "No" must be checked to document whether the purchase is funded (entirely or in part) by federal funds.

- b. A completed requisition form will have all the required information shown above and be submitted to the Purchasing Division for review and processing. Requisition forms will be reviewed by the Purchasing Division for completeness; incomplete requisition forms will be rejected by the Purchasing Division and returned to the requestor for correction.
- c. Complete requisition forms will be readied for entry and processing into a purchase order.

2. Purchase Orders (PO) – Computer Generated

- a. A Purchase Order (PO) is written authorization from the City to a specific vendor to deliver specific goods or services at a pre-determined price, quantity, and/or length of time. The assignment of a Purchase Order Number (PO#) and the signature of the Purchasing Officer is evidence of authorization to proceed with the purchase.
- b. A Purchase order is issued in accordance with FVMC 2.36.080 and is necessary for all orders in excess of \$3,500 dollars except for purchases involving "fixed charges".

Fixed charges are defined as goods or services that can be acquired from only one source for which a fixed charge has been determined. A purchase order is not required for these types of purchases. Instead, the Department should submit the invoice and payment request to Accounts Payable along with a note that identifies the purchase as a "Fixed Charge – PO Not Required" and any other pertinent documentation. Departments are responsible for ensuring that all procurements involving fixed charges have sufficient budgetary authority. In addition, all applicable purchasing policies must continue to be adhered to. For example, purchases that exceed \$50,000 require prior approval by the City Council.

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Below are examples of goods and services that can only be acquired from one source for which a fixed charge has been determined:

- Advertising/Marketing
- Assessments
- Payments to other agencies
- Membership dues and subscriptions
- Postage
- Refunds
- Utility services
- Training/Meeting Registrations
- Invoices for periodic renewals, maintenance fees, and other charges associated with software licenses
- Recreation contract class instructor fees
- Disbursement of financial assistance (e.g. Housing Improvement Program Grant Proceeds) in connection with a grant agreement or written contract.

A purchase order will not be issued by the City for any purchase totaling less than \$3,500 dollars, unless the Vendor will not accept an order for goods or services without a purchase order from the City.

- When the purchase order has been approved by the Purchasing Officer, a copy of the purchase order will reside in the financial management system to reference when an invoice is later presented for processing a payment to the Vendor.
- A hard copy of the purchase order is distributed to the following:
 - Finance/Accounts Payables
 - User department or requester
 - Vendor

3. Payment Process- Once the transaction is completed and the invoice is received, the department head or designee should review the invoice to be sure that the purchase is consistent with the PO as issued. The invoice should then be signed and coded and sent DIRECTLY to Accounts Payable for processing payment. (The Finance Division already has a copy of the PO as authorization for the purchase.) The department should also check that the approved PO number is noted on the invoice. If it is not, the PO number should be written-in near the department head or designee's signature for quick reference. Failure to have the PO on the invoice can significantly delay payment to the vendor.

- All grant funded items must have the approval of appropriate grant coordinator prior to submission to the Finance Division for processing for payment. This is to insure compliance with all grant-funding requirements and to insure that funds are available from the funding source for payment.

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PP-10.0 PETTY CASH AND REIMBURSEMENTS PROCEDURES

PURPOSE

The purpose of this policy is to establish a policy, define responsibilities and set forth procedures for the preparation and processing of petty cash transactions for the purchase of supplies or services.

REFERENCE

1. Check Request Form see Exhibit "D" of Reference section.
2. Petty Cash Form, see Exhibit "E" of Reference section

POLICY AND PROCEDURE

Purchases made by City personnel for supplies, material or services in the amount of \$100.00 or less may be accomplished by the use of petty cash.

Procurement of Minor supplies, materials and equipment may be made with petty cash on a cash advance or reimbursement basis.

1. **Petty Cash/Cash Advance:** Departments requiring supplies, material or services may receive a cash advance for the purchase.
 - a. The department will submit a properly prepared Petty Cash form.
 - The form will clearly state the purpose of the petty cash and will have the appropriate account number coded on the form.
 - The form will be reviewed and approved by the requestor's supervisor/manager
 - Once approved, the form can be delivered to the petty cash custodian, who will issue funds as indicated on the approved form.
 - The vendor will submit a cash register receipt or invoice covering the purchase to the requestor making the purchase.
 - The requestor will deliver the petty cash form, receipt or invoice to the petty cash custodian as proof of purchase and for reconciliation of funds issued.
2. **Reimbursement:** Departments requiring supplies, material or services may receive reimbursement for purchases made with individual funds.

The purchase of supplies by way of reimbursement is not encouraged and should only be used when no others means of acquisition is available.

Purchasing Policies and Procedures



- a. Reimbursements under \$1,500. The Department will submit a properly prepared Check Request form to the Accounts Payable Division.
 - The check request will clearly define the items purchased and shall be properly coded with the appropriate account number and the department manager's signature.
 - Cash register receipt, invoice, or statement of transaction, and packing slip describing the purchase must be attached to the completed check request form.
 - The requisition form with attached receipt will be hand carried to Accounts Payable.
 - Reimbursement will be made by check to the employee on the next scheduled check disbursement by the Finance department.

