

	<b>CITY OF PALM SPRINGS</b>	Issue Date: 11.9.2021
	<b>PROCUREMENT AND CONTRACTS DEPARTMENT</b>  <b>POLICIES AND PROCEDURES</b>	Drafted By: <u>Kim R. Baker</u> <small>800.231.1545</small> <b>Kim Baker</b> Procurement and Contracting Manager Approved By: <u>Justin Clifton</u> <small>783.196.3995</small> <b>Justin Clifton</b>

**1.0 Purpose:**

The purpose of these Policies and Procedures is to guide all City staff in the procurement of goods and services needed for the City. In addition, the Procurement and Contracting Department is responsible for these Policies and Procedures and is a resource to staff in assisting with City procurements.

**2.0 Policy:**

Ordinance 2049, approved by the City Council on July 22, 2021, amended Title 7 Procurement and Contracting (“Title 7”) of the Municipal Code to set the policy for procurement and contracting for the City. Sections 7.02.060 Supplemental Regulations and 7.03.010 (5) Use of Purchase Requisitions and Purchase Orders of Title 7 allow the Director to render interpretations of Title 7 and to adopt and enforce written rules and supplemental regulations to clarify the application of Title 7 and prepare administrative policies and procedures to supplement Title 7. The Procurement and Contracting Manager provides the functions of the Director as outlined in Title 7. Refer to Section 3.26 Reference Documents in these Procedures and Procedures to view the entire Title 7.

The City has, by adopting Resolution 20249, elected to become subject to the California Uniform Public Cost Accounting Act (the “Act”) when procuring Public Projects and the procurement requirements were included in Ordinance 2049 adopted by City Council. Refer to Section 3.26 Reference Documents in these Policies and Procedures to view the entire Act.

**3.0 Procedures:**

**3.1. General Requirements:**

Purchase Orders are required for all purchases with very few exceptions. Exceptions include those outlined in the Claim Voucher Policy and those purchases allowed by Purchasing Card Policy. Purchase Orders may be requested by utilizing the requisition process through the City’s ERP System (currently Munis). Refer to Section 3.26 Reference Documents in these Policies and Procedures to view the Claim Voucher Policy and Purchasing Card Policy.

**3.2. Ethics:**

It is critical that all City employees participating in the purchase of goods and services on behalf of the City understand the ethics policies and procedures outlined in Chapter 7.10 Ethics in Public Contracting of the Municipal Code. Before engaging in the public purchasing process, Chapter 7.10 must be reviewed. If there are any questions regarding Chapter 7.10, please contact the Procurement and Contracting Department or the City Attorney’s office.

**3.3. Procurement Thresholds:**

Outlined below are the current thresholds for types of procurement and Signature Authority in accordance with Municipal Code Title 7 Sections 7.03.030 and 7.04.020:

<b>Procurement of Non-Public Projects Supplies and Services (Including Professional Services)</b>		
Level 1	Level 2	Level 3
Department Award	Asst./Deputy City Manager ^/ City Manager Award	City Council Award
Informal Procurement Process	Informal or Formal Procurement Process	Formal Procurement Process
Up to \$25,000	Up to \$50,000^ / \$75,000	Over \$75,000

<b>Procurement of Public Projects</b>		
Level 1	Level 2	Level 3
Department Award	Asst./Deputy City Manager^ / City Manager Award	City Council Award
Informal Procurement Process	Informal or Formal Procurement Process	Formal Procurement Process
Up to \$60,000	Up to \$50,000^ / \$200,000	Over \$200,000

**3.4. Terminology:**

Defined terms in these Policies and Procedures shall have the meanings set forth in Section 7.01.040 of the Municipal Code.

**3.5. Award Levels and Requirements for Non-Public Projects (Goods and Services (Including Professional Services)):**

**3.5.1. Up to \$10,000** – Services may be procured by obtaining **one written quote for Supplies, Maintenance Work, and General Services or one proposal for Professional Services through documented negotiations.** Contracts for purchases at this award level may be signed by the Department based upon the delegation of signature authority from the City Manager. Once the contract (if needed) is signed, a Purchase Order may be obtained by placing a requisition into the City’s ERP System (Currently Munis) for approval by the Procurement and Contracting Department. Purchasing Cards may be used for Supplies up to the limits established for each cardholder.

**3.5.2. \$10,000.01 - \$25,000** – Services may be procured by obtaining **three written quotes for Supplies, Maintenance Work, and General Services or three proposals for Professional Services\*.** Contracts for purchases at this award level may be signed by the Department based upon the delegation of signature authority from the City Manager. Once the contract (if needed), is signed a Purchase Order may be obtained by placing a requisition into the City’s ERP System (Currently Munis) for approval by the Procurement and Contracting Department.

