

COUNCIL/ADMINISTRATIVE POLICY

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1. **DECENTRALIZED PURCHASING**

In order to maintain a continuous supply of goods and services necessary to support the City's operations, meeting the City's obligations to the public, while adhering to City policies, designated employees will have the authority in accordance with the purchasing procedures described in this Purchasing Policy ("Policy") to:

- Purchase or enter into an agreement for all budgeted goods and services required by the departments in amounts or estimated amounts of fifty thousand dollars (\$50,000) or less.
- Purchase or enter into an agreement for all budgeted goods and services required by the departments in amounts of more than fifty thousand dollars (\$50,000) with City Council approval, unless otherwise specified for an emergency purchase pursuant to Section 3.4, *Emergency Purchases*, below.

2. **STANDARDS OF CONDUCT AND GENERAL REQUIREMENTS**

2.1. **Fair Competition**

City employees must discharge their duties impartially to assure fair and open competition for City business by responsible vendors. (See 2 Code of Federal Regulations ("CFR") § 200.319.) In addition, they will conduct themselves in a manner that will create confidence in the integrity of the City's purchasing operations. City employees will treat all vendors equally and fairly, with equal information given to each vendor who participates in the procurement process. City employees will ensure that all prequalified lists of persons, firms, or products used in acquiring goods or services are current and include enough qualified sources to ensure maximum open and free competition. City employees may not place unreasonable restrictions on competition, including any of the following restrictions:

- 2.1.1. Placing unreasonable requirements on vendors to qualify for the procurement;
- 2.1.2. Requiring unnecessary experience and excessive bonding;
- 2.1.3. Noncompetitive pricing practices between vendors or affiliates;
- 2.1.4. Noncompetitive agreements to consultants that are on retainer agreements;
- 2.1.5. Organizational conflicts of interest;
- 2.1.6. Non-compliance with sole source restrictions, and "or equal" requirements, including Public Contract Code section 3400;
- 2.1.7. Precluding potential bidders from qualifying during the solicitation

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period; and

2.1.8. Any arbitrary action in the procurement process.

2.2. **Conflicts of Interest**

No employee, officer, or agent of the City may participate in the selection, award, or administration of an agreement if he or she has a real or apparent conflict of interest.

2.2.1. A conflict of interest includes any circumstances under which the employee, officer, or agent, or any member of his or her immediate family, his or her partner, or an organization which employs or is about to employ any of those parties, has a financial interest in or a tangible personal benefit from a vendor considered for an agreement. No officer, employee, or agent of the City may solicit or accept gratuities, favors, or anything of monetary value from vendors or parties to subcontracts. Disciplinary actions, up to and including termination for cause, will apply to any violation of these conflict of interest standards, in accordance with City policy, and/or, as applicable, a collective bargaining agreement, employment contract, or agreement for services. (See 2 CFR § 200.318(c)(1).)

2.2.2. It is a breach of ethical standards for City staff to accept gifts, rebates, kickbacks, personal services, or in any way incur personal gain from a vendor, or potential vendor, doing business with the City. (See Council/Administrative Policy 20-3, Gifts.)

2.2.3. A City employee may not participate in the vendor selection process if the employee has (1) a financial relationship with the person or firm seeking an agreement, under Government Code section 87100 et seq., or (2) a real or apparent conflict of interest pursuant to the Federal Procurement Requirements, as defined in Section 18, *Definitions*, and as further specified in Section 4, *Federal Procurement*, below. (See also the City's Conflict of Interest Code; Gov't. Code §§ 1090 et seq., 4526, 4529.12.)

2.2.4. Unless an exception exists, a vendor that develops or drafts specifications, requirements, statements of work, invitations for bids, requests for qualifications, or requests for proposals for a procurement must be excluded from competing for that procurement. (See Government Code § 1090 et seq.; 2 CFR § 200.319(b).)

2.3. **Economical Approach**

All procurements must be undertaken in a manner that will avoid acquisition of unnecessary or duplicative items, which may include consideration of consolidating or breaking out procurements, lease alternatives, and other

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appropriate analysis to determine the most economical approach, subject to the limits of applicable law, including prohibitions against bid-splitting. (See 2 CFR § 200.318(d).)

2.4. **Oversight**

Each department must maintain oversight over its procurements to ensure that vendors perform in accordance with the terms, conditions, and specifications of their agreements or purchase orders, as further specified in Section 13, *Monitoring and Oversight of Receipt of Goods or Services*. (See 2 CFR § 200.318(b).)

2.5. **Dispute Resolution**

Any and all protests, disputes, claims, and the like, arising from a procurement will be addressed promptly in accordance with good administrative practice and sound business judgment, and in compliance with all applicable legal or contractual requirements. (See 2 CFR § 200.318(k).)

2.6. **Specifications and Requirements**

All procurement solicitations should incorporate a clear and accurate description of the technical requirements or functions of the goods or services to be procured. The description may include a statement of the qualitative nature of the material, product, or services to be procured and, when necessary, must set forth those minimum essential characteristics to which it must conform if it is to satisfy its intended use. However, such descriptions should not be drafted to unduly restrict competition among qualified vendors. (See 2 CFR § 200.319(d)(1).)

2.7. **Business Tax Certificate**

Pursuant to Municipal Code Chapter 5.04, Business Tax Certification, unless otherwise authorized by the Director of Finance and Information Systems, vendors are required to obtain a City of Brentwood business tax certificate if the vendor is physically conducting business in the City whether or not they are located in the City limits.

2.8. **Legal Compliance and Interpretation**

All City procurements subject to state and federal laws will be made in compliance with currently applicable state and federal laws and regulations.

3. **TYPES OF PURCHASES**

- There are four types of purchases: general purchase of goods, general purchase of services, public projects, and emergency purchases. No

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department will divide orders to evade the dollar limits, per Section 15.5. All City procurements must be made in compliance with applicable California law and this Policy. City procurements, which are subject to federal funding, in whole or in part, including FEMA disaster aid, must also comply with the applicable Federal Procurement Requirements. (See 2 CFR § 200.318-327.)

3.1. **General Purchase of Goods**

3.1.1. **Goods costing up to and including \$10,000 (excluding tax, shipping and handling) per vendor, per fiscal year**

- Requesting two (2) quotes encouraged but optional.
- Single Item Purchases over \$5,000 (excluding tax, shipping, and handling) require the request of three (3) written quotes, evidence of which must be submitted including the request for quote with the invoice. For further information, see *Requesting Department Responsibility*, Section 5.1 and *Unauthorized Purchases*, Section 15, of this Policy.
- Fax or electronic quote submittals are acceptable.
- When goods are standardized or of uniform quality, the award will be given to the vendor with the lowest quote. If the goods are not standardized or not of uniform quality and the purchase is not awarded to the vendor with the lowest quote, an explanation of why as well as any documentation to back up the decision must be maintained by the requesting department. For further information, see *Sole Source/Non-Competitive Negotiations*, Section 5.3 of this Policy.

3.1.2. **Goods costing over \$10,000 and up to and including \$50,000 (excluding tax, shipping and handling) per vendor, per fiscal year**

- Request three (3) written quotes, evidence of which must be submitted including the request for quote with the purchase requisition. For further information, see *Requesting Department Responsibility*, Section 5.1 and *Unauthorized Purchases*, Section 15, of this Policy.
- Fax or electronic quote submittals are acceptable.

