

ADOPTION OF A RESOLUTION APPROVING AN UPDATED PURCHASING POLICY AND PROCEDURE MANUAL (F: 127.3) (XR: 127.9)

Following staff introduction and City Council questions, it was moved by Council Member K. Nguyen, seconded by Council Member Klopfenstein that:

Resolution No. 9646-20 entitled: A Resolution of the City Council of the City of Garden Grove approving the revised Purchasing Policy and Procedure Manual, be adopted.

The motion carried by a 7-0 vote as follows:

Ayes:	(7)	Brietigam, D. Nguyen, Bui, Klopfenstein, K. Nguyen, O'Neill, Jones
Noes:	(0)	None

GARDEN GROVE CITY COUNCIL

RESOLUTION NO. 9646-20

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF GARDEN GROVE APPROVING THE REVISED PURCHASING POLICY AND PROCEDURE MANUAL

WHEREAS, the City's Purchasing Policy and Procedure Manual was last revised in 2005; and

WHEREAS, pertinent State laws and federal regulations governing municipal procurement have changed since 2005; and

WHEREAS, the City Council adopted an ordinance to amend Chapter 2.52 of the Municipal Code to conform to the State law; and

WHEREAS, the revised Purchasing Policy and Procedure Manual has been updated to reflect best practices and ensure compliance with federal and state regulations.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF GARDEN GROVE, CALIFORNIA DOES RESOLVE, DECLARE, DETERMINE, AND ORDER AS FOLLOWS:

SECTION 1. The Purchasing Policy and Procedure Manual attached hereto is approved;

SECTION 2. The Finance Director is hereby authorized to make minor modifications to the City's purchasing policies and procedures to reflect best practices and compliance with applicable laws and regulations consistent with the Municipal Code and City Council resolutions.

Adopted this 23rd day of June 2020.

ATTEST:

/s/ STEVEN R. JONES
MAYOR

/s/ TERESA POMEROY, CMC
CITY CLERK

STATE OF CALIFORNIA)
COUNTY OF ORANGE) SS:
CITY OF GARDEN GROVE)

I, TERESA POMEROY, City Clerk of the City of Garden Grove, do hereby certify that the foregoing Resolution was duly adopted by the City Council of the City of Garden Grove, California, at a meeting held on June 23, 2020, by the following vote:

Garden Grove City Council

Resolution No. 9646-20

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AYES: COUNCIL MEMBERS: (7) BRIETIGAM, O'NEILL, NGUYEN D., BUI
KLOPFENSTEIN, NGUYEN K., JONES
NOES: COUNCIL MEMBERS: (0) NONE
ABSENT: COUNCIL MEMBERS: (0) NONE

/s/ TERESA POMEROY, CMC
CITY CLERK

CITY OF GARDEN GROVE



PURCHASING POLICY AND PROCEDURE MANUAL



REVISED JUNE, 2020

**CITY OF GARDEN GROVE
PURCHASING POLICIES & PROCEDURES
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MISSION STATEMENT

CITY OF GARDEN GROVE PURCHASING DIVISION

The mission of the Purchasing Division and Central Stores is to assist the City of Garden Grove to obtain the goods and services needed by staff while promoting a spirit of teamwork and unity; to assist and educate staff with all of their procurement needs while respecting their expertise and knowledge of their discipline; to provide prompt and professional attention to each department's needs; to spend the City's money wisely so that maximum value is obtained for its limited financial resources; to maintain a central store of supplies and materials to meet the goals of the City; and to obtain maximum value for surplus and obsolete items. Purchasing and Central Stores will act in accordance with the highest standards of ethics, customer service, transparency, and fairness, and will be accountable for expenditures for goods and services.

Purchasing and Central Stores will conduct its work in accordance with federal and state law. Purchasing will continuously evaluate each process and transaction with a critical eye towards implementing processes that are cost effective and value added.



CODE OF ETHICS

As public employees, purchasing professionals, and staff members of the Purchasing Division for the City of Garden Grove, we owe our institutions our best, unbiased judgment every time we spend their money and/or act on their behalf. All staff members who engage in the procurement process shall agree to, be familiar with and be bound by the City of Garden Grove Code of Ethics for Public Officers and Employees as set forth in Chapter 2.02 of the Municipal Code.

In addition, the following rules of professional conduct shall govern the behavior of Assistant Buyer(s), Buyer(s), Storekeeper(s), Stock Clerk(s) and the Purchasing Division Manager in the fulfillment of their duties.

- A. Act impartially and with the highest degree of integrity to foster public confidence in City Government, and make every effort to ensure open and fair competition for available City Business in accordance with the Garden Grove Municipal Code and the Garden Grove Purchasing Manual.
- B. Do not to accept, directly or indirectly, any tangible or intangible benefit, the value of which is five dollars (\$5.00) or more, including, but not limited to, money, gifts, favors, entertainment, discounts, passes, transportation, accommodation, hospitality, or offers of employment that may influence or give the appearance of influencing procurement-related decisions. This includes those items exceeding said value that have an imprinted company logo and could be perceived, by virtue of their use in the Department, as an endorsement of, or preference for a particular product or service.
- C. Declare a conflict of interest when a potential organization is to be selected for contract award that employs him or her, is about to employ him or her, or his or her family members or partner. The officer, employee of agent shall not solicit or accept gratuities, favors or anything exceeding five dollars (\$5.00) in value from contractors, potential contractors, or parties to sub-agreements and subcontracts.
- D. Immediately disclose any real or apparent potential conflict of interest to the employee's supervisor and refrain from all activity with respect to this vendor upon learning that the City is conducting or intends to conduct business with a vendor which the employee, or a member of the employee's family may have a financial interest.
- E. Conduct themselves in a courteous and professional manner with the Department's customers and vendors, and act professionally and without discrimination or bias.
- F. Do not utilize confidential or sensitive information acquired in the course of their duties for personal gain or for the benefit of family or friends.

- G. Immediately inform their supervisor and other department management upon learning of a potential or existing problem that the Department has an interest in. Employees will strive to ascertain all relevant facts in a timely manner as well as analyze all possible solutions, and present what they believe to be the best solution to their supervisor.
- H. Do not willfully or unlawfully conceal, remove, mutilate, falsify or destroy any document or records.
- I. Do not make any false or fictitious statements in connection with any official matter, document or record.

Violation of any provision of this policy may be cause for disciplinary action. Disciplinary action may range from an oral reprimand to termination. The City reserves all rights to pursue appropriate legal action to the fullest extent permitted by law.

CHAPTER 1:

GENERAL PURCHASING OVERVIEW AND STRUCTURE

1.1 INTRODUCTION

This Purchasing Manual has been prepared to provide guidance and training for the procurement of all equipment, materials, supplies and services needed by departments within the City. This manual outlines the steps of each type of procurement process from the beginning to the end. The Garden Grove Municipal Code is the guideline for this manual and can be referenced on the City's Intranet.

The Purchasing Division is responsible for managing the informal and formal bidding process, processing of all purchase requisitions, developing and reviewing contracts, and the administration of the credit card and cell phone programs. The Purchasing Division also oversees the operations of the Central Stores Warehouse which includes receiving and surplus property disposal.

1.2 OVERVIEW

As a public entity, it is critical that the purchasing procedures adopted by the City Council are equitable, transparent and follow the applicable statutory requirements.

The Purchasing Manual was created to serve as a reference tool for departments in translating needs into tangible items and services. The purpose of this manual is to provide the necessary guidance for staff to obtain needed products and services as directed by the Municipal Code, Ordinances and Resolutions, Administrative Regulations, and State and Federal Regulations.

In addition to outlining the basic purchasing processes and threshold limits, this manual also provides detailed information on the informal and formal bidding processes, insurance requirements and the Central Stores Warehouse operations.

This manual cannot address every situation. When an unusual situation occurs or a difficult legal problem arises, the City Council, City Manager or designee, may approve exceptions to this policy, when in the best interest of the City, so long as the proposed exceptions are consistent with local, state, and federal laws. The final authority for City purchasing procedures is the law itself.

It shall be the policy of the City to fully comply with and make purchases or expenditures pursuant to this manual.

The goal of this manual is to present a user-friendly, easy-to-understand document that summarizes the procurement process and provides information that is most useful to the procurement process. If you cannot find the answer to your question in this manual, please call the Purchasing Division for assistance. We are happy to be of service.

1.3 PURCHASING STRUCTURE

The City of Garden Grove operates under a decentralized purchasing function for purchases that do not exceed a total amount of \$25,000 in which specific employees in the various departments are responsible for purchasing decisions for services, equipment, and goods within a certain dollar threshold per the approval of the department head or designee. The Purchasing Division advises and assists the departments as needed, and initiates purchases that benefit the City.

City departments may contact vendors for product information and to obtain informal quotes for materials, supplies and equipment and proposals for services that do not exceed the \$5,000 purchasing threshold. All purchases that do not fall within this dollar threshold must be executed per the guidelines established within this Purchasing Manual.

1.4 THE PURCHASING CYCLE

Purchasing and procurement are citywide functions. Virtually every City employee participates either directly or indirectly in the process. Procurement begins with employees identifying a requirement for a product or service. The purchasing cycle establishes the proper steps for all department staff to follow when requisitioning supplies, materials, and equipment; public works projects; and/or professional/consultant service contracts.

The Budget

Step One: Approval of the City's budget. The budget authorizes the City Manager and designees to purchase the materials, supplies, services, and equipment in the budget document. Purchases for certain dollar amounts are subject to further requirements, such as department head approvals, City Manager/Designee approval, City Council approval, and/or bidding requirements.