**3.5.3. \$25,000.01 - \$75,000** – Services may be procured by obtaining **three written quotes for Supplies, Maintenance Work, and General Services or three proposals for Professional Services\* or by a formal procurement process.** Contracts for purchases at this award level may be signed by the Assistant/Deputy City Manager or City Manager based upon the delegation of signature authority from the City Council. Once the contract (if needed) is signed, a Purchase Order may be obtained by placing a requisition into the City’s ERP System (Currently Munis) for approval by the Procurement and Contracting Department.

**3.5.4. Over \$75,000** - Purchases at this level must be **formally procured** unless a special procurement method applies in Chapter 7.05 of the Municipal Code. Contact the Procurement and Contracting Department to conduct this process. Departments will be asked to provide a scope of work and pricing structure for development of the solicitation. Departments should allow time in their planning process for these purchasing procedures to take place. A typical formal Invitation for Bids (“IFB”), applicable to Supplies, Maintenance

Work, and General Services, takes about one month to complete once the IFB is posted. Formal Request for Proposals (“RFP”) and formal Request for Qualifications (“RFQ”), applicable to Professional Services, take approximately two months to complete after either the RFP or RFQ is posted. These timeframes do not include time for Council award, which generally adds another month to the formal procurement processes. Contracts at this level must be awarded by the City Council and then signed by the City Manager. Once the contract (if needed) is signed, a Purchase Order may be obtained by placing a requisition into the City’s ERP System (Currently Munis) for approval by the Procurement and Contracting Department.

Invitations to Bid (IFBs) will be awarded to the lowest responsive, responsible bidder.

Request for Proposals (RFPs) will be awarded to the proposer that provides the best value to the City meaning combination of technical qualifications and price and not necessarily the lowest priced.

Requests for Qualifications (RFQs) typically used to procure Professional Services such as Architects/Engineers will be awarded based on a qualifications-based process with contracts negotiated for a fair and reasonable price.

### **3.6. Award Levels and Procurement Requirements for Public Projects (Construction):**

**3.6.1. 60,000 or less** – As established by the Public Contract Code Section 22032(a), Public Projects can be procured by Force Account or negotiated Contract. Contracts under \$25,000 may be signed by the Department based upon the delegation of signature authority from the City Manager. Contracts of \$25,000 to \$60,000 may be signed by the Assistant/Deputy City Manager or City Manager based upon the delegation of signature authority from the City Council. Once the contract is signed, a Purchase Order may be obtained by placing a requisition into the City’s ERP System (Currently Munis) for approval by the Procurement and Contracting Department.

**3.6.2. \$200,000 or less** - As established by the Public Contract Code Section 22032(b), Public Projects can be procured through the informal public project bidding procedure. This includes, among other things, providing the Invitation to Bids to a list of qualified bidders maintained by the City and/or by sending the Invitation to Bids to all construction trade journals specified in the Act. The entire informal public project bidding procedures are described in Section 7.04.030 of the Municipal Code. Contracts for purchases at this award level may be signed by the City Manager based upon the delegation of signature authority from the City Council. The Department would then complete the transaction by obtaining a Purchase Order by placing a Purchasing Requisition into the City’s ERP System (Currently Munis) for approval by the Procurement and Contracting Department.

**3.6.3. Over \$200,000** - Public Projects must be **formally procured by the formal public bidding procedures described in section 7.04.040 of the Municipal Code unless** a special procurement method applies in Chapter 7.05 of the Municipal Code. The Engineering Department will oversee this process for Public Projects. Contracts at this level must be awarded by the City Council and then signed by the City Manager. awarded. The Department would then complete the transaction by obtaining a Purchase Order by placing a requisition into the City’s ERP System (Currently Munis) for approval by the Procurement and Contracting Department.

### **3.7. Purchasing Cards (P-cards):**

The Procurement and Contracting Department issues Purchasing Cards (P-cards) to facilitate the purchase of Supplies for on-the-spot smaller transactions and for travel for some card holders. It is critical that cardholders understand the proper use of P-cards and follow the P-card policy. P-cards cannot be shared and must be protected by the cardholder at all times. Receipts for purchases

must be maintained by the cardholder. Please view the P-card policy in Section 3.26 Reference Documents for more information concerning the use of the City's P-cards.

### **3.8. Purchase Requisitions:**

Purchase Requisitions are required through the City's ERP system (Currently Munis) to obtain Purchase Orders for the authorization to purchase of Supplies, Services, and Public Projects for the City. Each Department shall have selected staff trained to input needed information into the system to obtain the required Purchase Orders. Preparing detailed notes and adding supporting documents in the system will help facilitate the approval process. The following documents shall be included with the requisition:

- 1) the required number of quotes and/or signed contract
- 2) for Supplies, Services and Public Projects, any insurance certificates and endorsements required to demonstrate the vendor has the required levels of insurance
- 3) for sole source purchases a letter from the vendor explaining the sole source with a current date on it and an explanation from the department on why only that product or vendor can be used will also be needed for approval. To avoid any delays in processing Purchase Orders Sole Source items should be submitting in advance to the Procurement Manager for review and signoff.
- 4) for emergency purchases proper authorization from the City Manager shall be included
- 5) documentation for any exemptions that are being used for the purchase as defined in Section 7.01.030 of Title 7.