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- When goods are standardized or of uniform quality, the award will be given to the vendor with the lowest quote. If the goods are not standardized or not of uniform quality and the purchase is not awarded to the vendor with the lowest quote an explanation of why as well as any documentation to back up the decision must be submitted with the purchase requisition. For further information, see *Sole Source/Non-Competitive Negotiations*, Section 5.3 of this Policy.
- Purchase Order is required prior to purchase being made or work commencing unless otherwise authorized by the City Manager or Director of Finance and Information Systems.

3.1.3. Goods costing more than \$50,000 per vendor, per fiscal year

- Request three (3) written quotes, evidence of which must be submitted including the request for quote with the purchase requisition. For further information, see *Requesting Department Responsibility*, Section 5.1 and *Unauthorized Purchases*, Section 15, of this Policy.
- Fax or electronic quote submittals are acceptable.
- All purchases over \$50,000 per vendor, per fiscal year must be approved by City Council before a purchase order can be issued.
- Staff report submitted to City Council will include information regarding the quotes received and a recommended vendor selection.
- When vehicles and equipment are purchased with City Council approval, other parts and supplies that are purchased from the same vendor will be considered a separate purchase and will not require City Council approval until the total is over \$50,000.
- When goods are standardized or of uniform quality, the award will be given to the vendor with the lowest quote. If the goods are not standardized or not of uniform quality and the recommendation is that the purchase not be awarded to the vendor with the lowest quote, an explanation of why as well as any documentation to back up the decision must be included in the staff report. For further information, see *Sole Source/Non-Competitive Negotiations*, Section 5.3 of this Policy.

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- Purchase Order is required prior to purchase being made or work commencing unless otherwise authorized by the City Manager or Director of Finance and Information Systems.

3.1.4. **Purchases from Hardware/Building/Auto Parts/Electrical Supply Vendors**

Experience has shown that the prices for materials and supplies purchased from hardware/building/auto parts/ electrical supply vendors can fluctuate from day to day. For this reason:

- Three (3) quotes will not be required unless there is a Single Item Purchase of over \$5,000, in which case evidence of the quotes must be submitted including the request for quote with the invoice. For further information, see *Requesting Department Responsibility*, Section 5.1 and *Unauthorized Purchases*, Section 15, of this Policy.
- Purchase Orders may be issued to more than one vendor.
- In order for the efficient use of staff time, availability of materials and supplies as well as proximity to the job site will be determining factors in the selection of the vendor for day-to-day purchases.
- Unless otherwise specified, all other provisions in this Policy are in force.

3.1.5. **Purchases of Used Equipment or Furniture**

Used equipment or furniture can be purchased if the cost can be demonstrated to be a significant savings to the City.

- Prior to purchasing used equipment, as defined in Section 18 of this Policy, Fleet Maintenance must perform an equipment inspection.
- Used equipment or furniture purchases must be approved by the appropriate Department Director and Director of Finance and Information Systems or City Manager.
- Unless otherwise specified, all other provisions in this Policy are in force.

3.1.6. **Recycled Products and Materials**

All departments will use recycled products whenever practical. Special emphasis will be placed on the purchase of products manufactured with post-consumer recycled materials.

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3.2. **General Purchase of Services**

3.2.1. **Services costing up to and including \$1,500 per vendor, per department, per fiscal year**

- Requesting two (2) quotes is encouraged but optional.
- Fax or electronic quote submittals are acceptable.
- When services are standardized or of uniform quality, the award will be given to the vendor with the lowest quote. If the services are not standardized or not of uniform quality and the agreement is not awarded to the vendor with the lowest quote, an explanation of why as well as any documentation to back up the decision must be maintained by the requesting department. For further information, see *Sole Source/Non-Competitive Negotiations*, Section 5.3 of this Policy.
- Prior to services being performed, the Department Director is to determine if an agreement is required after evaluating the level of risk based on the location and type of service being performed.
- If the Department Director determines that an agreement is not required, an Agreement Determination Form will be signed by the Department Director and submitted with the invoice for payment.
- If the determination is made that an agreement is not required and additional work puts the service over \$1,500, an agreement will then be required.
- If the Department Director determines that an agreement is required, department will use a standard template agreement, located on the City's "L" drive, with insurance requirements as outlined in the agreement, unless otherwise approved by the City Attorney.
- Contact the City Attorney or Risk Manager for agreement questions if needed.
- Cal-Card may be used to pay for these services.

3.2.2. **Services costing over \$1,500 and up to and including \$10,000 per vendor, per agreement, per fiscal year**

- Requesting two (2) quotes encouraged but optional.

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- If quotes are obtained, and services are standardized or of uniform quality, the award will be given to the vendor with the lowest quote. If the services are not standardized or not of uniform quality and the agreement is not awarded to the vendor with the lowest quote, an explanation of why as well as any documentation to back up the decision must be maintained by the requesting department. For further information, see *Sole Source/Non-Competitive Negotiations*, Section 5.3 of this Policy.
- All departments will use a standard template agreement, located on the City's "L" drive, with insurance requirements as outlined in the agreement, unless otherwise approved by the City Attorney.
- Contact the City Attorney or Risk Manager for agreement questions if needed.
- No department will divide orders to evade the dollar limits of this Policy, per Section 15.5 of this Policy.

3.2.3. **Services costing over \$10,000 and up to and including \$50,000 per vendor, per agreement, per fiscal year**

- Request three (3) written quotes, evidence of which must be submitted including the request for quote with the purchase requisition. For further information, see *Requesting Department Responsibility*, Section 5.1 and *Unauthorized Purchases*, Section 15, of this Policy.
- Faxed or electronic quote submittals are acceptable.
- When services are standardized or of uniform quality, the award will be given to the vendor with the lowest quote. If the services are not standardized or not of uniform quality and the agreement is not awarded to the vendor with the lowest quote, an explanation of why as well as any documentation to back up the decision must be submitted with the purchase requisition. For further information, see *Sole Source/Non-Competitive Negotiations*, Section 5.3 of this Policy.
- All departments will use a standard template agreement, located on the City's "L" drive, with insurance requirements as outlined in the agreement, unless otherwise approved by the City Attorney.
- Contact the City Attorney or Risk Manager for agreement questions if needed.

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- No department will divide orders to evade the dollar limits of this Policy, per Section 15.5 of this Policy.
- Purchase Order is required prior to purchase being made or work commencing unless otherwise authorized by the City Manager or Director of Finance and Information Systems.

3.2.4. **Services costing more than \$50,000 per vendor, per agreement, per fiscal year**

- Request three (3) written quotes, evidence of which must be submitted including the request for quote with the purchase requisition. For further information, see *Requesting Department Responsibility*, Section 5.1 and *Unauthorized Purchases*, Section 15, of this Policy.
- Fax or electronic quote submittals are acceptable.
- The \$50,000 threshold applies per vendor, per agreement, per fiscal year.
- All agreements over \$50,000 per vendor, per fiscal year, must be approved by City Council before a Purchase Order can be issued.
- No department will divide orders to evade the dollar limits of this Policy, per Section 15.5 of this Policy.
- Staff report submitted to City Council will include information regarding the quotes received and a recommended vendor selection.
- When services are standardized or of uniform quality, the award will be given to the vendor with the lowest quote. If the services are not standardized or not of uniform quality and the recommendation is that the agreement not be awarded to the vendor with the lowest quote, an explanation of why as well as any documentation to back up the decision must be included in the staff report. For further information, see *Sole Source/Non-Competitive Negotiations*, Section 5.3 of this Policy.
- All departments will use a standard template agreement, located on the City's "L" drive, with insurance requirements as outlined in the agreement, unless otherwise approved by the City Attorney.