Method of Purchase

Step Two: Departments choose the method of purchase according to the type and dollar value of the purchase. A requisition is submitted, routed through the approval process, and is eventually converted into a purchase order or contract.

Risk Management Review

Step Three: Risk Management evaluates the potential risk and determines the appropriate insurance requirements and contract language.

Receiving and Acceptance

Step Four: Once the product or service has been received or accepted, payment authorization can proceed. All goods should be shipped to a City facility to ensure receipt by City staff, unless approved by the Purchasing Division Manager prior to making the purchase.

1.5 RESPONSIBILITIES

Department Responsibilities

- Know the requirements of your funding source. Grants and Federal funding may have different requirements and always defer to the stricter funding requirements or the City purchasing policies
- Verify available budget prior to making purchases
- Anticipate requirements sufficiently in advance to allow adequate time to obtain goods in accordance with the best purchasing practices
- Determine if prevailing wages are required and confirm DIR registration requirements are met prior to obtaining bids and quotes
- Contact Risk Management to obtain insurance recommendations and contract language prior to obtaining bids and quotes or issuing contracts
- Do not split orders for the purpose of avoiding purchasing and bid requirements or approval levels
- Provide detailed, accurate specifications to ensure goods obtained are consistent with requirements and expectations
- Prepare requisitions according to instructions to minimize processing time
- Limit urgent and sole source purchases and provide written documentation for review when these purchases are necessary

Risk Management Responsibilities

- Review draft contracts and contract amendments and provide insurance recommendations and language
- Contact vendors to obtain additional insurance documents when needed
- Determine if insurance requirements can be waived based on risk assessment

Purchasing Responsibilities

- Ensure full and open competition on all purchases as required by the purchasing policy
- Coordinate vendor relations, locate sources of supply and evaluate vendor performance
- Recommend revisions to purchasing procedures when necessary and keep informed of current developments in the field of public purchasing and state laws pertaining to purchasing
- Prescribe and maintain all forms and records necessary for the efficient operation of the purchasing function
- Act as the City's agent in the transfer and disposal of surplus equipment and materials

CHAPTER 2:

PURCHASING AUTHORITY & THRESHOLDS AND REQUIREMENTS

2.1 PURCHASING AUTHORITY

Under the provisions of Chapter 2.50.020 of the Garden Grove Municipal Code, the Finance Director has been given the authority to purchase or contract for all supplies, services or equipment required by any City department. The Municipal Code further sets forth formal and open market procedures to be followed in carrying out purchasing functions.

City Council Resolution No. 9212-14 authorizes the City Manager or his/her designee to approve contracts for professional services and for the purchase of supplies and equipment up to \$50,000 per vendor, per fiscal year.

Public Works contracts are authorized under the California Public Contract Code and Chapter 2.52 (Public Works Construction Bid Procedure) of the Garden Grove Municipal Code.

Pursuant to Section 2.50.020 (Purchasing Authority) of the Garden Grove Municipal Code, the City of Garden Grove Purchasing Manager has the authority, as delegated by the Finance Director, to:

- A. Purchase or contract for supplies, services, and equipment required by any using agency in accordance with purchasing procedures prescribed by the Code, such administrative regulations as he or she shall adopt for the internal management and operation of the Purchasing Division, and such other rules and regulations as shall be prescribed by the City Council or City Manager;
- B. Negotiate and recommend execution of contracts for the purchase of supplies, services, and equipment;
- C. Act to procure for the City the needed quality in supplies, services, and equipment at the least expense to the City;
- D. Discourage uniform bidding and endeavor to obtain as fully and open competition as possible on all purchases;
- E. Prepare and recommend to the City Council through the City Manager, rules governing the purchase of supplies, services, and equipment for the City;
- F. Prepare and recommend to the City Council through the City Manager, revisions and amendments to the purchasing rules;
- G. Keep informed of current developments in the field of purchasing, prices, market conditions, and new products;
- H. Prescribe and maintain such forms as reasonably necessary to the operation of this chapter and other rules and regulations;
- I. Supervise the inspection of all supplies, services, and equipment purchased to ensure conformance with specifications;

- J. Recommend the transfer of surplus or unused supplies and equipment between departments as needed and the sale of all supplies and equipment that cannot be used or that have become unsuitable for City use; and
- K. Maintain a bidder's list and records needed for the efficient operation of the Purchasing Division (2813 § 1, 2012; 1274 § 1, 1972)

2.2 PURCHASING THRESHOLDS AND REQUIREMENTS

The following charts are reference guides that outline the different types of procurements, the requirements for each process, and the proper channels of approval. Please reference Chapters 7, 8 and 9 of this manual for a detailed explanation of each procurement process.

Purchase of Materials and Supplies, Equipment and other Commodities

Dollar Threshold	Requirements	Requisition Approval/Authority
\$0-\$5,000	Requisition/PO and one (1) informal quote required for amount over \$1,000 Purchases under \$1,001 do not require a Requisition/PO	Requisition Approval: Department Head/Designee approval required Authority: Department Head/Designee approval required
\$5,001-\$25,000	Obtain three (3) informal quotes Requisition/PO Required	Requisition Approval: Department Head/Designee approval required Authority: Department Head/Designee approval required
\$25,001 and greater	Formal Bid (IFB) Process Required Requisition/PO Required	Requisition Approval: Department Head/Designee approval required Authority: City Manager/Designee approval required up to \$50,000 City Council approval required for purchases greater than \$50,000 Note: All vehicles require City Council approval regardless of dollar amount

Contracts for Professional Services and Consultant Services

Dollar Threshold	Requirements	Requisition Approval/Authority
\$0-\$5,000	<p>Requisition/PO and one (1) written proposal required for all services that exceed \$1,000</p> <p>Services under \$1,001 do not require a Requisition/PO</p> <p>Contract and insurance validation is not required for services between \$1,001-\$5,000 unless deemed as necessary by Risk Management</p>	<p>Requisition Approval: Department Head/Designee approval required</p> <p>Authority: Department Head/Designee approval required</p> <p>City Manager/Designee signature required on all contracts</p>
\$5,001-\$25,000	<p>Requisition/PO, one (1) written proposal and contract required</p> <p>Mini Brooks Act may apply</p> <p>Insurance required as per contract and Risk Management recommendations</p>	<p>Requisition Approval: Department Head/Designee approval required</p> <p>Authority: City Manager/Designee signature required on all contracts</p>
\$25,001 and greater	<p>Formal Request for Proposal (RFP) Process Required</p> <p>Mini Brooks Act may apply</p> <p>Requisition/PO, scope of work and contract required</p> <p>Insurance required as per contract and Risk Management recommendations</p>	<p>Requisition Approval: Department Head/Designee approval required</p> <p>Authority: City Manager/Designee signature required on all contracts up to \$50,000</p> <p>City Council approval required for contracts greater than \$50,000</p>

Purchase Orders and Contracts for Public Works/Construction Projects

Dollar Threshold	Requirements	Requisition Approval/Authority
\$0-\$5,000	<p>Provide a detailed scope of work to potential contractors and obtain one (1) written quotation which includes prevailing wage rates</p> <p>Prevailing Wage rates required for work of \$1,000 and greater</p> <p>Requisition/PO and one (1) written quotation required for amount over \$1,000</p> <p>Contract and insurance validation is not required for services between \$1,001-\$5,000 unless deemed as necessary by Risk Management</p> <p>Valid Contractor License required</p>	<p>Requisition Approval: Department Head/Designee approval required</p> <p>Authority: Department Head/Designee approval required Notice of contract award through DIR's PWC-100 NOT REQUIRED</p>
\$5,001 -\$10,000	<p>Provide a detailed scope of work to potential contractors and obtain one (1) written quotation which includes prevailing wage rates</p> <p>Prevailing Wage rates required for work of \$1,000 and greater</p> <p>Contract and insurance required for projects greater than \$5,000 as per contract and Risk Management recommendations</p> <p>Valid Contractor License required</p>	<p>Requisition Approval: Department Head/Designee approval required</p> <p>Authority: Department Head/Designee approval required Notice of contract award through DIR's PWC-100 NOT REQUIRED</p>

Dollar Threshold	Requirements	Requisition Approval/Authority
\$10,001-\$60,000	<p>Provide detailed scope of work to potential contractors and obtain three (3) written quotations which include prevailing wage rates</p> <p>Requisition/PO, scope of work and contract required</p> <p>Valid Contractor License required</p> <p>Must provide proof of registration (prime and all sub-contractors) with the DIR unless under the small project exemption</p> <p>Labor/Material and Performance Bonds required for all contracts greater than \$25,000</p> <p>Insurance required as per contract and Risk Mgmt. recommendations</p> <p>Prevailing Wage rates required</p>	<p>Requisition Approval: Department Head/Designee approval required</p> <p>Authority: City Manager/Designee signature required on all contracts up to \$50,000</p> <p>City Council approval required for contracts greater than \$50,000</p> <p>Project Managers are required to submit notice of contract award through DIR's PWC-100 system on projects that fall outside of the small project exemption. The small project exemption applies for all public works projects that do not exceed: -\$25,000 for new construction, alteration, installation, demolition or repair -\$15,000 for maintenance</p>
\$60,001-\$200,000	<p>Informal Bid Process Required per GGMC § 2.52.030</p> <p>Requisition/PO, detailed scope of work/plans and contract required</p> <p>Notice of Inviting Bids Required</p> <p>Valid Contractor License required</p> <p>Must provide proof of registration (prime and all sub-contractors) with the DIR: Department of Industrial Relations</p> <p>Labor/Material and Performance Bonds required</p> <p>Insurance required as per contract and Risk Management recommendations</p> <p>Prevailing Wage rates required</p>	<p>Requisition Approval: Department Head/Designee approval required</p> <p>Authority: City Council approval required</p> <p>Contracts AND Purchase Orders for all public works projects that fall outside of the small project exemption must be reported to the DIR by the Project Manager within 30 days of the award/approval date, or before beginning any work.</p>