- b. Reimbursements over \$1,500. The Department will submit a properly prepared purchase requisition in accordance with this manual.
 - The requisition will clearly define the items purchased and shall be properly coded with the appropriate account number and the department manager's signature.
 - Cash register receipt, invoice or statement of the transaction and the packing slip describing the purchase must be attached to the completed requisition form.
 - The requisition form with attached receipted will be hand carried to Purchasing.
 - Reimbursement will be made by check to the employee on the next scheduled check disbursement by the Finance department.



PP-11.0 SMALL AND MINORITY BUSINESSES, WOMEN'S BUSINESS ENTERPRISES, AND LABOR SURPLUS AREAS

PURPOSE

The Purpose of this policy is to outline the Federal Uniform Guidance (§200.321) regarding contracting with small and minority businesses, women's business enterprises and labor surplus areas.

POLICY

The City must take all necessary affirmative steps with contracts funded by the federal government to assure that minority businesses, women's business enterprises, and labor surplus area firms are used when possible.

PROCEDURES

Contracts funded by the federal government shall be made in a manner that includes the following affirmative steps:

- Placing qualified small and minority businesses and women's business enterprises on solicitation lists;
- Assuring that small and minority businesses, and women's business enterprises are solicited whenever they are potential sources;
- Dividing total requirements, when economically feasible, into smaller tasks or quantities to permit maximum participation by small and minority businesses, and women's business enterprises;
- Establishing delivery schedules, where the requirement permits, which encourage participation by small and minority businesses, and women's business enterprises;
- Using the services and assistance, as appropriate, of such organizations as the Small Business Administration and the Minority Business Development Agency of the Department of Commerce; and
- Requiring the prime contractor, if subcontracts are to be let, to take the affirmative steps listed above.



PP-12.0 BLANKET PURCHASE ORDERS

PURPOSE

The purpose of this policy is to establish the procedures for the issue and use of Blanket Purchase Orders (BPO).

DEFINITIONS

A Blanket Purchase Order (BPO) is issued to selected vendors, on an annual basis, by the Purchasing Division for use by City employees to procure repetitive items on a continuing basis without specific purchasing authorization.

POLICY

General

The intent of this procedure is to authorize a program through which Departments may purchase, with minimum administration and cost to acquire operating supplies in a Just in Time or repetitive basis.

1. Blanket Purchase Orders (BPOs) shall be limited to the assigned value to the BPO.
2. Material requirements will not be broken up in order to procure them by BPO.
3. No purchases shall be made by BPO unless there are unencumbered monies in the fund which the purchase is to be charged.
4. Blanket Purchase Orders (BPO) will be issued by the Purchasing Division, after negotiating the term and conditions with the vendor, for a period of one year renewable annually for a total period of five years.
5. The Purchasing Officer will approve all Blanket Purchase Orders (BPOs).

PROCEDURES

To Request and Issue Blanket Purchase Orders:

Departments may request, by memorandum or requisition, opening a BPO. Such requests will identify vendor, detailed nature of material service required from the vendor, estimated use, and any other pertinent information regarding the vendor or requirements. The Purchasing Division may also determine a need, from purchasing/item history, for a BPO and submit the recommendation.

Purchasing Policies and Procedures



PP-13.0 INFORMAL PURCHASES (less than \$50,000)

PURPOSE

The purpose of this policy is to define responsibilities and set forth procedures for the bidding and award of purchases for supplies, material, equipment and non-professional services awarded under the authority of FVMC 2.36.020 (b).

DEFINITIONS

1. Buyer. Purchasing Officer or Senior Buyer, Buyer, Purchasing Technician or other agent delegated buying authority in writing by the Purchasing Officer.
2. Responsive Bid. A bid shall be considered responsive when the supplier has complied with the terms, conditions, provisions, specifications, instructions and all other requirements of the Request for Quotation. The decision whether or not a bid is responsive is an administrative one which shall be made by the Purchasing Division and requesting departments after proper evaluation of the bids.
3. Responsible Bidder. A bidder shall be considered responsible when it has been established that he has the technical capability, financial capacity, facilities and manpower required to perform as outlined in the provisions and conditions of the bid.
4. Informal Purchases. Awards for material, equipment, supplies and/or services not exceeding \$50,000, the value established for informal bids by FVMC 2.36.020 (b).

POLICY

General

Offer and Acceptance. In general, a written solicitation of bids is preferred. Written quotes and bids are recognized as offers, and the City's purchase order or contract would serve as acceptance. When verbal offers are accepted, the City's purchase order or contract is an offer, and acknowledgment or delivery on the order would be acceptance. A quote is generally accepted as a written offer. The terms of an agreement are not fixed until offer and acceptance is established. In order to establish firm pricing and terms, and reduce risk to the City, it is preferred to have the City's purchase order or contract be acceptance which requires written quotes or bids.

PROCEDURES

1. Verbal and Written Requests for Quotes:

- a) Small Purchases. In accordance with FVMC 2.36.020 budgeted purchases valued at more than the micro-purchase threshold (\$3,500) and less than \$50,000 may be procured utilizing informal quotations obtained from at least two vendors. Quotes may be obtained from a variety of sources, e.g. internet search, vendor price listing, verbal quotes or written quotes. Price quotes shall be attached or included on the requisition and delivered to the Purchasing Division for approval and purchase order processing; quotations shall remain with the purchase order packet.