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- Contact the City Attorney or Risk Manager for agreement questions if needed.

- Purchase Order is required prior to purchase being made or work commencing unless otherwise authorized by the City Manager or Director of Finance and Information Systems.

3.2.5. Professional Services

Professional services includes special services and advice in financial, economic, accounting, engineering, legal, or administrative matters by any specially trained and experienced person, firm, or corporation, pursuant to Government Code section 37103, as well as any services that have been deemed “professional services” by the City Manager or Director of Finance and Information Systems or designee.

The following services require a high degree of professional, educational or technical skill and have been deemed “professional services” by the Director of Finance and Information Systems architects, landscape architects, engineers, environmental engineers, environmental planners, surveyors, construction managers, economists, rate/housing study providers, bond counsel, bond underwriter, fiscal advisers, appraisers, attorneys, auditors, artists, collection services, software service providers, business entrepreneur trainers, web design & development.

- Obtaining quotes is not required for the selection of professional services, unless the services are “architectural and engineering services,” as defined below. However, the selection of professional services should include consideration of demonstrated competence and the professional qualifications necessary for the services.

- “Architectural and engineering services,” which is defined in Government Code section 4529.10 to include all architectural, landscape architectural, environmental, engineering, land surveying, and construction project management services, must be procured in compliance with Government Code section 4529.10 et seq., which requires a fair, competitive selection process that prohibits City employees from participating in the selection process when they have a financial or business relationship with any private entity seeking the agreement. A fair, competitive selection process may be implemented by using the RFP form(s) approved by the City Attorney’s Office. The procedure must require compliance with all laws regarding political contributions, conflicts of interest, or unlawful

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activities. Notwithstanding the foregoing, state or federal grant funded contracts may require a qualifications-based selection process pursuant to Government Code section 4525 et seq.

- A memo signed by the City Manager or Director of Finance and Information Systems, or designee may designate other service providers as “professional services.”
- Unless otherwise specified, all other provisions in this Policy are in full force and effect.

3.3 **Public Projects**

- Public Projects must be procured in accordance with the California Uniform Public Construction Cost Accounting Act (Public Contract Code § 22000 et seq.) and Brentwood Municipal Code Chapter 3.30, Bidding Procedures for Public Projects, using forms approved by the City Attorney’s Office. If the project is federally funded, in whole or in part, the procurement must comply with the City’s procurement procedures, state law, and the applicable Federal Procurement Requirements.
- Public Projects must be awarded to the lowest responsible bidder or as otherwise set forth in Brentwood Municipal Code Chapter 3.30, Bidding Procedures for Public Projects, the Public Contract Code, or in the Federal Procurement Requirements for federally funded projects, as applicable.
- Contracts for Public Projects over \$10,000 require a Purchase Order prior to purchase being made or work commencing unless otherwise authorized by the City Manager or Director of Finance and Information Systems.
- Contracts for Public Projects up to \$50,000 may be awarded by the City Manager or authorized representative.
- Contracts for Public Projects over \$50,000 must be awarded by the City Council before a Purchase Order will be issued.
- Staff report submitted to the City Council should include information regarding the bids received, if applicable, and recommended selection.
- For questions regarding public projects and public works contracts, contact the City Attorney’s office.

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3.4 **Emergency Purchases**

3.4.1. **Purpose**

- The City's standard purchasing procedures pursuant to this Purchasing Policy may be modified in the event of an emergency, as defined below in Section 18, *Definitions*, in order to ensure that the City is able to acquire the goods and services required to address an immediate threat to life, health, property, or essential public services or to eliminate or reduce an immediate threat of significant damage to life, health, property, or essential public services through cost-effective measures while still maintaining an effective purchasing process and complying with applicable state and federal purchasing laws or regulations. Where the City is included in an emergency declared by the President of the United States, the City's emergency purchases must also comply with the Federal Procurement Requirements.

3.4.2. **Emergency Purchasing Authority**

- City Manager. If the City Manager or designee, acting in their capacity as the Director of Emergency Services, pursuant to Brentwood Municipal Code Chapter 2.16, determines that goods or services must be procured before the City Council is able to assemble and approve purchases, the Director of Emergency Services has authority, subject to the limitations in this Purchasing Policy and Chapter 2.16 of the Brentwood Municipal Code on *Disaster Council and Emergency Services*, to approve any purchases necessary to respond to an emergency. In such circumstances, the Director of Finance and Information Systems or designee acting in their capacity as the Finance and Administration Chief, will confirm the declaration of the emergency with the Director of Emergency Services, or authorized designee if the Director of Emergency Services is unavailable, and authorize the Finance and Information Systems Department to issue a Purchase Order and procure the required goods or services or authorize the relevant department(s) to do so.

(a) Limits of Purchase Emergency Authority.

The Director of Emergency Services has the authority to make purchases up to \$1,000,000 without prior City Council approval, but subject to subsequent City Council ratification, as required for procurements subject to Public Contract Code section 22050 and Brentwood Municipal Code section

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2.16.060, part of Chapter 2.16 on *Disaster Council and Emergency Services*, as that section may be amended from time to time.

(b) *Procurements Subject to the Public Contract Code.*

Procurements subject to the Public Contract Code in the event of an emergency, as defined in Public Contract Code section 1102, must comply with Public Contract Code section 22050, in addition to the relevant Federal Procurement Requirements, if applicable.

3.4.3. Delegation of Purchasing Authority

- The Director of Finance and Information Systems acting in their capacity as the Finance and Administration Chief, is the designee of the Director of Emergency Services at any time the Director of Emergency Services is unavailable to approve emergency purchases, and has authority, subject to the limitations set forth in in this Purchasing Policy and Chapter 2.16 of the Brentwood Municipal Code on *Disaster Council and Emergency Services*, to approve emergency purchases.
- If both the Director of Emergency Services and Finance and Administration Chief are unavailable, City employees must contact their Section Chief for authorization to purchase goods or services in an emergency.

3.4.4. Administrative/Reporting Requirements

- *Submission of Emergency Purchase Receipts.* Any City employee who makes an emergency purchase must submit receipts to the Finance and Administration Chief or designee the following workday.
- *Emergency Purchase Submission to City Council.* A list of all emergency purchases per vendor must be reported to City Council for ratification at the City Council's next regularly scheduled meeting following the emergency purchase.

3.4.5. Emergency Procurement Procedures

- *Emergency Purchases Subject to Federal Assistance.* Any emergency procurement that may be subject to federal financial assistance (including future FEMA reimbursement) must also comply with the Federal Procurement

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Requirements as further specified in Section 4, *Federal Procurement*, below, and may include procurements pursuant to Section 4.3.3 of this Policy, *Noncompetitive Procurement*.

- *Emergency Purchases Subject to the Public Contract Code.* Emergency procurements subject to the Public Contract Code must also comply with Public Contract Code section 22050, including the reporting and review requirements, as set forth in Section 3.4.4, above.
- *Other Emergency Purchases.* Any other emergency procurements that will not involve federal assistance (including future FEMA reimbursement) or are not subject to Public Contract Code section 22050 should be undertaken in compliance with the City's Municipal Code, including the definition of "emergency" set forth in the Municipal Code.