Dollar Threshold	Requirements	Requisition Approval/Authority
<p>\$200,001 and greater</p>	<p>Formal Bid Process Required per PCC 22037 Requisition/PO, Scope of Work/Plans and Contract required</p> <p>Notice of Inviting Bids Required</p> <p>Valid Contractor License required</p> <p>Must provide proof of registration (prime and all sub-contractors) with the DIR: Department of Industrial Relations</p> <p>Labor/Material and Performance Bonds required</p> <p>Insurance required as per contract and Risk Management recommendations</p> <p>Prevailing Wage rates required</p>	<p>Requisition Approval: Department Head/Designee approval required</p> <p>Authority: City Council approval required</p> <p>Contracts AND Purchase Orders for all public works projects that fall outside of the small project exemption must be reported to the DIR by the Project Manager within 30 days of the award/approval date, or before beginning any work.</p>

**CHAPTER 3:
VENDOR INFORMATION AND RELATED POLICIES**

3.1 NEW VENDOR APPROVAL PROCESS

Before making purchases other than with petty cash and credit cards, new vendors must be set up in the City's financial system. New vendor requests are to be entered by the departments. New vendors are required to submit a completed W9, Request for Taxpayer Identification Number form to the requesting department. Requesting departments will enter the necessary information including vendor name (if applicable), DBA (if applicable), remittance address, purchasing address, purchasing e-mail, remit e-mail (if available), phone number, business type, and attach the W9 form in the financial system. The vendor request will be submitted to the Purchasing Division for review and approval. Once approved, a vendor number is assigned and the department will be notified. The new vendor is then available to use by all departments

3.2 PLANET BIDS ON-LINE VENDOR REGISTRATION

The Purchasing Division utilizes an online registration and bidding system to conveniently assist and notify vendors and businesses of various bid opportunities, news, and updates. The electronic bidding system provides an easy and accessible way to obtain solicitation documents. Registered companies will receive customized emails notifying them of specific bids, the ability to search for bids, and download documents. The City utilizes a customized list of commodity codes to register and notify potential bidders for opportunities. In order to access the system, vendors must register with the City.

Current and new vendors that would like to receive notification of bid opportunities from the City are encouraged to register online. The system requires all vendors to have email capability to download solicitations, documents, addendums, and award information. Both formal and informal solicitations can be processed through the online bidding system. When a vendor does not have access to register online, Purchasing Division staff will assist in the registration and bidding process. Once registered, all vendors are solely responsible for maintaining current and accurate profile information. Vendors may edit their profile at any time.

This system provides vendors with a searchable online database of current bid and proposal solicitations and opportunities.

Some of the key system features and vendor benefits include:

- A. Vendors' ability to maintain their own profiles as a new or existing vendor
- B. Receive automatic email notifications for selected bid opportunities based on product/service categories
- C. Searches for requests, addenda, plan holders lists, bid results, and awards
- D. Request and download bid document(s) when available
- E. Receive automatic addendum notifications as a bid participant

The City now conducts the majority of its formal bid and proposal solicitations through this on-line bidding system. To receive full advantage of this program, we encourage all vendors to register online by accessing the City's website.

3.3 LOCAL VENDOR PREFERENCE

Where the services to be provided by a bidder or supplier are equal, preference shall be given to local merchants when the local merchants' bids are within 2% of the lowest bid received, provided that the dollar amount represented by the 2% difference does not exceed \$5,000. This provision shall only be utilized where bids in the amount of \$5,000 or higher are solicited.

3.4 USING VENDOR CONTRACTS VERSUS APPROVED CITY CONTRACTS

Project Managers may encounter a situation where the vendor prefers for the City to use their contract versus a standard City approved contract. It is recommended that the project manager send the vendor a sample copy of the City's standard contract for review prior to agreeing to use a vendor's contract.

If a decision is made to use the vendor's contract, the following steps must be followed by the project manager to ensure that the proper insurance requirements are included within the contract and that the City is able to comply with all of the terms of the vendor contract.

- A. Risk Management Review: A copy of the vendor contract and the scope of work should be forwarded to Risk Management for review and insurance recommendations and language.
- B. City Attorney Review: Once Risk Management reviews the vendor's contract, it should then be forwarded to the City Attorney for review and approval as to form. The City Attorney will make recommendations and may request that the vendor make changes to their contract prior to obtaining signatures.
- C. Consult with the Vendor: The project manager shall communicate any changes or recommendations back to the contractor for review and revisions to their contract. Once the contract has been revised, signatures can be obtained. In the event that the contractor does not agree with the proposed changes, Risk Management and/or the City Attorney should be contacted for further discussion and negotiation.

CHAPTER 4:

METHODS OF PROCUREMENT

The most common methods of procurement are purchase orders and contracts which are discussed in detail in Chapters 7, 8 and 9. This chapter will discuss other methods that are available and the guidelines for each method. These alternate methods of procurement should not be used when a purchase order or contract is required according to the purchasing policies and guidelines.

4.1 REQUISITION/PURCHASE ORDER AND REQUIREMENTS

A requisition and purchase order are required for the following purchases:

1. Materials/Supplies/Commodities
2. Equipment
3. Public Works/Construction contracts
4. Professional Service/Consultant contracts
5. Changes Order requests to make changes to existing purchase orders
6. Requests for Master Blanket Purchase Orders
7. Releases against Master Blanket Purchase Orders
8. Amendments to existing Professional Service/Consultant contracts
9. Change notices to Public Works/Construction contracts
10. Request to initiate a formal bid or request for proposal process
11. If the purchase involves obtaining any of the following items, a requisition and purchase order are always required, regardless of the dollar threshold.
 - Furniture (Chairs, Desks, Systems Furniture/Cubicles, etc.)
 - Software and Computer Products (may require prior approval from the Information Technology Department)
 - Ammunition
 - Weapons

4.2 EXEMPTIONS TO REQUISITION AND PURCHASE ORDER REQUIREMENTS

The following are exemptions to the requisition and purchase order process: The following products and services do not require the submission of a requisition or purchase order.

1. Filing Fees
2. Travel Services – such as hotel reservations, rental cars, and airfare
3. Licenses
4. Utility Payments
5. Professional Membership Dues
6. Registration fees
7. Subscriptions for magazines/periodicals
8. Tuition
9. Other Governmental Agencies
10. Contracts for services under \$1,001
11. Purchases for goods/commodities under \$1,001
12. Reimbursement for items under the petty cash procedure
13. Insurance Premiums, Claims and Settlements

- 14. Conferences and Business Meetings
- 15. Mandated Payments

4.3 CITY ISSUED CREDIT CARDS

Obtaining a City Issued Credit Card: City issued credit cards will be issued per the approval of the Finance Director. Credit limits will also be set per the discretion of the Finance Director. To request a credit card, please draft a memo to the Finance Director for review and approval, which includes the name and title of the person whom the credit card will be issued to, suggested credit limit and justification for the need and use of the credit card. Upon receiving approval from the Finance Director, the Purchasing Manager will request the credit card from the bank.

Credit Limit Increases: Credit limit increases are subject to the approval of the Finance Director. To request a credit limit increase, draft a memo to the Finance Director for review and approval. Upon receiving approval from the Finance Director, the Purchasing Manager will request the credit limit increase from the bank.

Cancellation of Credit Cards: Upon retirement or separation from the City, credit cards will be cancelled and must be surrendered to the Purchasing Division.

Please reference Administrative Regulation 5.8: Credit Card Policy

4.4 BLANKET PURCHASE ORDERS

Blanket purchase orders are used for various categories of items such as office supplies, hardware, plumbing supplies, painting supplies and various types of on-call services. Master blanket purchase orders will be established at the beginning of each fiscal year and must be a collaborative effort amongst various City departments. This will ensure discounted pricing based on larger purchases and economies of scale. Pricing should be based on discounted pricing through negotiated contracts or through contracts that have already been formally bid such as state contracts or cooperative agreements.

Master Blanket Purchase Orders

- Master blanket purchase orders are "B" type purchase orders
- The requestor will enter a requisition to initiate a new master blanket purchase order which includes the purchase order amount and negotiated pricing list or contract
- Purchasing will create the master blanket purchase order
- Purchasing will verify annual spending amount based on history to ensure collaboration amongst City departments
- Purchasing staff can assist with negotiated pricing for the items to be purchased under the master blanket purchase order when needed

- Funds are not encumbered (non-encumbered) at the time the master blanket purchase order is created
- Master blanket purchase orders will be renewed at the beginning of each fiscal year
- Master Blanket Purchase Order and Terms and Conditions will be sent to the vendor

Releases against Master Blanket Purchase Orders

- Releases against Master Blanket purchase orders are "P" type purchase orders
- The requestor will enter a requisition to initiate a release against the master blanket purchase order
- Releases are the anticipated spending amount per quarter or time period the user chooses and are encumbered
- Releases can be done on a quarterly basis or as needed
- Release purchase orders against the master blanket purchase orders will not be sent to the vendors

CHAPTER 5:

INFORMAL AND FORMAL BIDDING PROCEDURES

5.1 INFORMAL BIDDING PROCESS

Informal bidding procedures require the solicitation of written informal quotes and proposals from vendors as required per the purchasing thresholds. These may be submitted by email, fax, internet websites, or mail. Informal bidding procedures apply to the following:

- *Purchases – for materials, supplies, equipment and commodities up to \$25,000*
- *Professional/Consultant Service Contracts up to \$25,000*
- *Public Works Contracts up to \$200,000.* Notice of Inviting Bids is not required under the informal bidding process except for Public Works projects over \$60,000.