Purchasing Policies and Procedures



- b) Requisition/Authorization. Procurement will not begin until a properly completed and authorized requisition is received, verification of funds availability has been completed, and specifications evaluated as acceptable.
- c) Waiver of Bid. Determination and declaration on waiver of competitive bids shall be made in accordance with FVMC 2.36.070.
- d) Awarding Authority. Award will be made in accordance with the requirements of FVMC Chapter 2.36 and the procedures established in this manual.

Note: Orders may NOT be split (smaller quantities purchased on several invoices or purchase orders rather than as a total purchase) in an effort to lower the total cost of a specific invoice to facilitate the processing of a particular order. Rather, quantities purchased must be determined by department need, product availability, delivery schedules, storage capacity and funds available for said purchase. Ref FVMC 2.36.090



PP-14.0 FORMAL BID PROCEDURES (over \$50,000)

PURPOSE

The purpose of this policy is to define responsibilities and set forth procedures for the bidding and award of formal purchases for supplies, material, equipment and non-professional services awarded under the authority of FVMC 2.36.020 (c) of the City's municipal code. This policy excludes public works contracts.

DEFINITIONS

1. **Buyer.** Purchasing Officer or Senior Buyer, Buyer, Purchasing Technician or other agent delegated buying authority by the Purchasing Officer.
2. **Formal or Major Purchase.** Awards for material, equipment, supplies and/or non-professional services which equal or exceed \$50,000.
3. **Responsive Bid.** A bid shall be considered responsive when the supplier has complied with the terms, conditions, provisions, specifications, instructions and all other requirements of the Invitation for Bids. The decision whether or not a bid is responsive is an administrative one which shall be made by the Purchasing Division and requesting departments after proper evaluation of the bids.
4. **Responsible Bidder.** A seller shall be considered responsible when it has been established that he has the technical capability, financial capacity, facilities and manpower required to perform as outlined in the provisions and conditions of the bid.

POLICY

1. **General.** All purchases of and contracts for supplies, materials, equipment or non-professional services (excluding public works contracts) in excess of \$50,000 are recommended to be based on formal competitive bidding and procurement.
2. **Formal Contract Procedures.** Generally, the purchase of supplies, material, equipment and non-professional services are administered through an Invitation for Bids (IFB).
3. **Exceptions.**
 - a. **Emergency Procurements.** In accordance FVMC 2.36.070 (a1) emergency purchases and contracts for goods and services may be made free of the bidding requirements when purchase or contract for the item is immediately necessary for the continued operation of a department or for the preservation of life and property, and when such purchase is required for health, safety, and welfare of the people or for the protection of property, provided that there is a present, immediate, and existing emergency.
 - b. **Waiver of Competitive Bidding.** In accordance with FVMC 2.36.070 bidding may be waived when the commodity or service can only be obtained from one vendor, when participating in a cooperative contract, "piggybacking" off another agency's competitive procurement, when in the best interest of the public, or when two bids cannot be obtained.
 - c. **Public Works Contracts.** Bidding of public works shall be in accordance with Public Contract Code Section 22037 and FVMC 2.36.030



4. **Bidders List.** Sufficient bidders will be identified and when possible ensure the receipt of at least two (2) quotes.

COMPETITIVE SEALED BIDDING

1. **Use of Competitive Sealed Bids.** Competitive sealed bidding is the preferred method for large dollar complex procurement of goods and services where the goods, product or services can be defined. Competitive bids shall be drafted by the buyer using a format approved by the Purchasing Officer.
2. **Specifications.** Detailed specifications of the goods, product or services are required for all IFBs to assure the City will receive a valid and useful bid.
3. **Provisions and Special Provisions** are drafted by purchasing in conjunction with the user department. Each bid will be assigned a bid opening closing date by which responses must be received to be considered, and this date should allow sufficient lead time as to allow sellers ample opportunity to prepare a quote.
4. **Bid List** The Bid List will include all vendors that have shown interest in bidding and will include a minimum of two vendors to allow for fair competition. The Buyer can compile the Bid List from a variety of sources including but not limited to; vendors registered on the Vendor Database, recommendations from other agencies, or vendors that have performed work previously for the City.
5. **Formal Advertising** Invitation for Bids shall be publicly advertised.
6. **Evaluation.** Evaluation will be on the basis of price, compliance to specifications, and references/history.
7. **Award Recommendation.** Purchases shall be awarded to the lowest responsive and responsible bidder. In determining the lowest responsive and responsible bidder, the following shall be taken into consideration:
 - a. The quality, suitability and efficiency of the item or service offered and its conformity with the specifications.
 - b. The delivery, discount terms, local vendor preference, and all other conditions submitted in the bid.
 - c. The reputation of the equipment, the service reputation of the seller and all information and data required to prove the responsibility of the supplier.
8. **Award.** Award will be made in accordance with FVMC 2.36 and the procedures established in this manual. Award by City Council shall be done by staff report.



PP-14.1 PROCURMENT OF PROFESSIONAL SERVICES (over \$50,000)

PURPOSE

The purpose of this policy is to define responsibilities and set forth procedures for the bidding and award of professional services that exceed \$50,000.