3.4.6. Miscellaneous

- *Operational Guidance for Staff.* The Director of Finance and Information Systems will prepare additional emergency purchasing procedures, consistent with this Policy, to provide operational direction for staff in an emergency.
- *Authority to Cancel Emergency Procurements.* The City reserves the right, acting in its sole discretion, to immediately terminate each contract if the contractor or vendor fails to perform under the terms of the contract and/or if the contractor or vendor's delay or non-performance under the terms of the contract creates or extends an emergency.
- *Emergency Invoicing.* Emergency purchases require separate, more-detailed invoicing than non-emergency purchases. All invoices for emergency purchases must explain the emergency warranting the procurement and state the item or service procured, when and where it was procured, and where the procurement was used, if possible. (See the Emergency Purchasing Procedure for detailed information) Any invoice which fails to properly identify the emergency nature of the purchase and/or provide the appropriate details will not be paid until such errors are corrected by the contractor or vendor and resubmitted in correct form. Any invoice which combines emergency and non-emergency purchases will not be paid until the invoices are separated and resubmitted.

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- *Auditing of Invoices for Debris Clearance Prior to Payment.* All invoices for debris clearance and removal will be audited by the City prior to payment to the vendor. Vendors will be notified of this requirement prior to the awarding of any contract for debris clearance and/or removal. Audits will be in accordance with procedures for debris removal monitoring specified in FEMA's Publication 325, Debris Management Guide.

4. **FEDERAL PROCUREMENT**

Any procurement made pursuant to a federal award or subject to reimbursement, in whole or in part, with federal funds must comply with the City's procurement procedures, including the Standards of Conduct and General Requirements set forth in Section 2, state law, and the applicable Federal Procurement Requirements, including 2 CFR § 200.322 ("Domestic preferences for procurements"), 2 CFR § 200.323 ("Procurement of recovered materials"), 2 CFR § 200.324 ("Contract cost and price"), 2 CFR § 200.325 ("Federal awarding agency or pass-through entity review"), 2 CFR § 200.326 ("Bonding requirements"), and 2 CFR § 200.327 ("Contract provisions"). In the event of any conflict between City, state, or federal requirements, the most stringent requirement must be used. (See 2 CFR § 200.318.) City employees must comply with funding agency requests for review of technical specifications or procurement documents as provided in 2 CFR § 200.325. The Federal Procurement Requirements are occasionally updated—be sure to check the currently applicable regulations using the provided references.

4.1. **General Federal Requirements and Recommendations**

- 4.1.1. *Department of Homeland Security Standard Terms and Conditions.* Department of Homeland Security-funded procurements must comply with the currently applicable Department of Homeland Security Standard Terms and Conditions, which, as of the date of this Policy, can be accessed at <https://www.dhs.gov/publication/fy15-dhs-standard-terms-and-conditions>.
- 4.1.2. *Solid Waste Disposal Act.* Federally-funded procurements must comply with the Solid Waste Disposal Act, as further specified in 2 CFR section 200.323. This requirement must be included in the contract requirements.
- 4.1.3. *Cost/Price Analysis.* For federally-funded procurements in excess of the Simplified Acquisition Threshold, as defined in the Federal Procurement Requirements, including contract modifications, a cost or price analysis must be performed, and must include making independent estimates before receiving bids or proposals. (See 2 CFR § 200.324.) Costs or prices based on estimated costs for federally-funded contracts are allowable only as provided in 2 CFR § 200.324.

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- 4.1.4. *Profit Negotiation.* For a federal contract awarded without price competition, profit must be negotiated as a separate element of price. To establish fair and reasonable profit, consideration must be given to the complexity of the work, the contractor's risk, the contractor's investment, the amount of subcontracting, record of past performance, and industry profit rates, as further specified in 2 CFR § 200.324(b).
- 4.1.5. *Excess or Surplus Property.* When it will reduce project costs and is feasible, use of federal excess and surplus property is encouraged over purchasing new. (See 2 CFR § 200.318(f).)
- 4.1.6. *Geographical Preferences.* Notwithstanding the provisions of Section 5.5, *Local Preference*, geographical preferences generally may not be used for federally-funded procurements, unless an applicable federal statute expressly mandates or encourages geographic preference or the use of geographical preferences is expressly authorized by the awarding agency. When contracting for architectural and engineering services, geographic location may be a selection criterion provided its application leaves an appropriate number of qualified firms, given the nature and size of the project, to compete for the contract. (See 2 CFR § 200.319(c).)
- 4.1.7. *Domestic Preferences for Procurements.* As appropriate and to the extent consistent with the law, the City should, to the greatest extent practicable for a federally-funded procurement, provide a preference for the purchase, acquisition, or use of goods, products, or materials produced in the United States, including, but not limited to, iron, aluminum, steel, cement, and other manufactured products, as further specified in 2 CFR § 200.322. This requirement must be included in the contract requirements.
- 4.1.8. *Time and Materials.* A time and materials contract may not be used for a federally-funded procurement, unless the Director has determined that no other type of contract is suitable for the procurement, and provided the procurement complies with 2 CFR § 200.318(j). Similarly, a "cost plus" contract may not be used, as further specified in 2 CFR § 200.324.
- 4.1.9. *Intergovernmental Agreements.* Use of intergovernmental agreements is encouraged where appropriate. (See 2 CFR § 200.318(e); and see Section 5.4, *Cooperative Purchasing Agreements*, below.)
- 4.1.10. *Monitoring and Oversight.* Procurements are subject to the requirements for monitoring and oversight in Section 13, *Monitoring and Oversight of Receipt of Goods or Services*. (See 2 CFR § 200.318(b).)

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4.1.11. *Procurement Records*. Records must be maintained for each procurement of goods or services documenting the history of a procurement, including (1) records of the rationale for procurement method, (2) selection of contract type, (3) contractor selection or rejection, and (4) the basis for the contract price. Procurement records must be maintained by each department. (See 2 CFR § 200.318(i).)

4.2. **Federal Contractor Requirements**

4.2.1. *Responsible Contractors*. Contracts subject to the Federal Procurement Requirements will only be awarded to responsible contractors possessing the ability to perform successfully under the terms and conditions of a proposed procurement, with consideration given to such matters as contractor integrity, compliance with public policy, record of past performance, and financial and technical resources. (See CFR § 200.318(h).) A contractor must also be “responsible” as determined under California law, including Public Contract Code section 1103.

4.2.2. *Small and Minority Businesses*. The City will take all necessary affirmative steps, including those identified in 2 CFR § 200.321(b), to assure that minority businesses, women’s business enterprises, and labor surplus area firms are used when possible for contracts subject to the Federal Procurement Requirements. The bid documents or RFP, as applicable, must require the contractor to take all necessary affirmative steps pursuant to 2 CFR § 200.321(b), when procuring subcontractors, to ensure that minority businesses, women’s business enterprises, and labor surplus area firms are used when possible. In either case, the affirmative steps must include:

- (1) Placing qualified small and minority businesses and women’s business enterprises on solicitation lists;
- (2) Assuring that small and minority businesses, and women’s business enterprises are solicited whenever they are potential sources;
- (3) Dividing total requirements, when economically feasible and subject to prohibitions on unlawful bid-splitting, into smaller tasks or quantities to permit maximum participation by small and minority businesses and women’s business enterprises;

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(4) Establishing delivery schedules, where the requirements permit, which encourage participation by small and minority businesses and women’s business enterprises; and

(5) 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.

4.2.3. *System for Award Management (“SAM”).* Prior to any awards, staff will check and save the dated PDF from SAM, found at www.sam.gov to ensure that potential vendors are not debarred, suspended, or otherwise excluded from receiving federally-funded contracts.

