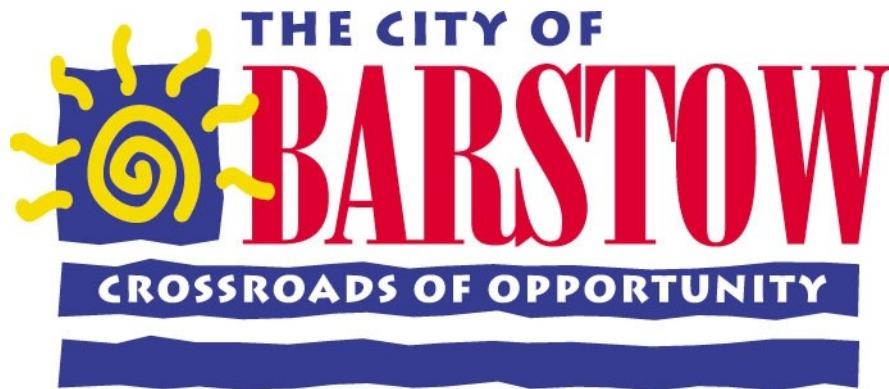


**PURCHASING  
and  
CONTRACT GUIDELINES**



**DECEMBER 2009**

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## **I. INTRODUCTION TO PURCHASING AND CONTRACT GUIDELINES**

The Purchasing and Contract Guidelines (“Guidelines”) represent a formalization of the City of Barstow’s (“City”) procedures as they relate to contracting with vendors for the provision of goods and services to the City and its residents. It has been developed not only to document the procedures, but to also provide a tool for training staff, increasing standardization, clarifying responsibilities and promoting consistent application of management procedures.

In developing these Guidelines, consideration has been given to balance the need for consistency within and among the various departments, provide management with reasonable assurances that the City is well served by each vendor, that contracts are implemented in accordance with management’s expectations and that the provisions of the contract are complied with by the vendor.

Both the term “contract” and the term “agreement” are used throughout this document. It is intended that both terms have the same meaning.

These Guidelines are distributed to all departments. As with all procurement guidelines, these Guidelines are a living document; that is, from time to time, changes will be made to improve its clarity, understanding, scope and usability. All changes to these Guidelines are subject to the written approval of the City Council.

The Finance Director is the City’s purchasing agent charged with the responsibility for overseeing the City’s purchasing system. Authority for establishing these policies and procedures is found in Chapter 2.40 of the Barstow Municipal Code which sets forth, in both general and specific terms, the policies and procedures of the City regarding purchasing. Those policies and procedures are incorporated into these Guidelines by this reference and provide the authority and basis on which it has been prepared. If any conflict arises between these Guidelines and Barstow Municipal Chapter 2.40, the conflict shall be resolved in favor of Chapter 2.40.

## **II. GOODS AND NON-PROFESSIONAL SERVICES - NO CONTRACT REQUIRED**

### **A. An Overview of the Purchasing Process**

1. The purchasing process is decentralized; the person requesting (“Initiator”) the merchandise (other than office supplies and general printing) or service seeks out potential vendors, obtains the proposals and interacts with the vendor.

2. A Purchase Requisition is not required for purchases of \$1,000 or less. A Purchase Requisition is prepared if the item exceeds \$1,000 and/or if the vendor requires a Purchase Order. Purchasing requirements and approval levels are documented in these Guidelines. The Initiator in conjunction with the Finance Director is responsible for assuring that adequate budgeted funds are available.
3. A Purchase Requisition which exceeds \$1,000 is routed for approval through the appropriate levels. Once approved, it is sent to the Finance Department for further action as described below.
4. After review of a properly completed Purchase Requisition by the Finance Director, a Purchase Order will be prepared by Finance when required. This process causes the funds to be encumbered.
5. The Purchase Order is sent to the Initiator who transmits the original to the vendor and retains the departmental and receiving copies.
6. The merchandise or service is received; the invoice is received, checked and approved by the Initiator.
7. The invoice is approved, noting the Purchase Order number, if applicable, and it, along with the supporting documents are sent to the Finance Department for payment.
8. The check is prepared, signed and sent to the vendor. The encumbrance is liquidated if a Purchase Order is issued.

B. Purchase Requisitions/Purchase Orders

1. The Purchase Requisition is designed to document vendor and ordering information, approvals and budget compliance. Purchase requisitions are submitted through the EDEN financial system to the Finance Department for the supplies, materials, equipment and contractual services as required for operations and for the purposes and within the limits of funds appropriated.
2. A complete and accurate Purchase Requisition contains all of the information necessary to allow a Purchase Order to be generated.
3. A Purchase Requisition is required when purchasing goods or services for capital improvement projects or capital outlay which exceed \$1,000 and whenever a vendor requires a Purchase Order to be issued.



4. The Purchase Requisition requires these approvals:
  - a. If the amount is more than \$2,500 but is equal to or less than \$50,000, approval of the City Manager or his designee is required.
  - b. If the amount is \$50,000 or more, approval of the City Council is required. The date of the City Council meeting, where approval was granted, must be noted on the Purchase Requisition.
  - c. If the purchase is for computers (hardware or software), or related items, approval of the City Manager and the Information Technology Manager or his/her designee is required.
5. If the Purchase Requisition is for a first-time vendor, a completed "Request for Taxpayer Identification Number and Certification" (IRS form W-9) must accompany the Purchase Requisition. It is generally preferable to send the W-9 to the attention of the Finance Department for processing such requests. Checks will not be mailed to a new vendor until the form is completed and received by the Finance Department.
6. Grant expenditures may be subject to different and stricter rules. Grant documents are to be reviewed by the Senior Accountant and the appropriate department director for such rules prior to preparing a Purchase Requisition.