DEFINITIONS

1. Buyer. Purchasing Officer or Senior Buyer, Buyer, Purchasing Technician or other agent delegated buying authority by the Purchasing Officer.
2. Professional Services. Any type of special service or advice in financial, economic, accounting, engineering, legal or administrative matters by persons specially trained and experienced and competent to perform the special services required (Gov't Code § 53060). Such services include but are not limited to architectural; engineering; environmental; financial; land surveying; construction management; audits; training services; legal services; preparation of planning or studies; technology application development; and personnel, job classification and benefit studies.
3. Responsive Bid. A bid shall be considered responsive when the supplier has complied with the terms, conditions, provisions, specifications, instructions and all other requirements of the Invitation for Bids. The decision whether or not a bid is responsive is an administrative one which shall be made by the Purchasing Division and requesting departments after proper evaluation of the bids.
4. Responsible Bidder. A seller shall be considered responsible when it has been established that he has the technical capability, financial capacity, facilities and manpower required to perform as outlined in the provisions and conditions of the bid.

POLICY

1. **General.** Professional Services Contracts under \$50,000 can be performed by negotiated contract and/or by purchase order.
2. **Competitive Procurement.** Contracts over \$50,000 require City Council approval and shall be made by Request for Proposal (RFP) or Request for Qualification (RFQ), which shall be publicized. Proposals must be solicited from an adequate number of qualified sources.
3. **Requests for Proposals** shall:
 - a. Outline the scope of work;
 - b. Specify requirement or qualifications that a potential vendor must possess to be considered qualified;
 - c. Require responses to the RFP include proposed fees; and
 - d. Include information regarding the selection process.
4. **Requests for Qualifications** shall:
 - a. Outline the timeframe of the pre-qualification, specific expiration date of the pre-qualification, and any options for renewal;
 - b. Specify requirements or qualifications that a potential vendor must possess to be considered qualified;
 - c. Require responses to the RFQ include hourly rates as a basis for negotiating a contract;
 - d. Include information regarding the selection process; and
 - e. Be followed by an RFP released to prequalified vendors unless the RFQ explicitly states that the City may establish a fair and equitable system that divides work equally among prequalified vendors.
5. **Professional Services Contracts** shall be awarded only to responsible contractors possessing the ability to perform successfully under the terms and conditions of a proposed procurement. Consideration will be given to such matters as contractor integrity, compliance with public policy, record of past performance, and financial and technical resources. Professional services are generally retained considering technical factors (such as qualifications and experience), price and other factors such as the ability to meet the City's time schedule(s) for the project.



PP-15.0 DISPOSITION OF SURPLUS/SCRAP CITY MATERIAL

PURPOSE

To establish policies and procedures for the management and disposition of surplus property and scrap material.

DEFINITIONS

1. **Surplus Property.** Materials, supplies and equipment which cannot be used by any City Department or which otherwise have become unsuitable for use. Surplus property shall include, but is not limited to, such items as office furnishings, vehicles, tools, radios, pumps, motors, etc., but does not include real property (real estate). Surplus property, within the context of this policy, generally refers to durable or Capital goods, as opposed to consumable goods (papers, pencils, pens, computer disks, etc).
2. **Scrap Material.** Waste materials generated in the work process and discarded articles useful only as material for reprocessing. Examples of such material are: scrap metal, used oil, discarded lead batteries and tires, etc.

POLICY

1. **General Formal Policy.** FVMC 2.30.070 delegates to the Purchasing Officer authority to dispose of City property by means that best serves the public good. This can be defined as sale by auction, trade, donation, or whatever means that best services the City's needs.
2. **Selling to City Employees.** In order to avoid a conflict or appearance of conflict between their public employment and their private lives, in the eyes of the public, it is the policy of the City to not sell surplus or scrap material to an employee.
3. **Reuse/Recycling.** It is the City's policy to reuse surplus/scrap material to the degree possible and to recycle scrap material for which there are existing accessible programs. Currently the City recycles paper, cardboard, metal, cement and asphalt, trees and brush clippings, automotive antifreeze, oil, tires, automotive batteries, and oil filters. Additionally, debris bin quantities of plastics and wood are to be generated, these will be recycled.

PROCEDURES

1. **Generating Departments.**
 - a. **Periodic Review.** City departments shall periodically review inventories, of supplies and equipment's to identify surplus and scrap material and take action outlined herein to remove it from work centers and allow reuse or realize value for it.

Purchasing Policies and Procedures



- b. **Surplus - Notification.** After determining material is surplus, the manager in whose custody the material resides, will notify the Purchasing Officer, in writing, of the situation and requesting transfer to the Surplus storage. The manager shall complete a Fixed Asset Disposal form (See *Exhibit "C" of Reference section for form*) and submit to the Purchasing Division along with the written notification.