5.2 FORMAL BIDDING PROCESS

Formal bidding procedures require a formal type of bidding process such as an IFB (Invitation for Bids) or RFP (Request for Proposal) process. Formal bidding procedures apply to the following:

- *Purchases – Materials, supplies and equipment that exceed \$25,000 require a formal IFB process.*
- *Professional/Consultant Service contracts over \$25,000- All professional and consultant services that exceed \$25,000 require a formal RFP process.*
- *Public Works Projects over \$200,000- All Public Works projects that exceed \$200,000, require a formal IFB (Invitation for Bids) process.*

5.3 FORMAL BIDDING PROCESS REQUIREMENTS

A. Vendor List: The City shall maintain a list of vendors which is maintained in the Planet Bids System.

B. Advertising/Notice Inviting Bids: Public Contract Code 22037 requires that the Notice Inviting Formal Bids be published in a newspaper of general circulation at least 14 calendar days before bid opening. Additionally, Public Contract Code 22037 requires that the Notice Inviting Formal Bids be mailed to all applicable construction trade journals not less than 30 calendar days before bid opening. To meet the requirements for formal bids, the City of Garden Grove is required to publish notifications twice, not less than 5 days apart, with the first being published in local newspapers at least 14 calendar days before the opening of the bids.

The Notice Inviting Bids shall include:

- (a) State the time and place for receiving and opening of sealed bids
- (b) Distinctly describe the item(s), service(s), and/or equipment solicited
- (c) Project title and contract number

- (d) Date, time, and place for receiving bids
- (e) City's address and phone number
- (f) Brief description of work to be done
- (g) Bond requirements-required for Public Projects of \$25,000 and greater
- (h) Where plans or scopes of service may be obtained
- (i) If a deposit is required and whether or not the deposit is refundable

C. Formal Bid Opening: Sealed bids can submitted to the Purchasing Division or the City Clerk's Office in paper or electronic format, per bid instructions. DIR registration is verified for all contractors and subcontractors prior to bid opening. Bids are publicly opened and recorded at the time and place stated in the public notices. All bids received will be available for public inspection at the time of the bid opening or within 24 hours if the submittal is electronic. The Purchasing Division or City Clerk's Office will be responsible for tabulating all bids.

5.4 AWARD OF PURCHASE ORDER/CONTRACT

If a purchase order or contract is awarded through an IFB (Invitation for Bid) process, it shall be awarded to the lowest responsible bidder. If two or more bids are the same and the lowest, the City may accept the one it chooses, subject to the local vendor preference in Garden Grove Municipal Code Section 2.50.110 (Open Market Procedure). Contracts that are awarded through an RFP (Request for Proposal) process are based upon the specified scoring criteria and not based on the lowest priced proposal submitted.

5.5 NO BIDS RECEIVED/NON-RESPONSIVE BIDS AND PROPOSALS

If no bids or proposals are received through the formal or informal bidding procedure, the goods or services may be secured by negotiated contract.

5.6 REJECTION OF FORMAL BIDS

In the event that a decision is made to not award a formal bid that falls under the authority of the City Council, the department must obtain authorization from the City Council to reject all bids. If a decision is made to re-bid the project, then the department must also obtain City Council approval to re-bid the project. This request would be considered a Consent Item on the City Council agenda and the department must prepare the staff report accordingly.

CHAPTER 6:

EXCEPTIONS TO THE COMPETITIVE BIDDING PROCESS

Purchases of supplies, services, equipment, and the sale of personal property shall be by bid procedures pursuant to Garden Grove Municipal Code Section 2.50.060 (Bidding). Bidding may be dispensed with only when:

- A. The amount is equal to or less than \$25,000;
- B. An emergency requires that the order be placed with the nearest available source of supply and/or service providers, subject to Garden Grove Municipal Code Section 2.50.070 (Emergency Purchase Justification);
- C. The Finance Director determines that the commodity can be obtained from only one vendor;
- D. The City has a contract with another governmental agency to purchase a particular item or service on a cooperative basis;
- E. The purchase price and other terms are similar to those in a contract awarded for the same goods and/or services by another public agency or government purchasing cooperative organization based on a competitive process similar to the processes described in Garden Grove Municipal Code Section 2.50.100 (Formal Contract Procedure) or 2.50.110 (Open Market Procedure)
- F. The contract is for professional services to be let primarily based on qualifications; or
- G. The City Council determines it to be in the best interest of the City.

6.1 EMERGENCY PURCHASES

In the event of an emergency, competitive bidding procedures may be bypassed when time is of the essence.

The City Manager has the final authority on all emergency requests. An emergency memo must be reviewed and signed by the City Manager or his/her designee.

Insurance Requirements will also be waived if the situation does not allow adequate time for the insurance approval process.

An emergency is defined as follows:

EMERGENCY: An emergency situation exists when the life safety, health or welfare of the public or employees is affected by a sudden and unexpected occurrence, which requires immediate action to prevent or mitigate a loss.

An emergency situation does not exist when staff has neglected to allow sufficient time to process an order or obtain a product or service that does not fall under the requirements of an emergency as defined above.

When an emergency situation exists, Purchasing staff or the Finance Director should be contacted whenever possible. Purchasing staff will confirm if the situation qualifies as an emergency, and will assist the department as needed with placing an order or service call with the nearest available source.

If the Purchasing Division or the Finance Director cannot be reached, the Department Director may authorize placing an order or service call with the nearest available source. The Department Director is responsible to notify the City Manager of the emergency situation.

If an emergency situation requires expenditures in excess of \$50,000, a Manager's memo shall be sent to notify the City Manager and the approval of City Council may be required at its next scheduled meeting.

The requesting Department will be responsible for submitting the following documents to the Purchasing Division within 48 hours of the occurrence:

- A. Requisition which is flagged with a requisition code of "99" to mark it as an emergency and enter notes regarding why it is an emergency in the PR notes field and attach the following documents:
 - Emergency Memo-which explains and justifies the emergency situation and is signed by the Department Director or his/her Designee.

For purchasing policies during major disasters and emergencies that may require FEMA reimbursement, please reference Chapter 11: PURCHASING DURING PROCLAIMED EMERGENCY OR DISASTER.

6.2 SOLE SOURCE/PROPRIETARY PURCHASES

In some cases, the competitive bidding process cannot be accomplished due to a sole source condition where the services or products are available only from one source. The Department Director or his/her designee must make this determination which is subject to the approval of the Purchasing Manager and Finance Director.

Sole Source requests should not be made unless the Department is confident that the request is reasonable, appropriately justified to meet the City's requirements, and can withstand a possible audit. Sole source purchasing minimizes or eliminates fair and open competition and should be avoided whenever possible.

Sole sources purchases are not exempt from the purchasing thresholds or the City Manager and City Council approval requirements.

The requesting Department will be responsible for submitting the following documents to the Purchasing Division when requesting a sole source purchase:

- A. Requisition which is flagged with a requisition code of "SS" to mark it as a sole source purchase and attach the following:

- A Sole Source Memo that is signed by the Department Director or his/her designee, and should provide an objective written explanation along with any written documentation signed the by sole source vendor to further support the request.

Services performed in connection with project development and permit processing must comply with federal and state environmental laws.

Sole source purchases that fall under the Federal Purchasing Requirements must be properly documented per federal requirements.

6.3 COOPERATIVE PURCHASING AND PIGGYBACKING ON CONTRACTS

If a product or service is available through the utilization of another public entity's contract (included but not limited to City, County, State, Federal, School District, California Communities Programs, Federal GSA, JSPA, and NASPO Value Point), the City can participate in a cooperative purchasing agreement or "piggyback" onto an existing contract and waive the competitive bidding process when all requirements are met.

In the case of a contract, the City will request that the same pricing be honored in the existing contract, but may issue a City approved contract since the City's terms and conditions may vary from other entities.

In order for the City to piggyback onto an existing contract with another public entity, the existing contract with that entity must meet the following requirements:

- A. The product or service must have been competitively bid
- B. The contract must be current
- C. The contract must be for the same product or service
- D. The contract must be approved and awarded by the entity's governing body
- E. The contractor must honor the contract pricing

The following items should be submitted to the Purchasing Division and the City Attorney for review when requesting to piggyback onto an existing contract of another agency:

- A. A copy of the bidder's response to the agency
- B. A complete copy of the existing contract with the other agency
- C. A copy of the clause that allows for another public entity to piggyback onto the existing contract, or written confirmation from the contractor honoring the other agency's pricing to the City
- D. Proof of the approval and award by the governing body of the other agency

6.4 QUALIFICATION BASED SELECTION

The Mini-Brooks Act (California Government Code Sections 4525-4529.5) provides exceptions to awarding a contract to the lowest bidder for the procurement of professional services in areas, which require a substantial amount of professional expertise and judgment.

Examples of such services include architectural and engineering (A/E), environmental, land surveying, and construction management services. The terms of these agreements should be negotiated and awarded to the most qualified and competent firms to perform the scope of work. It is necessary to engage market forces during these procurements through a Qualifications Based Selection (QBS) process to ensure that staff has a thorough understanding of the qualifications of the firms within the given industry and to obtain the best overall value for the City.