4.3. **Federal Methods of Procurement**

Depending on the type and amount of goods or services, the City will use one of the below methods for procurements subject to the Federal Procurement Requirements, consistent with 2 CFR section 200.320. Check 2 CFR section 200.320 for the **currently applicable** procurement requirements.

4.3.1. *Informal Procurement Methods.* Under 2 CFR § 200.320(a), when the value of the procurement for property or services does not exceed the Simplified Acquisition Threshold, as defined in the Federal Procurement Requirements, or a lower threshold established by the City, formal procurement methods are not required. Instead, the City may use informal procurement methods to expedite the completion of its transactions and minimize the associated administrative burden and cost. The informal methods that may be used for procurement of goods or services at or below the Simplified Acquisition Threshold include:

(1) *Micro-Purchases.* The City may acquire supplies or services, the aggregate dollar amount of which does not exceed the Micro-Purchase Threshold, as defined in the Federal Procurement Requirements. A micro-purchase contract may be awarded without soliciting competitive price or rate quotations if the City considers the price to be reasonable based on research, experience, purchase history or other information or documents it files accordingly, and unless otherwise specified under the City’s procurement procedures. Purchase cards may be used for micro-purchases if procedures are documented and approved by the City. To the maximum extent practicable, the City will distribute micro-purchases equitably among qualified suppliers. (See 2 CFR §

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200.320(a.)

(2) *Small Purchases.* The City may use small purchase procedures to acquire property or services, the aggregate dollar amount of which is higher than the Micro-Purchase Threshold but does not exceed the Simplified Acquisition Threshold.. If small purchase procedures are used, price or rate quotations must be obtained from an adequate number of qualified sources as determined appropriate by the City. (See 2 CFR § 200.320(a)(2).)

- 4.3.2. *Formal Procurement Methods.* Under 2 CFR § 200.320(b), when the value of the procurement for property or services exceeds the Simplified Acquisition Threshold, or a lower threshold established by the City, formal procurement methods are required. Formal procurement methods require following documented procedures. Formal procurement methods also require public advertising unless noncompetitive procurement can be used. (See Section 4.3.3, below.) The following formal methods of procurement are used for procurement of property or services above the Simplified Acquisition Threshold or a value below the Simplified Acquisition Threshold the City determines to be appropriate:

(1) *Sealed Bids.* A procurement method in which bids are publicly solicited and a firm fixed-price contract (lump sum or unit price) is awarded to the responsible bidder whose bid, conforming with all the material terms and conditions of the invitation for bids, is the lowest in price. If the City uses this method, it must comply with the requirements of 2 CFR § 200.320(b)(1), in addition to any other City or state requirements, including =Chapter 3.30 of the Brentwood Municipal Code.

(2) *Proposals.* A procurement method in which either a fixed price or cost-reimbursement type contract is awarded. Proposals are generally used when the conditions for use of sealed bids is not appropriate. If the City uses this method, it must comply with the requirements of 2 CFR § 200.320(b)(2), in addition to any other applicable City or state requirements, including, the requirements for procuring professional services set forth in Section 3.2.5, *Professional Services*, above.

- 4.3.3. *Noncompetitive Procurement.* Under 2 CFR § 200.320(c), the City may use and award a noncompetitive procurement if one or more of the following circumstances apply: (a) the acquisition of property or services, the aggregate dollar amount of which does not exceed the Micro-Purchase Threshold; (b) the item is available only from a single source, (c) the public exigency or emergency for the requirement will not permit a delay resulting from publicizing a competitive solicitation, (d) the federal awarding agency or pass-through entity expressly authorizes noncompetitive procurement in

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response to a written request from the City, or (e) competition is determined to be inadequate after solicitation of a number of sources. The procurement must comply with the provisions of Section 5.3, *Sole Source/Non-Competitive Negotiations*, below, in addition to the requirements set forth in 2 CFR § 200.320(c).

4.4. **Federal Contract Requirements**

4.4.1. *Required Contract Provisions.* Pursuant to 2 CFR § 200.327, contracts for federally-funded procurements must contain the applicable provisions described in Appendix II to Part 200 – *Contract Provisions for non-Federal Entity Contracts Under Federal Awards*. Contracts over \$10,000 must address the City’s ability to terminate for cause and for convenience, including the manner for effectuating termination, and the basis for final payment to the terminated contractor. In addition, contracts for federally-funded procurements that exceed the Simplified Acquisition Threshold must address administrative, contractual, or legal remedies for contractor violation of contract terms, and provide for sanctions and penalties as appropriate, subject to the limitations of law.

4.4.2. *Value Engineering.* For larger federally-funded construction projects, a provision for value engineering may be added to the construction contract, subject to prior authorization from the Department Director. A value engineering provision must include a clear procedure for submission, approval, and cost-sharing of savings, consistent with Public Contract Code section 7101, if applicable, and approval as to form by the City Attorney. (See 2 CFR § 200.318(g).)

4.4.3. *Compliance with Federal Law, Regulations, and Executive Orders.* Contracts for federally-funded procurements must acknowledge that federal financial assistance will be used to fund the contract and require the contractor to comply with all applicable federal laws, regulations, executive orders, and applicable federal policies, procedures, and directives.

4.4.4. *No Obligation by Federal Government.* Contracts for federally-funded procurements must state that the Federal Government is not a party to the contract and is not subject to any obligations or liabilities to the City, contractor, or any other party.

5. **QUOTES**

5.1. **Requesting Department Responsibility**

- For Public Projects, see Section 3.3, of this Policy. Public Projects over certain dollar thresholds must comply with informal and formal bidding procedures, which differ from the request for quotes

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procedures described below. For questions regarding these procedures, contact the City Attorney's office.

- For professional services, including "architectural and engineering services," as defined in Government Code section 4529.10, see Section 3.2.5 of this Policy. For questions regarding these procedures, contact the City Attorney's office.
- Requesting department will solicit, receive and evaluate quotes for goods and/or services.
- All requests for quotes will be made in writing, via email or facsimile.
- All requests for quotes will include a description of the goods or services to be purchased, including technical specifications if applicable
- To ensure fair competition, all requests for quotes will be sent to at least 3 vendors within the same timeframe, should be identical, must clearly detail the vendor's contact information, and include the time and date that the request is sent to the vendor.
- All requests for quotes will include a submittal deadline.
- If delivery is required, the request should ask for the cost of delivery.
- Staff will treat all vendors equally and fairly at all times, with equal information given to each vendor who participates in the procurement process.
- All requests for quotes must be attached to the invoice or PO and include all submitted quote documents, and any additional backup with the exception of files that are too large to attach. Files that are too large to attach must be maintained by the department requesting the quotes and must be readily available upon request.
- New Agreements require the need to obtain new quotes.
- Long Term Agreements require staff to obtain quotes for goods and services every two years, unless an exception exists per section 12.3 of this Policy.

5.2. **Multiple Awards and Alternate Vendor(s)**

- With approval from the Department Director or designee, staff may:

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- Issue multiple awards/agreements to multiple vendors, for the same goods or services, to meet the needs of the department. When possible, goods or services should be obtained in order of the next lowest cost vendor.

- Utilize alternate vendors, in the event that the vendor with the lowest quote is unable or unwilling to enter into the Agreement, or provide the necessary goods or services after they were awarded the Agreement; staff can enter into an Agreement for goods and services with the vendor with the next lowest quote, without the need to obtain additional quotes. Alternate vendors must be utilized in order of the next lowest quote, unless award was made pursuant to Section 5.3 Sole Source/Non-Competitive Negotiations.