C. Internal Review

Finance Department Review: The Finance Director is responsible for administering the financial policies and procedures of the City and provides a supportive role in assuring budget accountability. In addition, the Finance Director performs a "reasonableness review" which includes the following:

1. Review of the Purchase Requisition for completeness.
2. Determination that proposals or bids have been obtained, if required.
3. Determination that the appropriate approvals are included.

4. Determination that the account number charged is appropriate for the item being acquired.
5. Review for availability of funds or determination that the Request for Budget Transfer has been completed.
6. Approval of the Purchase Requisition, if applicable (provided Items #1 through #5 are correct), that causes the Purchase Order to be printed when required, which results in the encumbrance to be recorded in the General Ledger.

If the Purchase Requisition has missing, or what appears to be incorrect information, Finance personnel will use their judgment in handling the situation.

Department Director Review: Budget accountability rests primarily with the operating departments of the City. In accomplishing the programs and objectives for which the budget was authorized, department directors are responsible for ensuring that their respective budgets stay within the prescribed funding levels.

D. Receipt of Merchandise or Service

1. The initiating department is responsible for receiving incoming goods or services, inspecting them as to quality and condition, and confirming the quantities received by counting, measuring or weighing.
2. Documentation noting receipt and inspection of the merchandise should accompany the invoice when it is sent to the Finance Department for payment.
3. If there is a partial delivery, its receipt should be documented and a copy of the documentation should be attached to the invoice for payment.
4. If merchandise is not acceptable, the Initiator will arrange for replacement or return for credit of the defective items. The Finance Department should also be notified.
5. Many vendors will not give credit for returned merchandise unless a return authorization is obtained prior to returning the items. The vendor should be contacted for their specific requirements to expedite the return and credit or replacement.



6. If the Purchase Order has been issued for services, the Initiator will approve the invoice for payment denoting that the services were provided in a satisfactory manner.

**III. CONTRACTS FOR NON-PROFESSIONAL SERVICES, EQUIPMENT AND SUPPLIES: PURCHASING REQUIREMENTS, EXCEPTIONS AND PROCEDURES**

Non-professional services, equipment and supply purchases have the same purchasing requirements and levels of approval. Non-professional services include those activities which do not require a high degree of professional certification such as maintenance services or other services which do not require a specialized expertise or unique skills. Non-professional services include all construction contracts with a value of \$5,000 or less. When purchasing non-professional services, equipment and supplies, the contract is awarded to the lowest responsive and responsible vendor, subject to the exceptions in III-B below. When purchasing computer equipment (hardware and software), it is required that the Information Technology Manager or his/her designee be contacted for assistance and approval.

A. Purchasing Requirements for Non-Professional Services, Equipment, and Supplies (to be documented on the Purchase Information Sheet)

Under \$15,000:	No proposal information required (“open market”).
\$15,000 - \$49,999:	Informal bid process pursuant to Barstow Municipal Code section 2.40.130: three (3) telephone or written proposals. The required proposals will be kept on file with the City Clerk.
\$50,000 or more:	Formal bid process pursuant to Barstow Municipal Code section 2.40.140 (see Section III-D below)

Construction Contracts:

\$5,000 or less	Informal bid process per Section 2.40.130 of the Barstow Municipal Code
\$5,001 or more	This contract is a “public works contract” pursuant to Public Contract Code section 20162 and subject to the Formal bid process per Section 2.40.140 of the Barstow Municipal Code (see Section III-D below).



B. Exceptions

You do not need to obtain proposals or bids for non-professional services, equipment and supplies if one or more of the following conditions is (are) met:

1. Open market purchases of services, equipment or supplies where the price is less than \$15,000.
2. The equipment or supplies is unique because of its quality, durability, proprietary nature (such as software licenses), availability or fitness for a particular use or where a warranty, guaranty or other assurance would be voided. However, if the price is \$50,000 or more, the City Council must approve the purchase.
3. The services, equipment or supplies is one-of-a-kind or available from only one source (“sole source”) and a sole source justification form is completed and approved by both Department Head and Purchasing Agent. However, if the price is \$50,000 or more, the City Council must approve the purchase.
4. The City Manager determines that emergency circumstances require the immediate purchase of the services, equipment or supplies pursuant to the Barstow Municipal Code section 2.40.110(A).
5. An open purchase order where the services, equipment or supplies is provided by an independent contractor who has a contract with the City to provide labor and materials for projects other than a public works project (i.e., office supply contract which is in place for one year and purchases of supplies are made periodically based on the contract) pursuant to Barstow Municipal Code section 2.40.110(J).
6. Work performed by the City with its own employees is exempt pursuant to Barstow Municipal Code section 2.40.110(F).

C. The Informal Purchasing Process (Purchases from \$15,000 to \$49,999)

1. Responsibilities



The responsibilities for completion of the informal purchasing process pursuant to Barstow Municipal Code section 2.40.130 are shared by the Finance Director and the Initiator.