The QBS process is defined as follows:

A. Funding

1. Federal-if any federal dollars are involved with contracts for the "Architectural and Engineering" services, the procurement must comply with "Brooks Act," 40 U.S.C. sections 1101-1104.
2. State and Local- if only state and local funds are involved with the contract for "Architectural and Engineering" services, the procurement must comply with "Mini Brooks Act," California Government Code sections 4525-4529.5.

B. ARCHITECTURAL AND ENGINEERING SERVICES

1. Federal-Under the "Brooks Act" architectural and engineering services are defined as:
 - Professional services of an architectural or engineering nature, as defined by state law, if applicable, that are required to be performed or approved by a person licensed, registered, or certified to provide the services
 - Professional services of an architectural or engineering nature performed by contract that are associated with research, planning, development, design, construction, alteration, or repair of real property; and
 - Other professional services of an architectural or engineering nature or incidental service, which members of the architectural and engineering professions (and individuals they employ) may logically or justifiably perform, including studies, investigations, surveying and mapping, tests, evaluations, consultations, comprehensive planning, program management, conceptual designs, plans and specifications, value engineering, construction phase services, soils engineering, drawing reviews, preparation or operating and maintenance manuals and other related services.

2. State and Local-Under the "Mini Brooks Act" architectural and engineering services are defined as:

- Those professional services of an architectural, landscape architectural, engineering, environmental, or land surveying nature as well as incidental services that members of those professions and those in their employment may logically or justifiably perform.
- Those services provided by a licensed architect, registered engineer, or licensed general contractor which meet the requirements of Government Code section 4529.5 for management and supervision work performed on construction projects.
- Those services performed in connection with project development and permit processing in order to comply with federal and state environmental laws.

C. PROHIBITIONS

The "Mini Brooks Act" includes a prohibition that local agencies "shall specifically prohibit practices which might result in unlawful activity including, but limited to, rebates, kickbacks, or other unlawful consideration, and shall specifically prohibit government agency employees from participating in the selection process when these employees have a relationship with a person or business entity seeking a contract under this section.

D. SELECTION PROCESS

The goal of the Qualifications Based Selection (QBS) is to assure that the services are engaged on the basis of demonstrated competence and qualifications for the types of services to be performed. Price is not considered until after the most qualified firm has been selected by the agency. Once the most qualified firm is selected, the agency negotiates for services to be supplied at a fair and reasonable price. The process includes the following:

1. Determine if QBS must be utilized-determine what types of services are required and whether they are "Architectural and Engineering" services.
2. Determine Funding Source-determine if federal monies are involved. If so, "Brooks Act" must be followed. If only state and local monies, then the "Mini Brooks Act" must be applied.
3. Establish Evaluation Criteria-establish evaluation criteria to be utilized in selection process to include categories judged and corresponding weights.
4. Solicit Statements of Qualifications/Request for Qualifications-solicit for interested parties using Request for Proposal (RFP) or Request for Qualifications (RFQ). Use agency standard process but ensure price is not a factor to be considered. When pricing is a requirement in the RFQ or RFP, any

price proposal must be submitted under a separate sealed envelope and marked as such, and cannot be opened until after selection of the most qualified firm.

5. Develop Short List of Firms-based on a review by selection committee; develop a short list of firms to move on to the interview process. Items to consider are proposal responsiveness and categories set forth in RFP/RFQ.
6. Interview Short List Firms-selection committee interviews firms on short list. Interviews are optional at the discretion of the project manager.
7. Rank Firms-based on the initial review of the proposals and information gathered in the interview process, the selection committee, utilizing the selection criteria set forth in RFP/RFQ, ranks the short listed firms from 1-X.
8. Define the Scope of Work/Contract Terms-the agency, if required, can utilize the top ranked firms in further defining the scope of work, level of effort and contract terms. If agreement cannot be reached on the scope of work, level of effort or contractual terms, the agency must cease negotiations with top ranked firm and begin negotiations with the next ranked firm on the list.
9. Negotiate Price-once the scope of work is fully defined and the contract terms are negotiated, the agency asks the firm for a price proposal. The price proposal, if submitted earlier in a sealed envelope can be opened at this stage. Utilizing the price proposal the agency and the firm negotiate a price for the scope of work. If an agreement cannot be reached, the agency must cease negotiations with the firm and move on to the next ranked firm on the list.
10. Present recommendations to the City Council-once a fair and reasonable price has been reached, the agency must present the award for City Council approval if the contract amount exceeds \$50,000.

**CHAPTER 7:
 PURCHASE ORDERS FOR MATERIALS, SUPPLIES, EQUIPMENT
 AND OTHER COMMODITIES**

Dollar Threshold	Requirements	Requisition Approval/Authority
\$0-\$5,000	<p>Requisition/PO and one (1) informal quotation required for amount over \$1,000</p> <p>Purchases under \$1,001 do not require a Requisition/PO</p>	<p>Requisition Approval: Department Head/Designee approval required</p> <p>Authority: Department Head/Designee approval required</p>
\$5,001-\$25,000	<p>Obtain three (3) informal quotations</p> <p>Requisition/PO Required</p>	<p>Requisition Approval: Department Head/Designee approval required</p> <p>Authority: Department Head/Designee approval required</p>
\$25,001 and greater	<p>Formal Bid (IFB) Process Required</p> <p>Requisition/PO Required</p>	<p>Requisition Approval: Department Head/Designee approval required</p> <p>Authority: City Manager/Designee approval required up to \$50,000</p> <p>City Council approval required for purchases greater than \$50,000</p> <p>Note: All vehicles require City Council approval regardless of dollar amount</p>

7.1 REQUIREMENTS FOR PURCHASES UP TO \$5,000

Purchases that do not exceed the \$5,000 purchasing threshold have no competitive bidding requirements. Staff must obtain approval from the Department Head or his/her designee before making the purchase. All purchases in the amount of \$1,001 or greater require a requisition and purchase order.

7.2 REQUIREMENTS FOR PURCHASES OF \$5,001-\$25,000

Purchases between the amounts of \$5,001-\$25,000 require three written informal quotations. Staff must obtain approval from the Department Head or his/her designee prior to making the purchase. The requesting department shall obtain the quotes and attach them to the requisition. The Purchasing Division will place the order with the supplier providing the lowest price.

7.3 REQUIREMENTS FOR PURCHASES OF \$25,001-\$50,000

Purchases between the amounts of \$25,001-\$50,000 require a formal bid process and City Manager approval.

7.4 REQUIREMENTS FOR PURCHASES OF \$50,001 and greater

Purchases of \$50,001 and greater require a formal bid process and City Council approval.

7.5 CHANGE ORDERS TO PURCHASE ORDERS

Changes to purchase orders require the department to submit a change order request and attach all supporting documentation to process the change.

The Department Head or his/her designee may authorize a change (or cumulative changes) of 10% of the initial purchase order amount or a maximum cumulative increase of \$2,500.

If the cumulative change to a purchase order will result in an amount that exceeds the 10% or the \$2,500 maximum cumulative increase, City Manager or City Council approval will be required.

Minor variances in purchase order amounts can be processed by the Accounting Division (the lessor of \$100 or 10% overpayment) without a Change Order. Minor changes to purchase orders include minor variations in price, fees or taxes.

CHAPTER 8:

PROFESSIONAL SERVICES/CONSULTANT AGREEMENTS

The purchasing process differs when services rather than supplies or equipment are required. Professional services are those services provided by an educated or licensed specialist or a consultant. Consultant services include services that are of an advisory nature, that provide a recommended course of action or personal expertise, and that have an end product, which is basically a transmittal of information.

Examples of purchases in this category are service contracts for technical support, staff assistance, environmental impact and feasibility studies, project design and administration, production and broadcasting, financial advisory and banking services, tax auditing, legal services, architectural and engineering, and educational or instructional services.

Dollar Threshold	Requirements	Requisition Approval/Authority
\$0-\$5,000	Requisition/PO and one (1) written proposal required for all services that exceed \$1,000 Contract and Insurance validation are not required unless deemed necessary by Risk Management	Requisition Approval: Department Head/Designee approval required Authority: Department Head/Designee approval required City Manager/Designee signature required on all contracts
\$5,001-\$25,000	Requisition/PO, one (1) written proposal and contract required Mini Brooks Act may apply Insurance required as per contract and Risk Management Recommendations	Requisition Approval: Department Head/Designee approval required Authority: City Manager/Designee signature required on all contracts
\$25,001 and greater	Formal Request for Proposal (RFP) Process Required Mini Brooks Act may apply Requisition/PO, scope of work and contract required Insurance required as per contract and Risk Management Recommendations	Requisition Approval: Department Head/Designee approval required Authority: City Manager/Designee signature required on all contracts up to \$50,000 City Council approval required for contracts greater than \$50,000

8.1 PROFESSIONAL SERVICE/CONSULTANT AGREEMENTS UP TO \$5,000

Professional/Consultant services that fall under the purchasing threshold (\$1,001-\$5,000) do not require contract and insurance validation, unless it is deemed necessary by Risk Management. A requisition or purchase order are not required for professional/consultant services in the amount under \$1,001.

8.2 PROFESSIONAL SERVICE/CONSULTANT AGREEMENTS OF \$5,001-25,000

Professional/Consultant services in the amount of \$5,001-\$25,000 are exempt from the competitive bidding process. A Professional Services Agreement and insurance coverage are required for all services in the amount of \$5,001 or greater. If the total value of the contract falls under \$5,001, a professional service agreement and insurance are not required unless it is deemed necessary by Risk Management.