5.3. **Sole Source/Non-Competitive Negotiations**

- 5.3.1. It is the City's policy to encourage competition in procurements. Non-competitive negotiations may be used for purchases of goods or services that are unique or available from only one source.

- 5.3.2. The requesting department is responsible for supplying purchasing with a current concise written justification, approved by the Department Director or designee, for the sole source purchase for each new agreement, amendment, Purchase Order, or purchase request.

Examples of Sole Source Justification include, but are not limited to:

- only one known source that can provide the commodity or service
- unique source (commodity/service is unique/special in nature)
- compatibility (e.g., a public safety agency requiring a specific piece of equipment to be compatible with an existing equipment system)
- limited or proprietary systems (e.g., additional licenses, updates, or specialized replacement parts)

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- sales territories or product availability within limited geographic boundaries

5.4. **Cooperative Purchasing Agreements**

- 5.4.1. When it is in the City's best interest, departments may purchase goods or services through cooperative purchasing agreements of other governmental or public agencies.
- 5.4.2. Purchases through cooperative purchasing agreements may be accomplished without soliciting competitive quotes.
- 5.4.3. Departments wanting to utilize a cooperative purchasing agreement must submit all information regarding the cooperative purchasing agreement to Finance and Information System's purchasing staff.
- 5.4.4. Purchasing will coordinate the submittal of the cooperative purchasing agreement to the City Attorney's office for review and approval to form. It is the department's responsibility to provide any additional information, if required by the City Attorney's office, by submitting the information to Finance and Information purchasing staff.
- 5.4.5. Purchasing will publish on the City Intranet a listing of cooperative purchasing agreements that have been approved for use and will make available, upon request, copies of the approved cooperative purchasing agreements.

5.5. **Local Preference**

- 5.5.1. For the purchase of goods or services, excluding Public Projects or procurements subject to the Federal Procurement Requirements (unless otherwise authorized per Section 4.1.6. above), when two or more proposals or quotes are the same, in unit, quality, service and total cost, preference will be given to the vendor who operates within the planning area as defined in the City's General Plan.

Preference will be given to a local vendor if the price for services or taxable goods is:

- less than \$10,000 and is within 5% of the lowest price
- more than \$10,000 up to \$500,000 and is within 3% of the lowest price
- more than \$500,000 up to \$1,000,000 and within 2% of the lowest price
- more than \$1,000,000 and within 1% of the lowest price

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6. PURCHASE REQUISITION

- 6.1. A purchase requisition is required for a Purchase Order to be issued.
- 6.2. The requesting department prepares the purchase requisition using the City's software for the entire amount of the purchase including, but not limited to, tax, shipping and handling, and correct accounting code(s).
- 6.3. Prior to submitting the purchase requisition for approval, all documents verifying compliance with this Policy must be attached. These documents, as updated by Finance and Information Systems from time to time, may include:
 - Written quotes with request for quote showing product specifications and quote tabulation, if appropriate. For further information, see *Requesting Department Responsibility*, Section 5.1 and *Unauthorized Purchases*, Section 15, of this Policy.
 - Staff report and executed resolution are required. The minute certification or approved minutes are acceptable if executed resolution is unavailable, if required.
 - Executed contract/agreement or amendment for services.
 - Insurance and endorsements if required by agreement or waiver of need from Risk Manager or the City Manager in consultation with the City Attorney. These documents should be reviewed to ensure they match the requirements found within the agreement before being attached or submitted.
 - Verification of City of Brentwood business license if conducting business in the City of Brentwood. If not required, add a note documenting why it is not required.
 - Approved software and/or hardware purchase request form for all new purchases or renewals. These forms can be found on the City Intranet. For further information regarding software and/or hardware purchases see Council/Administrative Policy 10-10, Policy and Procedures for City Information Systems and Communications.
 - Sole source justification memo, signed by Director of Finance and Information Systems or designee.
- 6.4. The purchase requisition is then submitted for approval.

This submittal and approval represents that the department has sufficient funds budgeted to pay for the purchase, all documents are attached and acceptable, and the Policy has been followed.

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7. **PURCHASING REVIEW**

Upon receipt of a purchase requisition, purchasing checks the document for accuracy and completeness. If the purchase requisition is not complete and accurate, a Purchase Order will not be issued and the requesting department will be notified. If the purchase requisition is complete and accurate, see Section 8.

Quotes provided to staff occasionally include estimates of shipping and/or handling charges and sometimes estimated tax. Staff can make adjustments up to \$100 to affected Purchase Orders for shipping, handling, and/or estimated tax charges. Any adjustments will be within the previously approved budgets adopted by City Council.

A Purchase Order is required prior to a purchase being made or work commencing unless otherwise noted in this Policy, or as authorized by the City Manager or Director of Finance and Information Systems.

8. **PURCHASE ORDER**

- 8.1. A Purchase Order is the principal document used to obtain goods and services for the City.
- 8.2. Purchase Orders are required for all goods or services costing more than \$10,000 per vendor, per fiscal year. For further information, see *Types of Purchases*, Section 3, of this Policy.
- 8.3. Purchasing will issue a Purchase Order only after the Director of Finance and Information Systems or designee has approved the purchase requisition.
- 8.4. Change Orders that put any Purchase Order over \$50,000 will require prior approval from the City Council. Documents verifying compliance with this Policy as outlined in *Purchase Requisition*, Section 6.3 of this Policy must be submitted with the Change Order.

9. **BLANKET PURCHASE ORDER**

- 9.1. Unless otherwise prohibited by law, Blanket Purchase Orders can be utilized for goods or services that are used by the City for ongoing operations. Vendors agree to honor a price for a given product for a given period of time. The City may not know specifically how much of the product will be consumed or where or when it will be consumed.
- 9.2. Blanket Purchase Orders have the same requirements that are outlined in this Policy for other goods or services.
- 9.3. Departments will be responsible for issuing purchase requisitions against Blanket Purchase Orders. These will be subject to an electronic approval process.

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10. OTHER PURCHASING METHODS

10.1. Credit Cards

Credit card purchases are governed by this Policy. A credit card can be used for items such as: travel expenses, hotel reservations, business meeting meals, training, and ordering goods from vendors approved by the Department Director.

10.1.1. The City Manager will be issued a credit card with a \$10,000 limit to be used for City business expenditures only.

10.1.2. The City Attorney will be issued a credit card with a \$5,000 limit to be used for City business expenditures only.

10.1.3. Department Directors (with City Manager approval), and non-limited service employees (with Department Director approval) will be issued a credit card with a limit designated by the Department Director, not to exceed \$5,000, to be used for City business expenditures only.

10.1.4. It is the responsibility of every individual issued a credit card to reconcile and attach back up documentation, with the appropriate account code(s), including Purchase Order number if applicable.

10.1.5. The credit card statement and back up documentation is to be forwarded to Accounts Payable after the following approval:

- City Manager approves Department Director statements.
- Director of Finance and Information Systems approves City Manager and City Attorney statements.
- Department Directors approve their staff's statements.

10.1.6. Once a month, purchasing will send to all departments a report of all Cal-Card transactions processed in the current fiscal year including the total amount spent with each vendor.

10.2. Petty Cash

Petty cash may be used for purchases up to \$100. Refer to Council/Administrative Policy 10-14, Cash Handling.