*Initiator:*

- a. In conjunction with the Finance Director, determines that sufficient funds are available for the proposed purchase prior to initiating the informal purchasing process.
- b. Solicit at least 3 proposals by telephone or written request from prospective vendors.
- c. Receive the proposals and prepare a proposal summary.
- d. Obtain authorization from the City Manager.
- e. Upon approval, award to the lowest responsive and responsible vendor, consistent with quality and delivery requirements.
- f. Notify Finance Director to prepare contract.
- g. Submit the record of orders and proposals to the City Clerk who shall keep a record for six months.

*City Clerk:*

- a. Maintain the record of orders and proposals for a period of six months after placement of the order. This record, while so kept, shall be open to public inspection.
- b. Sends a copy of the contract and certificate of insurance to the Initiator and Finance Department, sends an original to the vendor and retains one original contract in file.

D. The Formal Purchasing Process (Purchases of \$50,000 or more)

1. Responsibilities

The responsibilities for completion of the formal purchasing process pursuant to Barstow Municipal Code section 2.40.140 are shared by the Finance Director and the Initiator. These responsibilities apply to public works projects (bids) as well as non-professional services (proposals).



*Initiator:*

- a. In conjunction with the Finance Director, determines that sufficient funds are available for the proposed purchase prior to initiating the formal proposal or bid process.
- b. Prepares a notice inviting sealed proposals or bids. The form contract for the proposal or bid package is prepared by the Finance Director.
- c. Within the time period set forth in Barstow Municipal Code section 2.40.140(A)(1), publish at least once the notice of bid in the Desert Dispatch or other Barstow newspaper with the widest circulation.
- d. If no bids are received the city clerk shall publish the notice of bid within the time period set forth in Barstow Municipal Code section 2.40.140(A)(1) in a trade or other publication likely to be received by prospective bidders.
- e. Reviews qualifications and references of the lowest responsible, responsive bidder(s).
- f. After opening of sealed proposals or bids by the City Clerk, negotiates contract with vendor selected as the lowest responsible, responsive bidder. Sends request for contract to Finance Director who coordinates City Attorney approval of the contract.
- g. Prepares the agenda report for presentation to City Council, which includes the proposed contract, and places contract on City Council agenda for approval.
- h. Obtains certificate of insurance from the vendor. If required, also obtains payment/performance bonds from the vendor and verifies that the surety is admitted in California. Also verifies contractor's current license in California where required under the contract. Sends these documents to the City Clerk and three original contracts signed by the vendor, to the Finance Director. The Finance Director coordinates execution of the contract with the City Clerk.
- i. After the City Clerk has completed execution of the contract, prepares and processes the Purchase Requisition if the vendor requires a Purchase Order.



- j. Deals with the vendor on a day-to-day basis for completion of the contract and processing of payments.

*City Clerk:*

- a. Assists as described above in the publication process before the scheduled proposal or bid opening date.
- b. Opens the proposals or bids at the time and place stated in the public notice.
- c. Prepares a tabulation of all proposals or bids and makes the tabulation available for public inspection during regular business hours for at least thirty (30) calendar days after the proposal or bid opening.
- d. Notifies vendors whose proposals or bids were not accepted and returns bid bonds.
- e. Maintains copies of the losing proposals or bids in accordance with the City's records retention schedule.
- f. Obtains the City Manager's or Mayor's signature on the contract with an attest by the City Clerk and approval as to form by the City Attorney. (See Section IV-E below.)
- g. Sends a copy of the contract and certificate of insurance to the Initiator and Finance Department, sends an original to the vendor and retains one original contract in file.

*Finance Director:*

- a. Monitors certificates of insurance and follows up on expirations of coverage.
  - b. Monitors contract expirations and follows up with Initiator as appropriate.
  - c. Coordinates City Attorney approval of contracts.
2. Notice Inviting Sealed Proposals or Bids

The notice should include the following:

- a. General description of the non-professional services or item to be purchased.
- b. Statement indicating where proposal or bid forms and specifications can be obtained.
- c. Statement specifying the date, time and place for the opening of proposals or bids. All proposal or bid openings are to be at 4:00 p.m. at City Council Chambers.
- d. Statement describing the bid security required, if any.  
(Example: A bid bond equal to 10% of the amount of the bid.)
- e. Statement describing payment/performance bond requirements if the vendor is selected.



E. Selecting a Vendor and Review of Proposals or Bids

The City's policy is to obtain non-professional services, equipment and supplies from the lowest responsible, responsive bidder. Criteria for determining the lowest responsible, responsive bidder shall include, but not be limited to, the following:

1. Cost to City.
2. Ability, capacity and skill.
3. Ability to meet time requirements.
4. Character, integrity and reputation.
5. Previous experience with the vendor.
6. Responsiveness of the bid.
7. Sufficiency of financial resources needed to perform. (Note security and bid bond requirements when formal bids are received.)
8. Ability to provide future maintenance and service, if necessary.

F. Contract Award

Contracts shall be awarded in the manner described in these Guidelines and Chapter 2.40 of the Barstow Municipal Code as follows:

1. Non-Professional Services, Equipment, Supplies and Non-Public Works Projects:

award;	\$2,500 or less	Department Head may No proposal information required.
	\$2,501 to \$14,999	City Manager or designee may award; No proposal information required.
	\$15,000 to \$49,999	City Manager may award; Informal purchasing procedures apply.
	\$50,000 or more	City Council approval; Formal purchasing procedures apply.