If the department elects to use a contract, which is drafted by the contractor, which is not approved by Risk Management or the City Attorney, then it must be reviewed by them prior to obtaining the required signatures per Section 3.4 of this purchasing manual.

Resolution number 9212-14, by the Garden Grove City Council, authorizes the City Manager, or his designee, the authority to execute all Professional Services Agreements up to total sum of fifty thousand dollars (\$50,000) per individual person or entity in any fiscal year. The competitive bidding process is still required for all contracts over \$25,000 that fall under the City Manager's authority.

To ensure enhancement of full and open competition, contracts are limited to \$50,000 per fiscal year with any given contractor for the same type of services. If the City wishes to enter into multiple contracts with the same contractor in the same fiscal year, the City may do so if the contract is for a different type of service. Contracts with the same contractor, for the same type of service who have reached the \$50,000 fiscal year limit require City Council approval. City staff are encouraged to collaborate with other City departments to enter into one contract for the same type of services.

8.3 REQUIREMENTS FOR PROFESSIONAL/CONSULTANT SERVICES AGREEMENTS OF \$5,001-25,000

The following items must be submitted to the Purchasing Division:

- A. Requisition for review and approval
- B. Scope of Work from the Contractor- This should be on company letter head, attached to requisition and include the following:
 1. Scope of the Services/Work signed by the Contractor
 2. Cost of the Service/Work to be performed
 3. Contact Information: Name, Title, Phone Number, Cell Phone Number, Fax Number, and email address (Insurance Review Request Form located on the Intranet under Risk Management)

Upon receipt of all of the items above, the Purchasing Division will draft the agreement and obtain the required signatures. Once the insurance coverage is submitted and is in compliance, the compliance report will be forwarded to the City Clerk's office so the contract can be executed. The City Clerk's office will forward a copy of the executed agreement to Purchasing, the Project Manager and Contractor. The purchase order will be issued once the executed agreement is received.

8.4 PROFESSIONAL/CONSULTANT SERVICE AGREEMENTS OF \$25,001-and greater

All Professional/Consultant Services Agreements of \$25,001 and greater require a formal RFP (Request for Proposal) process. All agreements greater than \$50,000 require City Council approval.

For multi-year agreements, City Council approval is required if the amount exceeds \$50,000 for the total contract term. Optional terms are not included in the total contract calculation.

Example: If the term of an agreement is one year in the amount of \$25,000, with optional renewal years of \$25,000, City Council approval is not required. If the term of the contract is four years in the amount of \$25,000 per year, resulting in a \$100,000 contract, City Council approval is required.

Insurance is required for all services in an amount of \$5,001 and greater or when it can be determined that a significant amount of risk is involved with the work.

If the Department elects to use a vendor contract, which is not approved by Risk Management or the City Attorney, then the vendor contract must be reviewed and approved prior to obtaining the required signatures per Section 3.4 of this purchasing manual.

8.5 AMENDMENTS TO PROFESSIONAL/CONSULTANT SERVICES AGREEMENTS

A change or cumulative changes to a Professional Services/Consultant Agreement within a given fiscal year, up to the City Manager's authority of \$50,000, may be approved at the discretion of the City Manager. Any changes that cause the contract price to exceed the City Manager's authority shall be processed for City Council approval, and work created by such changes shall not commence until City Council approval is obtained.

A change or cumulative changes to a Professional Services/Consultant Agreement that has already been approved by the City Council, up to a maximum of 10% of the awarded contract amount, may be approved by the City Manager. Any changes that exceed the 10% of the awarded contract amount will require City Council approval, and work created by such change shall not commence until City Council approval is obtained.

8.6 LOW DOLLAR/HIGH RISK SERVICES

Many of the professional service agreements arranged by staff amount to less than \$1,000, and are therefore not required to use a standard City contract. Many of these services have potentially high risk exposures that could otherwise be transferred by indemnification language in the standard City contract. Examples of these services include but are not limited to rock climbing walls, train rides, and reptile shows.

To ensure that the City is covered for these types of services, the requesting Department will be responsible for the following when there is a need for a low dollar/high risk service:

1. Consult with Risk Management for the insurance requirements
2. Collect the required insurance, create a requisition and attach the insurance to the requisition. The requisition would should be noted with the requisition code for a low dollar/high risk service so that purchasing staff is aware that it falls under this category

Once these requirements have been met, the purchase order will be issued to the contractor prior to the event. The purchase order will include the insurance requirements from Risk Management and the City's indemnification language.

Please consult with Risk Management on all low dollar but high risk exposure services.

CHAPTER 9:

PUBLIC WORKS/CONSTRUCTION AGREEMENTS

Note that the definition of "public project" for bidding purposes differs from the definition of "public project" for prevailing wages purposes. PCC 22002 defines a "public project" subject to public bidding as any of the following:

- Construction, reconstruction, erection, alteration, renovation, improvement, demolition, and repair work involving any publicly owned, leased, or operated facility.
- Painting or repainting of any publicly owned, leased, or operated facility.
- "Public project" does not include maintenance work. "Maintenance work" includes (1) Routine, recurring, and usual work for the preservation or protection of any publicly owned or publicly operated facility for its intended purposes; (2) Minor repainting; (3) Resurfacing of streets and highways at less than one inch; (4) Landscape maintenance, including mowing, watering, trimming, pruning, planting, replacement of plants, and servicing of irrigation and sprinkler systems.
- In certain circumstances, it may be difficult to determine whether a project should be considered a public works project or maintenance work. In such cases, the project manager may request a determination from the City Attorney.

Examples of projects in this category are contracts for new street construction, major street resurfacing, intersection improvements, construction or renovation of a public facility, parking lot construction, sidewalk construction, and traffic signal installation.

Dollar Threshold	Requirements	Requisition Approval/Authority
<p>\$0 -\$5,000</p>	<p>Provide a detailed scope of work to potential contractors and obtain one (1) written quotation which includes prevailing wage rates</p> <p>Prevailing Wage rates required for work of \$1,000 and greater</p> <p>Requisition/PO and one (1) written quotation required for amount over \$1,000</p> <p>Contract and insurance validation is not required for services between \$1,001-\$5,000 unless deemed as necessary by Risk Management</p> <p>Valid Contractor License required</p>	<p>Requisition Approval: Department Head/Designee approval required</p> <p>Authority: Department Head/Designee approval required</p> <p>Notice of contract award through DIR's PWC-100 NOT REQUIRED</p>
<p>\$5,001-\$10,000</p>	<p>Provide a detailed scope of work to potential contractors and obtain one (1) written</p> <p>Prevailing Wage rates required for work of \$1,000 and greater</p> <p>Contract and insurance required for projects greater than \$5,000 as per contract and Risk Management recommendations</p> <p>Valid Contractor License required</p>	<p>Requisition Approval: Department Head/Designee approval required</p> <p>Authority: Department Head/Designee approval required</p> <p>Notice of contract award through DIR's PWC-100 NOT REQUIRED</p> <p>quotation which includes prevailing wage rates</p>

Dollar Threshold	Requirements	Requisition Approval/Authority
\$10,001-\$60,000	<p>Provide detailed scope of work to potential contractors and obtain three (3) written quotations which include prevailing wage rates</p> <p>Requisition/PO, scope of work and contract required</p> <p>Valid Contactor License required</p> <p>Must provide proof of registration (prime and all sub-contractors) with the DIR unless under the small project exemption</p> <p>Labor/Material and Performance Bonds required for all contracts greater than \$25,000</p> <p>Insurance required as per contract and Risk Mgmt. recommendations</p> <p>Prevailing Wage rates required</p>	<p>Requisition Approval: Department Head/Designee approval required</p> <p>Authority: City Manager/Designee signature required on all contracts from \$10,000-\$50,000</p> <p>City Council approval required for contracts greater than \$50,000</p> <p>Project Managers are required to submit notice of contract award through DIR's PWC-100 system on projects that fall outside of the small project exemption. The small project exemption applies for all public works projects that do not exceed: -\$25,000 for new construction, alteration, installation, demolition or repair -\$15,000 for maintenance</p>
\$60,001-\$200,000	<p>Informal Bid Process Required per GGMC § 2.52.030</p> <p>Requisition/PO, detailed scope of work/plans and contract required</p> <p>Notice Inviting Bids Required</p> <p>Valid Contractor License required</p> <p>Must provide proof of registration (prime and all sub-contractors) with the DIR: Department of Industrial Relations</p> <p>Labor/Material and Performance Bonds required</p> <p>Insurance required as per contract and Risk Management recommendations</p> <p>Prevailing Wage rates required</p>	<p>Requisition Approval: Department Head/Designee approval required</p> <p>Authority: City Council approval required</p> <p>Contracts AND Purchase Orders for all public works projects that fall outside of the small project exemption must be reported to the DIR by the Project Manager within 30 days of the award/approval date, or before beginning any work.</p>

Dollar Threshold	Requirements	Requisition Approval/Authority
\$200,001 and greater	<p>Formal Bid Process Required per PCC 22037</p> <p>Requisition/PO, Scope of Work/Plans and Contract required</p> <p>Notice Inviting Bids Required</p> <p>Valid Contractor License required</p> <p>Must provide proof of registration (prime and all sub-contractors) with the DIR: Department of Industrial Relations</p> <p>Labor/Material and Performance Bonds required</p> <p>Insurance required as per contract and Risk Management recommendations</p> <p>Prevailing Wage rates required</p>	<p>Requisition Approval: Department Head/Designee approval required</p> <p>Authority: City Council approval required</p> <p>Contracts AND Purchase Orders for all public works projects that fall outside of the small project exemption must be reported to the DIR by the Project Manager within 30 days of the award/approval date, or before beginning any work.</p>

9.1 UNIFORM PUBLIC CONSTRUCTION COST ACCOUNTING ACT

The City of Garden Grove has adopted the following bid procedures for public works construction contracts pursuant to the Uniform Public Construction Cost Accounting Act, Public Contract Code Section 22000 et seq. The Uniform Public Construction Cost Accounting Act is a program that was created in 1983 which allows local agencies to perform public project work up to \$60,000 with its own work force if the agency elects to follow the cost accounting procedures set forth in the Cost Accounting Policies and Procedures Manual of the California Uniform Construction Cost Accounting Commission. The Act was codified at Public Contracts Code Sections 22000 through 22045.