2. Purchasing and Stores.

- a. **Receipt of Notification.** Upon receipt of Notification by the generating department of surplus or scrap material to be transferred, the Purchasing Officer will review the notice, estimated the value and storage problems associated with the material, and make an initial determination as to handling of the material. Heavy or oversized items may be left in place pending surplus decisions. The Purchasing Officer will also determine the initial surplus plan. This information will be conveyed to the originating department, and the transfer of the material arranged, if appropriate. City storage facilities cannot accommodate heavy or over-sized items, and this material is not to be transferred to the Surplus Storage without prior clearance.
- b. **Disposition.** Upon receipt of the Notification and material, if appropriate, the Purchasing Officer will determine the initial disposition plan based on the type of material, and value.
- c. **Scrap.** Material clearly identified as scrap will be discarded, recycled or sold with the majority of it being discarded or recycled.
- d. **Surplus.** The proper disposition of surplus is reuse by another City department, or auction if there is no reuse available. Like scrap, material with no reuse and little intrinsic value or market may be discarded.
- e. **Reuse.** Material that appears to be reusable will be retained and its availability advertised. Material with questionable reuse will be retained and advertised. Advertising availability will be molded to the nature of the material and potential users.
- f. **Auction.** Material or equipment which cannot be reused by the City and is estimated to be valued over \$1,500 will be referred to Purchasing and scheduled for sale through auction.



PP-16.0 CAPITAL ASSETS AND INVENTORY CONTROL

PURPOSE

The purpose of this policy is to establish procedures for the receipt, management and disposition of Capital Assets.

POLICY

A Capital Asset or Capital Equipment is defined by the City as any asset valued over \$5,000 that is held for a long period of time and generally resides on the Ten Year Replacement Schedule. Examples of Capital Assets are; furniture, equipment, vehicles, tools, electronics, radios, computers, and copiers.

The Purchasing Division shall be responsible for all inventory control of Capital Equipment items. This shall include the assignment and reassignment of City inventory tags to all City equipment and vehicles. City inventory numbers (City Tag) will be issued to new equipment and vehicles valued over \$1000 dollars and will be retired when equipment and vehicles are disposed of through standard Purchasing Procedures.

PROCEDURES

1. Vehicles and other rolling stock are not given a City Tag, but are issued an inventory number controlled by the Purchasing Division. The Fleet Division is responsible for vehicle maintenance and shall coordinate with the Purchasing Division on the assignment and re-assignment of any vehicle inventory numbers as vehicles are purchased and replaced.
2. In general any item purchased through the Capital funds accounts will be placed on the City Inventory and labeled with a City Tag. The Purchasing Division will be supplied with a serial number, make, and model of the item purchased by the user department or by means of the invoice. Any questions should be directed to the Purchasing Division.
3. At the discretion of the Purchasing Officer, each department may be required to do an annual physical inventory of equipment based on the inventory control list provided by the Purchasing Division.
4. Capital items purchased through Grants or with other specialized funding must also be inventoried for the funding source and given a City inventory tag for identification.
5. The Purchasing Division has the responsibility to dispose of all equipment and materials declared as surplus. Departments upon request of the Purchasing Division, or as they identify surplus equipment and materials within the Department, will submit a "Fixed Asset Disposal" form to the Purchasing Division in accordance with section 15.0 of this manual. The Purchasing Officer shall then be responsible for the sale, donation, destruction, auction or re-issuance of the item to another Department.
 - a. It is the user department's responsibility to advise the Purchasing Division of any grant/special funding source regulations regarding the disposal of equipment or furniture.
 - b. Prior to submitting the request for disposal to the Purchasing Division, the user department should obtain the approval of the original funding agency and attach proof of authorization to the disposal form. The Grants Coordinator and Finance Division shall also be notified of the intended disposal of the item(s).



PP-17.0 ENVIRONMENTALLY PREFERRED PURCHASES

PURPOSE

The purpose of these procedures is to support the purchase of recycled and environmentally preferred products in order to minimize environmental impacts related to City work. The City of Fountain Valley recognizes our employees can make a difference in favor of environmental quality. Purchases of environmentally preferable products are recommended whenever they perform satisfactorily and are available at a reasonable competitive price. Reference FVMC 2.36.130

DEFINITIONS

1. "Recycling" means the process of collecting, sorting, cleansing, treating, and reconstituting materials that would otherwise become solid waste, and returning them to the economic mainstream in the form of raw material for new, reused, or reconstituted products which meet the quality standards necessary to be used in the marketplace.
2. "Waste Prevention" means any action undertaken by an individual or organization to eliminate or reduce the amount or toxicity of materials before they enter the municipal solid waste stream. This action is intended to conserve resources, promote efficiency, and reduce pollution.
3. "Environmentally Preferable Products" means products that have a lesser impact on human health and the environment when compared with competing products. This comparison may consider raw materials acquisition, production, manufacturing, packaging, distribution, reuse, operation and/or disposal of the product.
4. "Recycled Products" are products manufactured with waste material that has been recovered or diverted from the waste stream. Recycled material may be derived from post-consumer waste (material that has served its intended end-use and been discarded by a final consumer), industrial scrap, manufacturing waste and/or other waste that otherwise would not have been utilized.
5. "Electronic Waste" is products such as: computers, monitors or televisions that require a proper disposal method to avoid entering the waste stream.
6. "Practical" means sufficient in performance and available at a reasonable competitive cost.

POLICY

1. **City Departments/Divisions** shall adopt and promote the use of recycled/recyclable supplies and materials, to include:
 - a. Encourage waste prevention, recycling, and use of recycled/recyclable material through contractual relationships and purchasing practices with vendors, contractors, businesses and other governmental agencies.



- b. Adopt waste prevention, recycling and use of recycled supplies/materials as a City priority.
- c. Generate less waste material by reviewing how supplies, materials and equipment are manufactured, purchased, packaged, delivered, used, and disposed.