2. Public Works Projects:

\$5,000 or less	City Manager and City Engineer may award; Informal bid process applies.
\$5,001 or more	City Council approval; Formal bid process applies.

G. Change Orders

- a. A contract for non-professional services, equipment, supplies or construction contracts of \$5,000 or less awarded pursuant to Chapter 2.40 of the Municipal Code, may be amended by the issuance of a change order or written contract amendment, provided the change which is the subject of amendment is reasonably related to the scope of the original contract. Any change order or amendment with a total cost in the amount of \$49,999 or less may be approved by the City Manager, provided the aggregate amount of all changes to a particular contract, including the change order under consideration, does not exceed 10% of the original contract cost. Any change order or amendment in the amount of \$50,000 or more or any change order which, when considered with the aggregate amount of all other changes to a contract, exceeds 10% of the original contract cost, shall be approved by the City Council.
  
- b. A contract for a public works project awarded pursuant to Chapter 2.40 of the Municipal Code may be amended by the issuance of a change order, provided the change which is the subject of amendment is reasonably related to the scope of the original contract. The requesting department will maintain control relative to the scoping, estimating, and negotiation of the proposed change(s) and the Finance Director will certify the availability of funds for the proposed change in the event that the change order increases the contract cost. Any change order with a total cost that does not exceed 10% of the original contract amount may be approved by the City Manager, provided the aggregate amount of all changes to a particular contract, including the change order under consideration, does not exceed 10% of the original contract cost. Any change order which, when considered with the aggregate amount of all other changes to a contract, exceeds 10% of the original contract cost, shall be approved by the City Council.



#### **IV. PROFESSIONAL SERVICES: RFP/RFQ REQUIREMENTS, EXCEPTIONS AND PROCEDURES**

##### **A. Introduction to Requirements for Professional Services**

Professional services are those activities to be performed by specially-trained persons or firms who provide services in connection with financial, economic, accounting, engineering, administrative or other matters involving specialized expertise or unique skills. The price, however, should be reasonable. A Request for Proposal ("RFP") or Request for Qualifications ("RFQ") is required if the service is \$2,500 or more. A sample of an RFP and RFQ is on file with the City Clerk's Office. All consultants must execute the City's standardized agreement unless approved otherwise by the City Attorney. Any professional service agreement submitted to the City Council for approval must provide sufficient background analysis to support the recommendation. In the event of a vacancy of a City employee position previously approved by the City Council, the City Manager shall have the authority to award any and all contracts for the same or substantially similar services to independent contractors or consultants. Each agreement needs to be properly executed and held on file with the City Clerk.

##### **B. Phase I – Development and Approval**

This section covers the actions from determination of need for service to recommendation of the best qualified vendor.

###### **1. Method of Service Delivery**

The very first step in the process is to determine if the service should be provided by the City. Factors to consider for a mandated program are: if the service can be provided by another entity, if it is a budgeted service and if City management and the City Council authorized the provision of the service, etc.

The next step is to determine whether the service should be provided by a vendor through a contract or by City employees. This method has been proven to provide greater flexibility to the City when increasing or decreasing the service level, changing the service delivery method, changing the service provider, etc. However, for each new proposed service or significant expansion of existing service, one needs to determine the most cost effective method (contract or employee) to deliver the service.

2. Scope of Work

The scope of work outlines the tasks and duties to be performed by the vendor. It is also one of the key elements by which the performance of the vendor will be measured. The scope of work is similar to the job description for an employee.

After the scope of work has been drafted by the department that will supervise and evaluate the service, the department should then review the scope from two different viewpoints. First, the vendor should understand what needs to be done and how to tell if the job has been done well. Secondly, the scope should be sufficiently detailed so the vendor can do the work without needing to ask a lot of questions and described in such a way that staff can evaluate the vendor's performance. Extra time spent in developing the scope of work will result in improved analysis of RFP/RFQ responses, contract administration and performance evaluation.

3. Prequalification

Depending on the department in question and prior to issuing an RFP, a department may conduct a prequalification of professionals for anticipated services. Prequalification of professionals can streamline the process of evaluating and selecting professionals during a future RFP process by categorizing prequalified professional services and professional service firms. After prequalification of professionals pursuant to this process, notices for a subsequent RFP process in a particular category of services are sent only to the list of prequalified consultants. The qualification of prequalified consultants in areas relating to a specific project are rated later in connection with the RFP for that particular project. The prequalification process should include a review of the statement of qualifications, interviews, if necessary, and reference checks.

A standard form RFQ has been developed for use in developing a list of prequalified professionals and can be obtained from the City Clerk. The RFQ contains a few sections that need to be completed; such as the deadline for submitting responses and a few areas of optional wording. These need to be completed before the RFQ is considered to be complete. In addition, the City's standard form Agreement is part of the standard form RFQ. The Agreement also contains some optional wording and blanks to be filled in relating



to the required services. These will be completed by the Finance Director before the RFQ is issued.

4. Request for Proposal

A standard form RFP has been developed for use in selection of a vendor . This RFP contains a few sections that need to be completed; such as, scope of work, the deadline for submitting responses, and a few areas of optional wording. These need to be completed before the RFP is considered to be complete. In addition, the City's standard form Agreement is part of the standard form RFP.