A governing body must elect by resolution to become subject to the Act and file a copy of the resolution with the State Controller's Office (PCC 22030). The City of Garden Grove, by Resolution No. 8677-05, elected to become subject to the Uniform Cost Accounting Procedures. Public contracts are subject to the Public Contract code Sections 22000-22045 and the "Public Works Construction Bid Procedure" of Chapter 2.52 of the City of Garden Grove Municipal Code.

In addition, the Act provides for alternative bidding procedures when an agency performs public project work by contract.

- A. Public projects of \$60,000 or less may be performed by its own forces, negotiated contract, or by purchase order (PCC 22032(a)).

B. Public projects of \$200,000 or less may be processed via contract by the informal procedures set forth in the Act (PCC 22032(b)). These informal procedures are codified at Section 2.52.030 of the Garden Grove Municipal Code.

C. Public projects of more than \$200,000 shall be processed via contract by formal bidding procedures (PCC 22032(c)). The formal bidding procedures are specified in PCC 22037.

9.2 PUBLIC WORKS PROJECTS up to \$5,000

One (1) informal quote, containing prevailing wage, shall be obtained for Public Works projects in the amount of \$1,001-\$5000. Contract and insurance validation is not required for projects in the amount of \$1,001-\$5,000 unless deemed as necessary by Risk Management. Risk Management should review the Scope of Work to make this determination before proceeding. A requisition or purchase orders is not required for public works projects in the amount of \$1,000 or less, however prevailing wages apply to work of \$1,000 and greater. Notice of contract award through DIR's PWC-100 is not required.

9.3 PUBLIC WORKS PROJECTS of \$5,001-\$10,000

One (1) informal quote, containing prevailing wage, shall be obtained for Public Works projects in the amount of \$5,001-\$10,000. A contract and insurance are required for projects as per contract and Risk Management recommendations. Notice of contract award through DIR's PWC-100 is not required.

9.4 PUBLIC WORKS PROJECTS of \$10,001-\$60,000

Public Works projects in the amount of \$60,000 or less may be performed by the employees of the City of Garden Grove in accordance with section 22032 of the Public Contract Code.

At least three (3) quotes/estimates, containing prevailing wage, shall be obtained for Public Works projects that range from \$10,001 to \$60,000. A contract and insurance are required. Bonds are required for public works contracts greater than \$25,000. The contract will be awarded to the lowest bidder. In the event that the lowest bidder is unable to meet the City's requirements, a fourth informal bid may be required to meet the three informal bid requirement. Notice of contract award through DIR's PWC-100 may be required based on contract amount.

9.5 PUBLIC WORKS PROJECTS of \$60,001-\$200,000 (INFORMAL BID PROCEDURE)

Public Works projects in an amount of \$60,001 to \$200,000 must follow the requirements of the Public Contract Code Section 22034 and Section 2.52.030 of the Garden Grove Municipal Code. The Purchasing division shall complete an informal bid procedure. Award shall be made by the City Manager, except for contracts that exceed \$50,000, which must be made by the City Council.

Section 22033 of the Public Contract Code states, "It shall be unlawful to split or separate into smaller work orders or projects any project for the purpose of evading

the provisions of this article requiring work to be done by contract after competitive bidding.”

The Purchasing Division shall maintain a list of qualified contractors, identified according to categories of work in accordance with Section 22034 (a) of the Public Contract Code. All contractors in the category of qualified contractors list shall be mailed a notice inviting bids.

The notice shall:

- A. Describe the project in general terms.
- B. Describe how to obtain more detailed information about the project.
- C. State the time and place for the submission of bids.

Pursuant to California Public Contracting Code section 22034(a)(1), notice inviting bids shall be mailed to contractors and construction trade journals no less than 10 days prior to bid opening.

All contracts that do not fall under the Small Project Exemption must be registered with the Department of Industrial Relations.

9.6 PUBLIC WORKS/CONSTRUCTION PROJECTS of \$200,001 and greater (FORMAL BID PROCEDURE)

Public Works projects in the amount of \$200,001 and greater are subject to a formal bidding process as required by sections 22032(c) and 22037 of the Public Contract Code and Section 2.52.010 of the Garden Grove Municipal Code. Plans and Specifications are required. Award shall be made by the City Council.

Notifications of the formal bid, in accordance with Section 22037 of the Public Contract Code, shall be published twice in a local newspaper at least 14 calendar days before the opening of the bids.

The formal bid notification shall include:

- A. State the time and place for receiving and opening of sealed bids.
- B. Distinctly describe the project (plans, specifications, etc.).

The notice inviting formal bids should be mailed to construction trade journals at least 10 days prior to the bid opening. When time permits, it is recommended that 30 days prior notice inviting formal bids be mailed to construction trade journals in order to foster more competition.

Notifications to trade journals shall include:

- A. Project title and contract number
- B. Date, time, and place for receiving bids
- C. City's address and contact information
- D. Brief description of work to be done
- E. Bond requirements
- F. Where plans may be obtained

G. Deposit information if one is required and whether or not the deposit is refundable

In accordance with Section 22038(c) of the Public Contract Code, if no bids are received through the formal or informal procedure, the project may be performed by the employees of the City or by negotiated contract.

In accordance with Section 22038(a) of the Public Contract Code, the City may reject all bids presented if the City, prior to rejecting all bids and declaring that the project can be more economically performed by employees of the agency, furnishes a written notice to the apparent low bidder. If bids are to be rejected, notification to the bidders informing them of the agency's intention to reject the bids shall be mailed at least two business days prior to the hearing at which the agency intends to reject the bid.

If after the first invitation of bids where all bids were rejected, after reevaluating its cost estimates or scope of the project, the City shall have the option of either of the following:

- A. Abandon the project or re-advertise
- B. Declare that the project can be performed by employees. This requires a Resolution approved by four-fifths of the City Council.

In accordance with Section 22038(b) of the Public Contract Code, if the contract is awarded, it shall be awarded to the lowest responsible bidder. If two or more bids are the same and the lowest, the City may accept the one of its choice.

All contracts that do not fall under the Small Project Exemption must be registered with the Department of Industrial Relations.

9.7 CHANGE ORDERS

Prior to submitting a Change Order request, the administering department is responsible for ensuring that adequate appropriations are available in the budget to accommodate the additional expenditure. Purchasing will not begin processing the requested change until the Budget Division has confirmed the availability of funds.

If sufficient funds are not available to accommodate the additional expenditure, the Change Order request will be rejected. The requisitioning department is responsible for seeking approval for additional appropriations from City Council when adequate appropriations are not available in the approved budget.

The City Manager or his/her designee may authorize a change or cumulative changes to a Public Works contract within the approved scope of work, as long as the resultant cost does not exceed 10% of the awarded contract amount. Approved changes to the project include any emergency work or additional work that is directly related to the completion of the original project.

A change or cumulative changes to a Public Works contract greater than 10% of the awarded contract amount must be approved by the City Council, provided that the

progress of a public project shall not be interrupted if it would create an emergency situation.

9.8 PREVAILING WAGE RATES AND PUBLIC WORKS PROJECTS

Labor Code 1771 requires the payment of prevailing wages for all public works projects greater than \$1,000. The definition of "public works" under the Labor Code differs from the definition "public works" under the bidding statutes. For purposes of the payment of prevailing wages under Labor Code 1771 and 1720, "public works projects" include construction, re-construction, alteration, renovation, erection, demolition, improvements, installation, or repair work done under contract and paid for in whole or in part out of public funds, to a publicly owned, leased, or operated facility. "Construction" includes work performed during the design and pre-construction phases of construction, including, but not limited to, inspection and land surveying work, and work performed during the post-construction phases of construction, including, but not limited to, all cleanup work at the jobsite. "Installation" includes, but is not limited to, the assembly and disassembly of freestanding and affixed modular office systems. Under Labor Code 1771, prevailing wages applies to contracts let for maintenance work.

The Prevailing wage rate is the basic hourly rate paid on public works projects to a majority of workers engaged in a particular craft, classification or type of work within locality and in the nearest labor market area. California prevailing wage laws ensure that the ability to get a public works contract is not based on paying lower wage rates than a competitor.

In accordance with Labor Code Sections 1770-1773, prevailing wages must be paid to all workers on a "public works" project when the project is over \$1,000 or when government monies are used as the source of funding.

- A. When submitting quotes or proposals for public projects, the contractor must note that the quotation is based on prevailing wages.
- B. Certified payroll will be required to confirm that prevailing wages are being paid by City contractors.
- C. For current prevailing wage rates and information, please refer to the following website: <http://www.dir.ca.gov/DLSR/PWD/>.