### **3.9. Purchase Order Authorization:**

The Procurement and Contracting Department issues Purchase Orders to authorize the purchase of Supplies, Services, and Public Projects. Purchase Orders are not issued after a purchase since the purchase has already taken place. The City and the vendor are at risk if items are purchased without proper authorization through a contract or Purchase Order. Noncompliance with the Procurement policies and procedures may cause the transaction in question to be audited and presented to the City Manager and City Attorney for their review before payment may be made. All transactions are monitored and audited on a regular basis for compliance and violations are subject to disciplinary action.

### **3.10. Blanket Purchase Orders:**

Blanket Purchase Orders may be issued each fiscal year for purchases of Supplies and Services at lower dollar values that are repetitive in nature and on an as needed basis. The purpose of these Purchase Orders is to provide Supplies and Services for Departments to avoid emergency purchases for repairs of buildings, vehicles, etc. Procurement must be in compliance with these Policies and Procedures and Title 7.

### **3.11. Purchase Order Issuance:**

Purchase Orders are issued by the City's ERP system (Currently Munis) directly to vendors and a copy is provided to the Department. Departments should contact the vendor to confirm the vendor received the Purchase Order and the vendor is moving forward with the order.

### **3.12. Changes to Purchase Orders:**

Should a change to a Purchase Order be needed after the purchase order is issued the change will be processed through the City's ERP system (Currently Munis). Information must be provided in the notes section to explain why the change is necessary with supporting documentation attached.

### **3.13. Requests for Formal Solicitations:**

If a Department needs a Procurement by formal solicitation (IFB, RFP or RFQ), the Department shall contact the Procurement and Contracting Department for further assistance. The Department must provide a scope of work, pricing structure and any specific qualifications or minimum requirements the Department would like included in the solicitation. The Procurement and Contracting Department will draft the solicitation for review and comment by the Department. Once the solicitation is finalized, the solicitation will be advertised to the public and the Procurement and Contracting Department, in conjunction with the Department, will conduct any pre submittal meetings, prepare any addenda to make changes to the solicitation, open the bids or proposals, and finalize the evaluation and selection process until a contract is ready for recommendation of award.

### **3.14. Claim Vouchers:**

Claim Vouchers may be used in certain situations where the issuance of a Purchase Order may not be appropriate or practical. Claim Vouchers may not exceed \$1,500 and are submitted directly to the Finance Department for payment. Please view the attached Finance Policy regarding the appropriate use of a claims voucher in the Section 3.26 Reference Documents. The improper use of a Claim Voucher for purchases requiring a Purchase Order is prohibited and is subject to disciplinary action.

### **3.15. Sole Source Purchases:**

Sole Source purchases may be made when only one specific product or vendor meets a need by the City. Sole Source procurements must be justified by obtaining a sole source letter with current date from the vendor that provides the necessary information to show how their product or services is a sole source, such as patent or copyright information, and an explanation from the Department why only that vendor or product meets the needs of the Department. See Section Municipal Code Title 7 Section 7.05.020 Sole Source Procurement by the City. Sole Source requests should be sent to the Procurement Manager in advance for approval before proceeding with the requisition process so that the process is not delayed.

### **3.16. Emergency Purchases:**

Departments may experience emergencies that affect the health and safety of the public or the City's assets. In the event an emergency purchase is needed, the City Manager can authorize these purchases. See Municipal Code Title 7 Section 7.05.040 Emergency Procurement.

### **3.17. Exception and Special Expertise Purchases:**

Title 7 Section 7.01.030 and 7.05.303 outlines certain exceptions to the procurement ordinance. If a Department has a need for supplies or services that fall into one of these expectations, the Department shall document which exception it falls under and include that documentation with the purchase requisition for processing.