After the scope of work has been completed, it is inserted into the City's standard form RFP. The draft RFP shall be reviewed and approved by the City's Finance Director and the standard form Agreement will be attached to the RFP by the Finance Director. Additionally, when the service is expected to cost \$50,000 or more, the department supervising and evaluating the proposed service prepares a report to the City Council. The agenda report is to include the entire RFP as an attachment.

The standard form RFP has been written for flexibility and it fits almost all services. There may be a few instances where it does not quite fit. In that case, a modified RFP can be developed. However, this must be approved by the Finance Director and City Attorney prior to the development of the RFP and at completion of the RFP. The entire modified RFP would be attached to the report to the City Council.

If the department is issuing an RFP to a list of prequalified vendors (from the RFQ process), the department should include in the agenda report to City Council the results of that prequalification and the list of prequalified consultants. The RFP will require information relating to professional service provider's qualifications as they relate to the particular project, in addition to the prequalification information. If no prequalification has occurred, the RFP will require general and project-specific qualifications.

5. Requesting Authorization from City Council to Issue RFP

When the service is expected to cost \$50,000 or more, the City Council must authorize the issuance of an RFP. This report should include a description of the service; scope of service; justification, especially for a new service; budget amount, if any; estimated cost of the service; key dates in the RFP and the proposed term of the



contract. Additionally, if the standard form RFP is not used, the changes to it need to be stated along with the proposed RFP attached to the agenda report.

C. Phase II - Selection of Vendor

1. Solicit Proposals From Qualified Vendors

The RFP is to be distributed to vendors after approval. There are a variety of methods to use in developing a list of vendors to receive the RFP.

In some instances, a department may decide to establish a list of prequalified vendors. In those instances, an RFP is distributed to prequalified vendors at the time the service is required.

In all other cases, notice of the RFP shall be disseminated by the broadest means possible. For example, notices should be mailed to previous vendors used by the City (provided their performance meets the requirements of the City), firms shown in listings or ads in professional journals/magazines, listings or ads in *Western Cities Magazine*, those who have sent a letter to the City or otherwise contacted the City. (Note: The Finance Department keeps a vendor list as an additional source.) A copy of the RFP is then mailed to each prospective vendor. A list of those who were sent the RFP should be maintained. This not only documents those who were sent the RFP, but also those who need to be contacted if there are clarifications and/or changes to the RFP.

Staff should be aware that the standard form RFP requires the responders to state any requested exceptions or changes to the RFP and the City's standard form Agreement. Exceptions or changes not identified in the response to the RFP will not be considered by the City.

2. Review Proposals and Select Best Vendor

Promptly after the deadline for submitting proposals, either the City Clerk or a designated representative opens them. They are generally submitted in two parts; the main or technical proposal and the cost proposal. If a cost proposal is submitted in a separate envelope, this envelope remains sealed until the qualitative review is completed.

The City Clerk retains one copy of the proposal from each vendor. The department that will supervise and evaluate the service takes



all other copies and begins the evaluation process. This process includes the following:

a. General Review

A Selection Committee will be formed by the Finance Director, or his or her designee, to determine if the vendor submitted all required items, completed their response in the format specified in the RFP, and exceptions or changes to the RFP and/or Agreement, if any, noted by the vendor. If the vendor did not submit all required items or respond in the specified format, the vendor can be eliminated from further consideration. Additionally, based on the exceptions or changes to the RFP and/or Agreement taken, the vendor may also be eliminated from further consideration.

b. Qualitative Evaluation

A detailed analysis of each vendor's qualifications and proposal is conducted by the approved multi-department Selection Committee (at least three). One of the panelists must be from the department issuing the RFP. Each person selected to perform the review is to thoroughly read the proposals and score each firm considered for qualitative review pursuant to the Project Proposal Evaluation Criteria in the approved RFP, which includes:

- i. Mandatory elements (licenses, absence of conflicts of interest, letter of transmittal and conformance to RFP instructions);
- ii. Expertise and Experience (expertise, experience and past performance on comparable engagements, quality of personnel and support, references, understanding of work to be done and firm's statement regarding qualifications);
- iii. Allocation of Resources (appropriateness of qualifications and proposed level of services to the requirements of the City, distinguishing features, skills and/or services); and
- iv. Scope of Work (responses to all items and additional information, prioritization of tasks in the scope of services, appreciation of the difficulty and



complexity of tasks in the scope, and “fit” between firm’s qualification and City’s needs).

The department director appoints one person on the Selection Committee as the coordinator. It is the responsibility of the coordinator to call references, including those listed as clients lost, and to combine the scoring of each member of the Selection Committee performing the review. The coordinator will then average the scores of each vendor, based on the scoring provided by each member of the Selection Committee. The potential vendors and their respective average score will be ranked.

c. Oral Presentations/Interview

The Selection Committee will request all firms with a minimum score of 70 points to make oral presentations. Such presentations will provide firms with an opportunity to answer any questions the Selection Committee may have on the firm's Project Proposal.

d. Review of Cost Proposal

The cost proposal is opened for each vendor who has received a score of at least 70 points after the qualitative review and the oral presentation. The cost proposal of the top ranked vendor is evaluated to determine if it is reasonable. The primary tests of reasonableness are comparison of the cost proposal to the City’s estimated project cost and the City’s project budget. Additional factors include prior experience, comparative project costs in neighboring or other relevant communities, professional judgment and comparison to the costs submitted by qualified vendors for the proposed project.