11. EXCEPTIONS

11.1. Agreement but no Purchase Order

The following items do not require the use of Purchase Orders and are not

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subject to the provisions of this Policy except the requirement for an agreement as determined by the Sections 3.2 and 3.3 of this Policy:

- Annual Maintenance Payments
- Annual Lease Payments
- Employee Benefits
- Bond and Trust Account Payments
- Computer Hardware/Software Maintenance
- Developer Reimbursement Agreements
- Economic Development and Agricultural Grant Reimbursements
- Escrow Payments
- Insurance
- Pass-through Payments
- Prepayments such as PG&E Contract Work

11.2. **No agreement and no Purchase Order**

The following items do not require the use of a Purchase Order or an agreement (otherwise required by Section 3.2).

- Advertising in Publications – When the City provides “as-is” printed material solely for publication or advertisement in an existing publication
- Bank and Trustee Services and Fees
- California Department of Public Health – Water Permit
- Contra Costa County Booking Fees
- Contra Costa County CAL-ID Program
- Contra Costa County Election Costs
- Contra Costa County Local Enforcement Agency – Solid Waste Permit
- Contra Costa County – Stormwater Utility Administration
- County Health Inspection and SART Exams
- Delivery of Goods Only (with exception of heavy construction material)
- Department of Justice (live scan)
- Deposit Accounts
- Employee Reimbursements
- Employment Health/Medical Services/K-9 Vet Services
- Fuel (Gasoline/Diesel)
- Local, County, State, and Federal Mandated Payments
- Membership/Dues
- Municipal Pooling Authority Claims
- Offsite Training Expenses

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- Payroll Pass-through (Federal and State Tax Payments)
- Periodical/Informational Subscriptions (physical or online)
- Permits when required through legislation or agreement
- Postage/Shipping
- Regional Water Quality Control Board – Wastewater Permit
- State of California Disability Access Pass-through Payments (Paid via Business Tax Certificate)
- Refunds
- Travel Expenses
- Utility Payments
- Volunteer program reimbursement

11.3. **No agreement and no Purchase Order: Vehicle/Equipment Maintenance and Rental Equipment**

The City Manager may grant signature authority, in writing, for certain maintenance and rental equipment. When a City employee is designated in writing to sign for maintenance work or rentals, no agreement and no Purchase Order are required. This exception applies to:

- emergency and/or unforeseen vehicle/equipment repairs and maintenance
- rental equipment

This exception does ***not*** apply to regular, ongoing, or routine:

- vehicle or equipment repairs and maintenance
- auto body repairs
- towing

11.4. **No agreement and a Blanket Purchase Order: Amazon purchases**

The Finance and Information Systems Department will issue a Blanket Purchase Order for an amount not to exceed \$100,000 for all purchases made through Amazon, including Amazon subsidiaries and sub-contractors. Not-to-exceed amounts within the Blanket Purchase Order will be allocated by department. For these allocated amounts, no agreement is required.

Department staff will be required to create a Purchase Order against the Blanket Purchase Order.

12. **MISCELLANEOUS PROCEDURES**

12.1. **Pre-packaged “Out of the Box” Software Agreement**

Pre-packaged “out of the box” software often requires the acceptance of

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terms of agreement in order to install, support or maintain the software. Since vendors will not change the terms of agreement, it becomes a business decision as to the need of the software and risk level faced and is subject to Department Director approval in consultation with the City Attorney. A Software Use and Approval form (“SUA”) is required for all software agreements regardless of the dollar amount of software to be purchased.

12.2. **Beginning/Mid-Year Over \$50,000 Staff Report**

Purchasing will prepare a staff report before the beginning of each fiscal year and at mid-year, if necessary, that will authorize the use of attorneys and law firms for legal services amounting to over \$50,000, and the use of vendors for regularly recurring services or goods amounting to over \$50,000. Vehicles and equipment are not considered recurring for the purpose of this section. The over \$50,000 staff report will list the vendor and the estimated cost of goods or services for the fiscal year. Departments will provide information to purchasing including vendor name, purpose, estimated amount to be spent, quote tabulation sheet as well as providing copies of the request for quotes, quotes and/or agreement in order for the staff report to be prepared. Department representatives must be available at the City Council meeting to answer questions regarding the goods or services they are requesting.

12.3. **Long Term Agreement Exceptions**

All agreements with a term over two years are considered Long Term Agreements. Staff is required to obtain quotes for goods and services every two years pursuant to Section 5.1. However, exceptions to this requirement include:

12.3.1. **Multi-Year Prices.** When a Vendor agrees to hold pricing year after year, or a Vendor agrees to multi-year pricing submitted in response to a request for quotes, staff can enter into a Long Term Agreement and need only obtain quotes again when the Agreement total exceeds the thresholds of Council/Administrative Policy 10-13, Signature Authority. When staff prepare new, Agreements new quotes must be obtained.

12.3.2. **Civil and Architectural Drafting Services, Civil Engineering, and Geotechnical and Land Survey Consultants.** For citywide use of civil and architectural drafting services, civil engineering, and geotechnical and land survey consultants, staff can enter into Long Term Agreements and need only obtain quotes at a minimum of once every four years as long as these services were procured in

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accordance with Government Code section 4529.10 (See section 3.2.5 of this Policy). These consultants must be utilized on a rotational basis.

12.3.3. **Software as a Service (SaaS) and Infrastructure as a Service (IaaS)** SaaS and IaaS are exempt from obtaining quotes every two years if changing these services/goods come with considerable labor costs or risk of data loss as determined by the Chief Information Systems Officer in consultation with the Director of Finance and Information Systems.

12.4. **Insurance/Business License Expiration Listing**

Once per month, purchasing will send departments a listing of insurance and business license expirations. It is the department's responsibility to submit updated business tax certificate(s) and insurance information that complies with the applicable agreement to purchasing.

12.5. **Product Warranties**

Departments will keep all product warranties for goods or services purchased.

13. **MONITORING AND OVERSIGHT OF RECEIPT OF GOODS OR SERVICES**

Upon receipt of the goods or services ("items"), the requesting department will inspect the items to determine if:

- The condition is acceptable;
- The purchase is complete;
- The specifications were met; and
- Billed services have been completed satisfactorily.

13.1. If the items are **acceptable** and/or the service rendered is complete, the requesting department will approve the invoice and forward it to Accounts Payable.

13.2. If the items are **not acceptable or incomplete**, or the services were not provided as required, the requesting department will contact the vendor, or complete a requisition for a Change Order to the Purchase Order to reflect the differences.

13.3. If items are back-ordered and are to be delivered at a later date and the balance of the order is not received within thirty (30) days, the requesting department will contact the vendor, or complete a requisition for a Change Order to the Purchase Order to cancel the balance of the order and reflect the differences.

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14. INVOICE PAYMENTS

- 14.1 The Finance and Information Systems Department will prepare a disbursement report weekly to be reviewed and approved by the Director of Finance and Information Systems or designee before checks can be released.

Manual checks will be issued only in emergency situations, with prior approval from the Director of Finance and Information Systems or designee. Departments must plan ahead for funds, especially travel, conference registration and per diem requests.

- All invoices (excluding confidential invoices, as determined in consultation with the City Attorney's office) should be addressed to 150 City Park Way, Brentwood, CA 94513-1364, Attention Accounts Payable.

15. UNAUTHORIZED PURCHASES

- 15.1. If any department purchases or contracts for any goods or services without complying with the provisions of this Policy, such purchases or agreements may be void and of no effect. However, the City Council or authorized staff will be under no obligation to approve unauthorized purchases not made in accordance with this Policy.