2. General Purchasing Guidelines.

- a. All City personnel will specify recycled and environmentally preferable products whenever practical.
- b. The City shall solicit the use of recycled and other environmentally preferred products in its procurement documents as appropriate.
- c. City departments/divisions shall practice waste prevention whenever practical.

3. Procurement Practices.

In cooperation with their customers, City Departments shall evaluate the following environmentally preferable product categories and purchase them whenever practical. Nothing in this policy shall be construed as requiring the purchase of products that do not perform adequately or are not available at a reasonable price.

- Printing and Writing Papers. Including all imprinted letterhead paper, envelopes, copy paper and business cards shall contain a minimum of 30 percent post-consumer recycled content.
- Paper Products. Including janitorial supplies, shop towels, hand towels, facial tissue, toilet paper, seat covers, corrugated boxes, file boxes, hanging file folders, and other products composed largely of paper.
- Re-refined antifreeze, including on-site antifreeze recycling.
- Re-refined lubricating and hydraulic oils.
- Recycled plastic outdoor wood substitutes. Including plastic, lumber, benches, fencing, signs, and posts.
- Recycled content construction, building and maintenance products. Including plastic, lumber, carpet, tiles, and insulation.
- Re-crushed cement concrete aggregate and asphalt.
- Cement and asphalt concrete containing tire rubber, glass cullet, recycled fiber, plastic, fly ash, or other alternative products.
- Compost, mulch, and other organics including recycled bio-solid products.



4. The Purchasing Division in conjunction with the Public Works Department shall:

- Develop and maintain information about environmentally preferable products and recycled products containing the maximum practical amount of recycled materials to be purchased by Departments/Divisions whenever possible.
- Inform other Departments/Divisions of their responsibilities under this policy; provide Departments/Divisions with information about recycled products and environmental procurement opportunities.
- Inform vendors of the City's Environmental Purchasing Policy.
- Recommend contracts to only recycled-content products whenever possible (e.g., office supplies, lubricating oils, and janitorial supplies).
- Review specifications used in public bidding to eliminate barriers to recycled-content products, such as outdated or overly stringent product specifications and specifications not related to product performance. All requests for proposals shall require vendors to offer recycled products whenever practical.



PP-18.0 PUBLIC WORKS PROJECTS UNDER UNIFORM COST ACCOUNTING

PURPOSE

The purpose of this policy is to define responsibilities and set forth procedures for the bidding and award of Public Works contracts under the authority of FVMC 2.38.010 of the City Code and the Uniform Public Cost Accounting Act section 2200 of the California Public Contracts Code.

POLICY

State law governs Public Works bidding for construction projects and Government Code section 20160 *et seq* generally provides for the procedures of competitive bids. Pursuant to Government Code sections 22000 *et seq* the City of Fountain Valley has adopted the Uniform Cost Accounting Procedure and the alternate procedures for bidding Public Works projects, excluding projects funded with Federal funds which must adhere to the standards set forth in the Uniform Guidance (2 CFR 200).

PROCEDURE

Projects under \$45,000. Projects under \$45,000 can be performed by negotiated contract and/or by purchase order.

Projects between \$45,000 and \$175,000. The informal bid process would be as follows:

1. A contractor's bid list would be established.
2. The City prepares a Scope of Work which describes the project that is proposed.
3. Pre-Bid Meeting. When needed, a mandatory pre-bid meeting is held in the field where the project will be built.
4. Bids are opened. If the lowest bid is below \$125,000, the contractor is requested to submit applicable bonds and insurance certificates and to execute the City's standard informal bid construction contract.
5. Execution.
 - **Projects up to \$50,000**, the City Manager executes the contract if the project is within the City's adopted Capital Improvement or Government Buildings budget. If the project exceeds the budget, an agenda item is prepared for the City Council's review and consideration. The City Council can amend the budget and authorize the City Manager to execute the contract, or the City Council may direct staff to revise the Scope of Work and re-bid the project or cancel the project altogether.
 - **Projects over \$50,000** require City Council approval.
6. The project is built. Once the project is complete, payment is made to the contractor at the end of the project.

Purchasing Policies and Procedures



Projects greater than \$175,000 shall be made as follows:

- (a) **Formal Bidding.** Public works contracts require formal, competitive sealed bidding pursuant to state law.
 - (1) **Public Notice.** Public notice of the request for bids shall be published.
 - (2) **Bid Opening.** Sealed bids shall be opened by the city clerk or designee publicly in the presence of at least one witness at the time and place designated in the request for bids.
 - (3) **Bid Acceptance and Bid Evaluation.** Bids shall be unconditionally accepted without alteration or correction. The city retains the right to waive minor irregularities in the bid, but will reject nonresponsive bids in accordance with law.
 - (4) **Tie Bids.** If two or more bids received are for the same total amount or unit price, quality and service being equal, if the public interest will not be served by re-advertising for bids, the city council may accept the one it chooses or accept the lowest bid made by negotiation with the tie bidders.
 - (5) **Rejection of Bids.** In its sole discretion the city may reject any and all bids presented and re-advertise for bids.
 - (6) **Award.** The contract shall be awarded to the lowest responsible and responsive bidder.
 - (7) **Storage of Sealed Bids.** All opened bid materials, after the award, are to be retained for the time prescribed by the records management program.