Prior to submitting an agenda report to City Council, the department shall also negotiate contract terms with the selected vendor and include such terms in the draft Agreement submitted to City Council.



e. Contract Award.

Contracts shall be awarded as follows:

\$2,500 or less	Department Head may award.
\$2,501 to \$49,999	City Manager or designee may award.
\$50,000 or above	City Council approval required.

f. Contract Execution by Selected Vendor

The standard form Agreement, which is an exhibit to the RFP, is completed by the Finance Director, based on the contents of the selected vendor's proposal and it is approved by the City Attorney. The Agreement (three originals) is then submitted to the vendor for signature. Agreements requiring City Council approval must be executed by the vendor prior to submission of the agenda report.

3. Report to the City Council

Once the vendor has been selected, all services of \$50,000 or more require City Council approval before contract execution by the City. This is accomplished by the responsible department preparing an agenda report in accordance with the Standardized Agenda Format. This agenda report should include a description of the service, the cost of the service and the City's budget amount, a description of the process used in selecting the vendor, results of the reference checks, ranking of the vendors, the cost proposal for each qualified vendor, the total number of RFPs mailed, and the total number of vendors submitting proposals. The agenda report should allow the City Council to determine why the recommended vendor was selected. The agenda report also needs to include a statement that the City's standard form Agreement was used or, if not, a discussion of the changes to it. Any changes to the standard form Agreement must be submitted in red-line form to the City Attorney for review and approval *prior* to scheduling the item for City Council consideration.



The City Council retains the authority (1) to approve or reject the staff recommendation, (2) to reject all proposals, (3) to instruct staff to re-negotiate all or any portion of the proposed contract, (4) to seek supplemental information from any or all participating firms, or (5) to instruct staff to re-evaluate any staff determination made in the RFP process based on criteria contained in these Guidelines as articulated by the City Council.

4. Contract Execution

After approval by City Council, three copies of the Agreement are signed by either the City Manager or the Mayor. The three originals are provided to the City Clerk. The City Clerk sends one original to the vendor and one to the department administering the contract and a copy to the Finance Department.

a. Vendor Signature Requirements

Corporation:

Two signatures required, one from each category as follows:

- (1) Chairman of the Board, President or Vice President;  
and
- (2) Secretary, Assistant Secretary, Chief Financial Officer or Assistant Treasurer.

Limited Liability Company:

Two signatures required, one from each category as follows:

- (1) Chairman of the Board, President or Vice President;  
and
- (2) Secretary, Assistant Secretary, Chief Financial Officer or Assistant Treasurer.

Partnership:

One signature from any partner of the Partnership.

Limited Partnership:

One signature from one of the General Partners of the Limited Partnership.

Sole Proprietorship:

From the individual doing business under a fictitious name.



5. Contract Addendum

Any written amendment to the contract Scope of Work with a total cost in the amount of \$50,000 or less may be approved by the City Manager, provided that the aggregate amount of all amendments to a particular contract, including the amendment under consideration, does not exceed 10% of the original contract cost. Any written amendment in an amount of \$50,000 or more, or any amendment which, when considered with the aggregate amount of all other amendments to a contract, exceeds 10% of the original contract cost, shall be approved by the City Council.

A written amendment to the contract scope of work may be allowed if the addendum or amendment is related to the current scope of work. If the work is for an unrelated project, contract procurement procedures should be followed.

D. Phase III - Contract Operation

1. Internal Approvals

Prior to the vendor beginning the work, the City must verify that the required elements of the Agreement are in place. The elements would include insurance and any other requirements that are in the Agreement. Once all contract requirements are resolved, the department issues the vendor a notice to proceed. In instances where a purchase order is required, a purchase requisition is to be prepared by the department administering the contract and submitted to the Finance Department.

2. Administration of Contract

Administration of the contract is vital to the City. Elements of administration include:

- a. Annual Performance Review: As with employees, each vendor should receive an annual performance review. In those instances where the vendor is providing a service which will be completed in one year or less, a performance review should be performed at the completion of the project/contract. The Vendor Performance Review is completed by the department director and submitted to the City Manager.
- b. Insurance Requirements: The City Clerk maintains a system which verifies that the appropriate insurance



coverage is secured by the vendor and maintained throughout the term of the contract. Prior to expiration of the insurance, the vendor is notified of the pending expiration. If appropriate documentation has not been received prior to expiration, the City Clerk or Finance Director notifies the vendor. In the event the vendor fails to provide updated insurance policy information and the required insurance expiration has exceeded thirty (30) days, checks to the vendor may be withheld until appropriate insurance documentation is in place.

E. Phase IV - Contract Completion/Extension

At least two (2) months prior to the contract termination date, the department administering the contract shall prepare an agenda report to the City Council regarding the contract and related service. The agenda report requests authorization to issue the City's standard RFP including the scope of services and key dates to be included in the RFP. If the department recommends continuing with the same vendor beyond the contract termination date, the agenda report must contain the reasons/justification for continuing with the vendor.