- 15.2. If a purchase or agreement is found to not comply with this Policy, a memo signed by the Department Director must be prepared detailing what was out of compliance, how it happened, and what steps will be taken to ensure that this Policy will be adhered to in the future. This memo must then be brought by the Department Director to the Director of Finance and Information Systems for discussion. Both Directors will then discuss the out of compliance issue with the City Manager.

- 15.3. An employee who makes an unauthorized purchase or otherwise violates the Policy will be subject to discipline as provided in the Brentwood Municipal Code, Chapter 2.24 Personnel System, and Personnel Rules and Regulations, Rule 11 Discipline, including but not limited to any one or more of the following disciplinary actions:

- Verbal or written warnings
- Verbal reprimand
- Written reprimand
- Suspension (with or) without pay
- Reduction in salary within range

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- Demotion
 - Termination
- 15.4. The Department Director approving an unauthorized purchase will be held accountable for identifying and correcting non-conforming purchases made by department employees. Repeated instances of non-conforming purchases within a department may lead to disciplinary action against the Department Director.
- 15.5. No department will divide orders for goods or services in order to evade the dollar limits of this Policy.
- 15.6. No goods or services for personal use may knowingly be purchased on City accounts or with City funds.

16. **SURPLUS PROPERTY**

- 16.1. When an item is no longer needed or has become obsolete or worn out, departments will submit an asset form to purchasing describing the capital asset goods and equipment or Information Systems hardware or software that are no longer used or that have become obsolete or worn out. Purchasing will make useable items available to other departments.
- 16.2. For items valued at \$50,000 or less, purchasing and/or designated departments, with approval from the Director of Finance and Information Systems, will have authority to sell all goods and equipment which cannot be used by any department or which have become unsuitable for City use. Typically, if there is a market for the good, the item is sold through an auction house or similar service. Otherwise, the good can be salvaged, scrapped, destroyed, or exchanged for new goods or equipment, or a portion thereof, or for a credit towards parts, services, equipment rental or down payment on a different asset. The exchange method may only be used if the exchange value is greater than the anticipated net proceeds from auction or salvage.

If a department proposes to sell a good outside the typical process as described above, the department will provide detailed information regarding the proposed disposition to the Director of Finance and Information Systems. The Director of Finance and Information Systems will authorize a method of disposal.

For items valued over \$50,000, the disposal process will follow the same procedures as for items valued at \$50,000 or less, with the additional requirement that any goods proposed to be disposed of outside of the typical process will require City Council approval for the means of disposal prior to disposition.

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Surplus items valued up to \$5,000, may be donated by the City upon City Manager's approval and an itemized list will be included with the annual Fee Waivers and Donations report submitted to City Council. Surplus items valued over \$5,000 may be donated by the City only upon approval of the City Council.

- 16.3. Under no circumstances will any City employee sell, give away, exchange, rent, loan, or borrow City owned property without prior written authorization from the Director of Finance and Information Systems through purchasing or as described above. This prohibition applies to any capital asset or property that may have a value when sold for scrap (e.g. water meters). Surplus property will be stored for future use by other departments or disposed of after approval of the Director of Finance and Information Systems or as described above with City Council authorization. Finance and Information Systems surplus items valued over \$5,000 require the approval of the City Manager.
- 16.4. All checks received for property sold will be made payable to "City of Brentwood".

17. **CAPITAL ASSETS**

Capital assets will be described as follows:

Assets that will be tracked:

- Land parcels
- Site Improvements
- Buildings / Structures
- Machinery and Equipment
- Licensed Vehicles
- Major Infrastructure
- Right of Ways / Easements
- Capital Improvements
- Assets of an intangible nature

Excluded items will be:

- Records and drawings, consumable supplies, and spare parts and inventory items
- Leased property and personal property of employees
- Maintenance and repair of capital assets

Equipment includes moveable property that is relatively permanent and/or of significant value such as generators, pumps, machines, tools, vehicles and portable or removable devices. Items with a value under \$10,000 will not be included unless included in the City's Equipment Replacement Program.

Inventory tags are used primarily to identify items that fall within the definition of capital assets, to provide departments with a reference when conducting their

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annual inventories and to provide a means of listing, cataloging and controlling assets of the City. Although it may not be feasible to tag each category of capital assets, it should be assigned an inventory number.

When adding, disposing of, or trading-in capital assets, an Asset Information Form must be completed and submitted to purchasing along with purchase requisition if required. This will provide the capital asset monitor with adequate information. All disposals (trade-in, donation or disposal of irreparable assets) must be approved by purchasing and the Director of Finance and Information Systems prior to disposal.

The following procedures must be completed when requesting pick-up or delivery of surplus equipment and/or vehicles:

1. Complete City Asset Information form, located on the City intranet.
2. Submit the completed form to purchasing.

Each department will be responsible for arranging for the pick-up of requested surplus equipment.

18. **DEFINITIONS**

Agreement – A document utilized to enter into a contractual commitment between the City and a Vendor. This could include City Agreement templates for services, SUA forms, or Vendor Agreements. See section 6 of this Policy for Agreement requirements.

Blanket Purchase Order - A Purchase Order used to procure goods or services where the price is fixed, but final quantity is unknown.

CAL-Card Procurement Card – A procurement card using the Visa Network. Contracted by the State of California with U.S. Bank. Available to all public entities within the state.

Change Order - A change to an existing approved Purchase Order.

Cooperative Purchasing - Alternative purchasing mechanism to obtain lower prices through volume buying and to reduce administrative costs.

Equipment - Equipment includes moveable property, which is relatively permanent and/or of significant value such as generators, pumps, machines, tools, vehicles and portable or removable devices. Items with a value under \$10,000 will not be included unless included in the City's Equipment Replacement Program.

Emergency - Apart from an emergency declared by the Governor of California or President of the United States, for Public Projects, see the definition in Public Contract Code section 1102, and for all other matters, see the definition in Brentwood Municipal Code Chapter 2.16.

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Federal Procurement Requirements – The federal award procurement requirements set forth in 2 CFR Part 200, including 2 CFR §§ 200.317 – 200.327, as may be amended from time to time, which apply to all federally funded procurements, and any additional federal requirements that apply to a particular procurement.

Long Term Agreements – An agreement that has a term for more than two fiscal years.

Purchase - The procurement of goods or services, whether by direct purchase, rental, or lease.

Post-Consumer Recycled Materials - A finished material or product that has served its intended use and would not normally be disposed of as solid waste. Examples of post-consumer recycled materials include, but are not limited to old newspaper, office paper, yard waste, steel, glass, aluminum cans, plastic bottles, oil, asphalt, concrete and tires.

Public Project – Public Project has the same meaning as provided in Public Contract Code section 22002(c).

Purchase Order - A form used to obtain goods and services from vendors. The Purchase Order spells out the specific items to be delivered, price, quantity, and delivery requirements, as well as terms and conditions, if not contained in an agreement.

Purchase Requisition - An in-house electronic form used by departments to request a Purchase Order.

Relatively Permanent - A useful life of ten (10) years or longer.

RFP/RFQ – A Request for Proposals (RFP), Request for Qualifications (RFQ), or a hybrid RFP/RFQ. This is used to procure goods and services in a competitive and transparent manner.

Single Item Purchase – Any single item per transaction.

Vendor - A business that provides goods and or services to the City of Brentwood.