- (b) **Emergency Exception to Competitive Bidding.** In an emergency, the procedures of Public Contract Code Sections 20168 and 22050, or any successor statute, shall apply. The city manager is authorized to order emergency work pursuant to Public Contract Code Section 22050 and if such action is ordered, the city manager shall report to the council at successive regular meetings stating the justification for continuing with the emergency work. In the absence or inability of the city manager to so act, the director of public works shall be authorized to exercise these powers. (Ord. 1506 § 2, 2015)



PP-19.0 LOCAL PREFERENCE

PURPOSE

The purpose of this policy is to encourage local companies to do business with the City and support the local economy. The policy builds on the City's ongoing effort to improve the City's systems for purchasing goods and services.

POLICY

Bids for goods and services from businesses located in the City of Fountain Valley will be viewed more favorably than non-local competitors while still including factors such as cost and experience. For bids on goods or services, local businesses will have a 5% cost advantage.

When evaluating bids or proposals for the award of all contracts or purchase orders of supplies, materials, equipment or professional services a local business shall be extended a 5% preference. The Buyer shall consider the quality offered and its conformity with the specifications, the delivery and discount terms and conditions, the service reputation of the bidder, and other information and data required to prove the lowest responsible bidder.

The following contracts are exempt from the provisions of this Policy:

1. Contracts funded in whole or in part from donations and gifts to the City to the extent the provisions would conflict with any special conditions attached to the gifts or donations, provided the gift and the special conditions have been approved and accepted pursuant to the donations policy of the City.
2. Contracts resulting from emergency conditions where any delay in completion or performance of the contract would jeopardize public health, safety or welfare of the citizens of the City, or where in the judgment of the City Manager or his/her designee the operational effectiveness or a significant City function would be seriously threatened if the contract were not entered into expeditiously.
3. Contracts with any single or sole source supplier for supplies, material, equipment or other personal property.
4. Contracts funded by the federal government. Local preferences shall not be used in the evaluation of bids or proposals unless State/Federal statutes expressly mandate or encourage geographic preference.



PP-20.0 PROCUREMENT CARD POLICY AND PROCEDURES

PURPOSE

The purpose of the procurement card program is to provide an additional alternative within the existing procurement system to help support and/or expedite low dollar value operating requirements. The Procurement Card may be used as an alternative to small dollar purchase order and/or petty cash procedures.

POLICY

Procurement Cards may be used for the following:

- Small dollar purchases or non-agreement items required to complete in-progress jobs.
- Small dollar emergency items.
- When normal procurement procedures do not meet an immediate need. For example, purchasing materials to complete after hours or "Call-back" jobs.
- As an alternative to small dollar purchase orders or petty cash procedures.
- In all cases, purchases must comply with City of Fountain Valley Purchasing Policies and procedures and FVMC Chapters 2.30 and 2.36.

Procurement Cards **may not** be used for the following:

- Personal Purchases of any kind.
- Cash advances.
- Wire Transfer of funds
- Capital Equipment items.
- Personal or Consulting Services.
- Entertainment.
- Purchasing new or replacement tools that are not intended for the job at hand.
- Stocking or restocking materials, supplies or materials.
- Purchase of any materials, supplies or equipment for inventory or warehousing.
- To make or pay for back orders.
- To make purchases for other than the assigned cardholder.

Purchasing Policies and Procedures



- Splitting purchases to exceed established single transaction dollar threshold amounts.
- Public Works projects
- Items available on City wide contracts
- Items available through Blanket Purchase Orders
- Fines
- Pre-ordering materials, supplies or equipment for jobs not in progress in order to bypass the normal procurement process

Program Administrator

The Purchasing Officer will serve as the overall administrator of the Procurement Card Program. The Program Administrator will monitor and ensure compliance with program policies, and maintain a central listing of program participants.

Department Manager – Responsibility

Each department manager who has subordinate staff using the Procurement Card will be responsible to oversee all aspects of the Procurement Card Program within their respective department. The department manager will be responsible for:

- Approving which staff members will be issued procurement cards.
- Approving applications for procurement cards.
- Approving payment for monthly billing transactions

Card Holder – Responsibilities

Each card holder will be responsible for securing documentation and receipts for all transactions for reconciliation.

The individual cardholders with assigned procurement cards shall be responsible for the security of their credit card at all times.

Authorized cardholders must be aware of the possibility of fraudulent use and shall make every effort to keep the card secure.

Prior to signing the charge receipt, the employee is responsible for making sure that the quantity; full description of item(s); price, and total of any and all items are on the charge slip or an itemized invoice or other receipt from the vendor.

Card holder is responsible for reconciling all card activity monthly and submitting completed reconciliation documentation to Cal Card Program Administrator for review and approval.



Proper Use of the Card

Approved authority to use the card implies the responsibility to ensure proper use of it. All authorized employees will be required to sign an Employee Acknowledgement Agreement, should an authorized cardholder resign, retire or otherwise leave City service, a memorandum to remove the employee as an authorized user should be sent from the Department Manager to the Program Administrator. The card will be collected by the appropriate custodian, and returned to the Program Administrator for disposal.

When Making a Purchase

Before leaving the vendor, the individual cardholder is responsible to verify his/her order is correct and that the amount charged is accurate. The cardholder is responsible for resolving any disputes at the merchant/vendor level prior to leaving the vendor's facility. If merchandise is returned or if there is any adjustment to the charge, a copy of the credit slip indicating the adjustment must be obtained and submitted with the Transaction Log.