The six-month notification requirement is waived for all maintenance contracts with a duration of one year or less, for which the department recommends to continue with the same vendor beyond the contract termination date. Council approval is required for a one-year contract extension with a maximum of two one-year extensions.

The initial term for software agreements is up to five (5) years. Two-month Council notification is required when the initial term will expire and the software agreement will continue on an automatic extension basis from year to year. Council approval is required for all amendments to software agreements when the aggregate cost is \$50,000 or more.

As noted in Phase III, a performance review is to be completed at the end of the contract.

## V. SPECIAL PURCHASING TRANSACTIONS

### A. Office Supplies

1. The cost of standard office supplies is allocated by the Finance Department to the various departments.
2. Office supplies are ordered by submitting an order form (including the account number) to the Finance Department Senior Account Clerk. All orders must be approved by the requesting department director.

There may be times when a department finds the need to obtain an item before the next delivery. In that case, there are credit cards available for use in the Finance Department. The receipt is to be signed by the department director and it is to be returned with the credit card to the Finance Department Senior Account Clerk so that the invoice can be matched and the initiating department charged.

### B. Business Cards

Business cards are ordered by written request of the department director with a sample of how the cards are to read. Requests are to given to a local Barstow vendor whenever possible. Delivery times can vary.

### C. Petty Cash Reimbursement

The Petty Cash fund is used to reimburse purchases which were originally paid out-of-pocket by a City official or employee. Reimbursements will either be paid in cash or check, depending on the amount. If the amount is \$100.00 or less, the reimbursement will be paid in cash. Amounts larger than \$100.00 will be paid by check. The petty cash fund is maintained by the Finance Senior Account Clerk, and refunds are processed through the Clerk/Cashier/Receptionists.

1. Petty Cash Procedures (\$100.00 or less)

Receipts should be initialed by the department director and coded with appropriate account numbers. Receipts are submitted to the Finance Department Senior Account Clerk for review who will then forward it for appropriate approvals and finally to for reimbursement from the petty cash box.



2. Petty Cash Procedures (over \$100.00)

Completion of a Check Request is required, including the account number to be charged, description, date requested and amount. Supporting documentation should be attached to the check request and department director approval is required. The documents are submitted to the Senior Accountant for approval. The Check Request and supporting documentation are given to the Finance Department Senior Account Clerk for processing.

D. Capital Improvement Projects

When a capital improvement project with an engineer's estimate of cost has been approved by City Council action and the plans and specifications have been completed, City staff is authorized to solicit bids in accordance with the City's purchasing ordinance, purchasing guidelines and the California Public Contracts Code without a subsequent City Council authorization to solicit bids. The exception to this policy is when any updated engineer's estimate exceeds the original estimate of costs or the proposed capital improvement project was not previously approved by the City Council. In these cases, City Council authorization to solicit bids is required. As used in this subsection, "capital improvement project" means a project which provides for the construction, repair, or improvement of public buildings (including fixed equipment within public buildings), public infrastructure (including streets, roads, sidewalks, curbs, and gutters) or other public facilities under the ownership and control of the City of Barstow.

E. Emergency Purchases.

Emergency purchases shall be made in accordance with Barstow Municipal Code Section 2.40.110(A). An emergency, as defined in this section of the Barstow Municipal Code, exists when a department has an immediate need for supplies, equipment, or services, and that without immediate procurement, the need would have a serious effect on public safety, welfare, or city operations. The city manager or a city employee or department head with the city manager's approval, has the authority to approve emergency purchases of supplies, equipment, or services, including public works projects so long as consistent with state law, in a manner and amount set by the city's purchasing and contract guidelines.



F. Purchasing System Overview

An overview of the City's purchasing system is provided in a flowchart attached to these Guidelines for easy reference.

**VI. LOCAL VENDOR PREFERENCE**

Pursuant to Barstow Municipal Code section 2.40.180, it is the City's policy to encourage the purchase of supplies, services and equipment from vendors located within the boundaries of the City. Local vendors are individuals, businesses, partnerships or corporations who which maintain a place(s) of business located within the limits of the City of Barstow, which have a current City of Barstow business license and which must report to the State sales tax returns for goods purchased at its business within the geographic boundaries of the City. Qualified local vendors bidding on the purchase of services, supplies and equipment, and meeting the above criteria will receive a 5% preference. The City will also encourage local vendors by seeking to develop local vendor outreach and education programs and involving local vendors to the maximum extent possible. The local vendor preference shall not apply to those contracts where State or Federal law, or other laws or regulations precludes such a preference.

Bid documents on public works projects will include language mandating that bidders will be required to circulate the opportunity to subcontract for components of the project to local businesses and demonstrate that they have made a reasonable effort to inform local businesses of the opportunity.

**VII. CREDIT CARD PURCHASES**

The City uses a variety of methods for the purchase of goods and services and recognizes that in certain circumstances the issuance of a City credit card will allow for efficient, cost effective and secure purchasing within the guidelines of the program.

For specific details on processes, acceptable use, necessary forms and all other details of the program see the City's Credit Card Policy. City credit cards are under no circumstance to be used for personal purchases, even if the purchase is reimbursed.