### **3.18. Purchasing Cooperatives:**

Departments may utilize purchasing cooperatives and State contracts to purchase needed items. The City participates in purchases thru the State's California Multiple Award Schedules (CMAS) and through non-State cooperatives such as OMNIA, HGAC and Sourcewell. If a Department needs an item on a cooperative contract or a vendor indicates they are part of a cooperative contracting program, contact the Procurement and Contracting Department for further assistance. These contracts may fulfill the need to obtain quotes or perform a formal solicitation process as they have already been procured by a qualifying agency. The contract must be open for use and the items needed must be on the contract. The price offered to the City must be at or below the price listed on the cooperative contract. See Municipal Code Title 7 Section 7.09.010

### **3.19. Federally Funded Projects:**

Along with the procurement and administrative requirements in Title 7 and these Policies and Procedures, there are additional requirements when spending federal funds. This includes complying with CFR Part 200 - Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, which must be followed when spending certain federal funds. Federal funding typically has additional procurement requirements that must be carefully reviewed in order to be in compliance. These requirements vary, but typically require different procurement methods and forms and certain procurement and contract clauses, while some City policies will not apply when using federal funding such as the Local Preference Ordinance. Additional federal contract administrative requirements will apply during the contract. Departments must work with the Procurement and Contracting Department if procuring federally funding projects to make sure the solicitation and resulting contract are federally compliant.

### **3.20. Local Preference:**

Effective March 2009 the City Council voted to modify the Procurement Ordinance and add a Local Preference program. See Municipal Code Chapter 7 Section 7.09.030 Local Business Preference Program for more information on this program.

### **3.21. Prevailing Wage:**

Certain Public Projects and Services costing \$15,000 or more are subject to the payment of prevailing wages. See Municipal Code Chapter 7 Section 7.06.020 Prevailing Wages and Benefits for more information on this program.

### **3.22. Surplus Property:**

When a Department has an asset that is no longer needed, the Department must contact the Procurement and Contracting Department and provide pictures, condition information and estimated value for disposition of that asset. Other Departments in the City will be given the opportunity to have the asset transferred to their Department for use first. If no other Departments in the City have a need for the asset, it will be sold on a public action site with the funds returning to the City's general fund.

### **3.23. Contracts and Contract Awards:**

Contracts are generally prepared by the Procurement and Contracting Department but may also be prepared by Departments. All contracts shall be reviewed and approved by the City Attorney's office before sending to the vendor for signature. Any vendor provided contracts must also be reviewed and approved by the City Attorney's office before any signatures may be obtained. If a vendor requires a change to a contract approved by the City Attorney's office during the signature process, the City Attorney and the Contracts and Procurement Department shall be notified for approval of any changes. Only those employees authorized by the City Manager and/or City Council shall sign contracts on behalf of the City.

### **3.24. Contract Amendments and Changes Orders:**

Contracts may be amended or changed through the use of formal amendments or change order documents. Departments shall contact the Purchasing and Contracting Department and/or the City Attorney's Office for any assistance needed in preparing these documents. The City Manager may approve amendments and Change Orders if the amendments or Change Orders aggregated with the original contract do not to exceed the Signature Authority established by the City Council, currently \$75,000 for Supplies and Services (non-Public Projects) and \$200,000 for Public Projects. The City Council may delegate specific Signature Authority to approve amendments or Change Orders, specific to that contract, based on either a percentage of the original contract amount or a specific dollar amount. See Municipal Code Title 7 Section 7.03.070 Contract or Purchase Order Amendments.

**3.25. Contract Administration:**

Each Department shall have dedicated staff to provide contract administrative services for Purchase Orders and contracts. The responsibilities include, among other things, the following: Making sure Supplies or Services received and accepted by the Department meet the terms and conditions of the Purchase Order or contract. Monitoring the progress of the work to make sure deliverables are received and work progresses as required. Keeping vendor insurance certificates current, documenting files, and reviewing invoices for the work to confirm the invoices are accurate based on the payment provisions in the contract or Purchase Order. Working with the vendor or contractor as soon as any issues arise to keep the work on track and contacting the Procurement and Contracting Department and the City Attorney's office if assistance is needed in resolving disputes or if contract termination is needed. If the project is federally funded, making sure all the federal requirements are met, completing any required reports, and documenting compliance with the federal terms and conditions. In addition, the contract administrator shall make sure the contract and or Purchase Order is closed out properly at the end of the contract term.

**3.26. Contract and Purchase Order Closeout:**

Once a contract or Purchase Order is complete, the Department shall take the steps to close out the contract or Purchase Order and release any unused funds. For blanket Purchase Orders, this process should occur at the end of each fiscal year. . Files should be complete and organized for record retention. For Public Projects, project closeout should be in accordance with the contract, including, but not limited to, filing project completion notices, obtaining from the Contractor any warranties, operations and maintenance manuals and attic stock as applicable and releasing retention to the Contractor as warranted prior to closing the contract.

**3.27. Reference Documents:**

<b>Procurement Chart</b>	
<b>Municipal Codes Chapter 7</b>	
<b>California Uniform Public Construction Cost Accounting Act</b>	
<b>P-Card Policies and Procedures</b>	
<b>Claim Voucher Policy</b>	
<b>Signature Authority Matrix</b>	