If a dispute cannot be resolved at the merchant level, it should be immediately documented in writing. The item in question should be circled on the receipt, and an explanation of the discrepancy shall be annotated on the Transaction Log, and forwarded to the cardholder's supervisor for review.

If the card is rejected at a point of sale, users can make the purchase via another method (e.g., petty cash, store credit when available, etc.). The cardholder should notify his/her supervisor to report the rejection, reason for rejection, and the vendor's name. Reasons for rejection could include the cardholder exceeding their daily, monthly or transaction dollar limit.

Program Dollar Thresholds and Limitations

Maximum Transaction Limitation – the maximum amount per each individual purchase (i.e., order) or transaction is \$3,500. Splitting transactions to exceed the single transaction dollar maximum is prohibited.

Lost or Stolen Procurement Cards

If any card is lost or stolen, it is the responsibility of the employee who is assigned the card to immediately notify the Bank at 1-800-344-5696. This is a 24-hour customer service number. Until the Bank is notified, the City is liable for all purchases made. The cardholder's supervisor and Manager must also be notified, as soon as possible, if a card is lost, stolen or damaged.

Non-Compliance

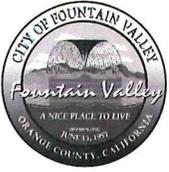
Failure to comply with these procedures will result in card privileges being revoked. Misuse or fraudulent use of the card may result in formal disciplinary action.



**Requisition Form
Exhibit "A"**



**Purchase Order
Exhibit "B"**



CITY OF FOUNTAIN VALLEY

10200 Slater Avenue
Fountain Valley, CA 92708-4736

PURCHASE ORDER

PO Number: 17-0504

Date: 09/22/2016

Request # : 16-13681

Vendor # : 01-260588

ISSUED TO:

COMPUTER SOLUTIONS
4712 E. 2ND ST, UNIT #136
LONG BEACH, CA 90803

SHIP TO:

CITY HALL
10200 SLATER AVENUE
FOUNTAIN VALLEY, CA 92708

ITEM	UNITS	DESCRIPTION	G/L ACCOUNT	PRICE	AMOUNT
1	0.00	MERAKI WIFI & MDM SYSTEM CISCO MERAKI SYSTEM INSTALL ==QUOTE 23936	71 -4.59957.3.4631	0.00	4,365.48
				SUB TOTAL	4,365.48
				TOTAL TAX	0.00
				TOTAL	4,365.48

APPROVED BY: _____

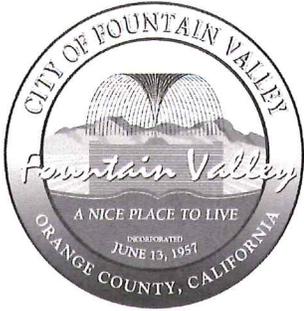
DATE: _____

- Original invoice plus one copy must be sent to City of Fountain Valley, Accounts Payable Dept, 10200 Slater Ave, Fountain Valley, CA 92708-4736.
- Payment may be expected within 30 days of receipt of goods, unless otherwise stated.
- C.O.D. shipment will not be accepted.
- Purchase Order numbers must appear on all shipping containers, packing slips and invoices. Failure to comply with the above request may delay payment.
- All goods are to be shipped F.O.B. Destination unless otherwise stated.
- All materials and services are subject to approval based on the description on the face of the purchase order or appendages thereof. Substitutions are not permitted without approval of the Requesting Department. Material not approved will be returned at no cost to the City.
- All goods and equipment must meet or exceed all necessary city, state and federal standards and regulations.
- Vendor or manufacturer bears risk of loss or damage until property received and/or installed.
- Seller acknowledges that buyer is an equal opportunity employer. Seller will comply with all equal opportunity laws and regulations that are applicable to it as a supplier of the buyer.

Finance Dept. (714) 593-4413 Fax (714) 593-4505



**Fixed Asset Disposal Form
Exhibit "C"**



CITY OF FOUNTAIN VALLEY

Fixed Asset Disposal Form

Bar Code ID #: _____

- Category:
- 41.1411 - Land & Land Rights
 - 41.1414 - Machinery & Equipment
 - 41.1415 - Furniture & Fixtures
 - 41.1421 - Public Buildings

Item Description: _____

Location: _____

Serial/VIN # (if applicable): _____

Original Purchase Date & Amount: ____/____/____ \$ _____

Disposal Date: ____/____/____

Method of Disposal: _____

Salvage Value: \$ _____



**Check Request
Exhibit "D"**

City of Fountain Valley Request for Check

Date:	Vendor No:
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Make Check Payable To:
Address:

Description	Account Number	Amount
<input type="checkbox"/> Mail <input type="checkbox"/> Will Call Deliver to:	TOTAL	
Prepared by:	Approved by:	

ATTACH SUPPORTING DOCUMENTATION



**Petty Cash Form
Exhibit "E"**

RECEIVED OF PETTY CASH

DATE: _____

DESCRIPTION OF ITEMS/SERVICE PURCHASED	AMOUNT	
ACCT.#	TOTAL	

APPROVED BY

RECEIVED BY