**VIII. PURCHASING DEFINITIONS:**

**ARCHITECTURAL AND ENGINEERING SERVICES:** Professional services within the scope of the practice of architecture and professional engineering, as defined by the jurisdiction, usually involving research, design, development, construction, alteration or repair of real property. Includes those professional services of an architectural, landscape architectural, engineering, environmental, geotechnical or land surveying nature as well as incidental services that members of these professions and those in their employ may logically or justifiably perform.

**BID SPLITTING:** It is unlawful to split or separate procurement into smaller work orders or projects for any public work project for the purpose of evading the provisions of Article 4, Division 2, Section 20163 of the Public Contract Code, requiring public work to be done by contract after competitive bidding. Every person who willfully violates this provision of this section is guilty of a misdemeanor.

**CAPITAL ASSET:** An asset with a life of more than one year, either tangible or intangible, with a value of at least \$5,000.

**CAPITAL EXPENDITURE:** Money spent for the acquisition of an item, inclusive of all costs, relating to assets that add to long-term net worth. Can be used for the acquisition of hardware, equipment, real property, buildings or permanent improvements to existing assets. Must meet certain level of criteria and/or expense set by purchasing agency.

**COMPETITIVE QUOTE:** A statement of price, terms of sale and description of goods or services offered by a vendor to a prospective purchaser. Used by the purchaser to evaluate and compare quotes from competing sources.

**FORMAL BID:** An offer submitted by a prospective vendor in response to an invitation to bid issued by a purchasing authority; becomes a contract upon acceptance by the buyer. Public opening (versus closing time and place). Read prices, items bid, discounts offered, delivery terms, etc. No discussion with bidders. Responses evaluated against specifications. Award made to lowest responsive and responsible bidder. Once the City Clerk has received a bid, no changes may be made. Entire record is public after award.

**OPEN MARKET PURCHASE:** The procurement of materials, supplies or equipment, usually of a limited monetary amount, from any available and reliable source. Open market purchases shall be made when feasible and when in the best interest of the City utilizing the methods prescribed herein.

**OPEN (OR ANNUAL) PURCHASE ORDER:** A purchaser's written document to a vendor allowing for the purchase of a variety of materials



and supplies, by authorized personnel, during a specified period of time. Issued for a specific amount of consideration that is drawn from throughout the specified time frame for payment of invoices related to the annual purchase order.

**PIGGYBACK:** A form of intergovernmental cooperative purchasing in which an agency purchaser requests competitive sealed bids, enters into a contract and arranges, as part of the contract, for other public purchasing agencies to purchase from the selected vendor under the same terms and conditions as itself.

**PROCUREMENT:** Purchasing, renting, leasing, or otherwise acquiring any supplies, services, or construction; includes all functions that pertain to the acquisition, including description or requirements, selection and solicitation or sources, preparation and award of contract, and all phases of contract administration..

**PROFESSIONAL SERVICES:** Services rendered by members of a recognized profession or possessing a special skill. Such services are generally acquired to obtain information, advice, training or direct assistance. For purposes of this document, the following are, but not limited to, professional services:

- a) Architectural, construction management, construction surveys, material testing, inspection services, appraising, ad campaigns, engineering, environmental, finance, fine arts, insurance, land surveying, landscape architectural, legal management consultants, management information consultants, janitorial, landscape maintenance, grounds keeping, medical, document processing services, municipal program implementation, performing arts, personnel, psychological, sports and underwriting. Providers of such services are hereinafter referred to individually as “consultant” or collectively as “consultants”.

**PROPOSAL:** In competitive negotiations, the document submitted by the vendor in response to the RFP to be used as the basis for negotiations to enter into a contract.

**PUBLIC PROJECT:** As defined in Section 20161 of the Public Contract Code, “public project” means:

- a) A project for the erection, improvement, painting or repair of public buildings and works.
- b) Work in or about streams, bays, waterfronts, embankments, or other work for protection against overflow.
- c) Street or sewer work except maintenance or repair.
- d) Furnishing supplies or materials for any such project, including the maintenance or repair of streets or sewers.



**PURCHASE ORDER:** The primary procurement method. Used to communicate to a vendor the City's terms and conditions, authorizes an encumbrance of City funds and is a contractual agreement to pay for acceptable goods or services received. Used to process payment and track an expenditure in the financial system.

**REQUEST FOR PROPOSAL (R.F.P):** All documents, whether attached or incorporated by reference, utilized for soliciting competitive proposals.

**REQUEST FOR QUALIFICATIONS (R.F.Q.):** A document issued by the City that provides for a scope of work and requirements of the project in enough detail to let potential proposers determine if they wish to compete. This differs from the request for proposal (R,F.P) in that more emphasis is placed on the qualifications of the bidder.

**RETENTION:** The withholding of a part of the payment due, until final acceptance of the purchase by the purchaser, in accordance with the contract terms.

**REQUISITION:** A written (or electronic) document used to communicate a need to the Purchasing Agent. Unless otherwise noted in this policy, the requisition requires appropriate signatures as outlined in the signature authority section. At least expenditure code must be designated for the purchase. Indicate a description of the item or service to be purchased and include any pertinent documentation, i.e. insurance documentation, contracts, quotes received, etc.

**SOLE SOURCE:** When only one vendor possesses the unique and singularly available capability to meet the requirement of the solicitation, such as technical qualifications, matching to currently owned equipment or supplies, the ability to deliver at a particular time, or services from a public utility.



PURCHASING SYSTEM OVERVIEW