9.9 REGISTRATION OF PROJECTS WITH THE CALIFORNIA DEPARTMENT OF INDUSTRIAL RELATIONS (DIR)

The public works reforms brought about by Senate Bill 854 (Stat. 2014, chapter 28) and Senate Bill 96 (Stat. 2017, chapter 28), made several changes to the laws governing how the Department of Industrial Relations (DIR) monitors compliance with prevailing wage requirements on public works projects.

For up to date DIR vendor and City reporting and registration requirements refer to <https://www.dir.ca.gov/>

Each department is responsible for determining if a project is subject to the DIR registration and reporting requirements. As of December 2018, the following key elements apply:

- Public Works projects include construction, alteration, demolition, installation, or repair. Public works projects also include routine, recurring, and usual maintenance work on anything affixed to City real property
- Paid with public funds
- Over \$1,000-Prevailing Wages apply
- Small project exemptions up to \$25,000 for construction and up to \$15,000 for maintenance. These small projects are exempt from registration by the contractor, subcontractors, and the City. Prevailing wages are still required for any public works project over \$1,000. Small project exemption is applied based on the amount of the entire project, not a contractor's subcontracted amount of the project
- Contractors are still required to maintain certified payroll records on a continuous basis, and provide those records to the Labor Commissioner's Office upon request
- Contractors and subcontractors are required to be registered before submitting bids or proposals and remain registered through project completion.
- Contract registration within 30 days of contract award, or prior to the first work day for projects lasting less than 30 days
- Penalties for City noncompliance include fines and/or loss of state funding for one year

9.10 DEPARTMENT OF INDUSTRIAL RELATIONS (DIR) PWC-100 SYSTEM

Per California Labor Code 1773.3, awarding agencies are required to submit notice of contract award through DIR's PWC-100 system on projects that fall outside of the Small Project Exemption, within 30 days of the award, but in no event later than the first day in which a contractor has workers employed upon the public work. The small project exemption applies for all public works projects that do not exceed \$25,000 for new construction, alteration, installation, demolition or repair and \$15,000 for maintenance.

All contracts that do not fall under the Small Project Exemption must be registered with the Department of Industrial Relations. The PWC 100 form online application can be found at <https://www.dir.ca.gov/pwc100ext/>. Public Works Projects Registration (PWC 100) must be filed within 30 days of the award, or before beginning any work, whichever is first. The PWC 100 form must be completed by the City's Project Manager.

The City is still responsible for administering its project and ensuring that public funds are used appropriately. As partners with DIR's Public Works Enforcement team, the City must also ensure that all public works contractors are in compliance with all labor laws.

A. Changes to the Labor law are listed below:

1. Duty to notify the DIR when awarding a contract for a public works project, using the online PWC-100 form.

2. Elimination of the obligation to pay the DIR for compliance monitoring on state bond-funded projects and other projects that required use of the DIR's Compliance Monitoring Unit (CMU).
3. All contractors and subcontractors who bid or work on a public works project must register with, and pay a fee to the DIR.
4. The City may not accept a bid or enter into a contract for public work with an unregistered contractor, except for work that qualifies under the small project exemption.

B. Notice Requirements:

Effective January 1, 2015: The call for bids and contract documents must include the following information:

1. No contractor or subcontractor may be listed on a bid proposal for a public works project unless registered with the DIR pursuant to Labor Code section 1725.5 [with limited exceptions from this requirement for bid purposes only under Labor Code section 1771.1(a), and the small project exemption under Labor Code 1725.5(f)].
2. No contractor or subcontractor may be awarded a contract for public work on a public works project unless registered with the DIR pursuant to Labor Code section 1725.5, unless the work comes under the small project exemption under Labor Code 1725.5(f).
3. The contract must contain the statement that, "This project is subject to compliance monitoring and enforcement by the Department of Industrial Relations."

C. Furnishing of Electronic Certified Payroll Records to Labor Commissioner:

All contractors and subcontractors must furnish electronic certified payroll records directly to the Labor Commissioner (aka Division of Labor Standards Enforcement).

**CHAPTER 10:
 FEDERAL PURCHASING REQUIREMENTS**

Dollar Threshold	Requirements	Requisition Approval/Authority
<p>Micro-purchase: \$0 – \$10,000 (NOTE: The Davis-Bacon Act generally applies to contracts in excess of \$2,000 and includes construction, alteration or repair of public buildings and public works)</p>	<p>No bid or quote required if price is considered to be reasonable. Reasonableness could be determined by comparing the price to past purchases or other published prices and/or requesting prices from more than one vendor.</p> <p>Distributed equitably among a range of qualified vendors when practical</p> <p>Requisition/PO required for all purchases/contracts over \$1,000</p> <p>Contract and Insurance validation is not required for services between \$1,001-\$5,000 unless deemed as necessary by Risk Management</p> <p>Contract and insurance required for services greater than \$5,000 as per contract and Risk Management Recommendations</p> <p>Prevailing Wage rates required for work greater than \$1,000</p>	<p>Requisition Approval: Department Head/Designee approval required</p> <p>Authority: Department Head/Designee approval required</p> <p>City Manager/Designee signature required on all contracts</p>

Dollar Threshold	Requirements	Requisition Approval/Authority
<p>Small purchase/Simplified acquisition procedure: \$10,001 – \$250,000</p>	<p>Price or rate quotes must be obtained from adequate number of sources (at least two)</p> <p>Can be informal, e.g., phone call or web search</p> <p>All quotes, including phone calls, web searches, etc., must be documented and kept on file</p> <p>Price does not need to be deciding factor, but all quotes need to be kept in procurement records</p> <p>Requisition/PO and contract required</p> <p>Insurance required as per contract and Risk Management Recommendations</p> <p>Prevailing Wage rates required for work greater than \$1,000</p>	<p>Requisition Approval: Department Head/Designee approval required</p> <p>Authority:</p> <p>Material/Supplies/Commodities Department Head/Designee approval required for material, supplies and commodity purchases from \$10,001-\$25,000</p> <p>City Manager/Designee approval required for material ,supplies and commodity purchases greater than \$25,000</p> <p>Contracts City Manager/Designee signature required on all contracts from \$10,001-\$50,000</p> <p>City Council approval required for contracts greater than \$50,000</p>
<p>Sealed Bid-Public Works/Construction Related Projects: \$250,001 and greater</p>	<p>Used when selection of successful bidder can be made principally on the basis of price</p> <p>Bids must be solicited from two (2) or more qualified bidders, providing sufficient response time</p> <p>Local governments must publicly advertise bids</p> <p>Invitation for bids must define the items or services in order for bidders to properly respond</p>	<p>Requisition Approval: Department Head/Designee approval required</p> <p>Authority: City Council approval required</p>

Dollar Threshold	Requirements	Requisition Approval/Authority
<p>Sealed Bid-Public Works/Construction Related Projects: \$250,001 and greater (Continued)</p>	<p>All bids will be opened at time and place prescribed in invitation. Local governments must open bids publicly.</p> <p>Firm fixed price contract must be made in writing to the lowest responsive and responsible bidder</p> <p>Any or all bids may be rejected if there is a sound documented reason.</p> <p>Requisition/PO, scope of work and contract required</p> <p>Valid Contractor License required</p> <p>Must provide proof of registration (prime and all sub-contractors) with the DIR: Department of Industrial Relations unless under the small project exemption</p> <p>Labor/Material and Performance Bonds required for contracts greater than \$25,000</p> <p>Insurance required as per contract and Risk Management recommendations</p> <p>Prevailing Wage rates required</p>	

Dollar Threshold	Requirements	Requisition Approval/Authority
<p>Competitive Proposal: Professional/ Consultant Services: \$250,001 and greater</p>	<p>Must be publicized and identify all evaluation factors and their relative importance</p> <p>Must be solicited from an adequate number of qualified sources</p> <p>Must have a written method for conducting technical evaluations of the proposals and selecting recipients</p> <p>Contracts must be awarded to the responsible firm whose proposal is most advantageous to the program, with price and other factors considered</p> <p>Brooks Act may apply</p> <p>Requisition/PO, scope of work and contract required</p> <p>Insurance required as per contract and Risk Management Recommendations</p>	<p>Requisition Approval: Department Head/Designee approval required</p> <p>Authority: City Council approval required</p>

Dollar Threshold	Requirements	Requisition Approval/Authority
<p>Noncompetitive proposal (Sole Source): \$10,001 and greater</p>	<p>May be used only when the item is available only from a single source, the public exigency or emergency will not permit a delay resulting from competitive solicitation, federal awarding agency or pass-through entity expressly authorizes its use in response to a written request, or after solicitation of a number of sources competition is determined inadequate</p> <p>Justification of the use of noncompetitive proposal must be documented</p> <p>Any research on availability from multiple sources must be documented</p> <p>Documentation of authorization must be retained</p> <p>Any initial solicitations from multiple sources which are concluded to be inadequate, and such reasoning, must be documented</p> <p>Requisition/PO, scope of work and contract required</p> <p>Insurance required for contracts as per contract and Risk Management Recommendations</p>	<p>Requisition Approval: Department Head/Designee approval required</p> <p>Authority:</p> <p>Sole Source must be approved in advance by the Finance Director/ Designee</p> <p>Material/Supplies/Commodities Department Head/Designee approval required for material and commodity purchases up to 25,000</p> <p>City Manager/Designee approval required for material/commodities purchases greater than \$25,000</p> <p>Contracts City Manager/Designee signature required on all contracts up to 50,000</p> <p>City Council approval required for contracts greater than \$50,000</p>

10.1 BACKGROUND

A. This chapter summarizes the Federal Purchasing requirements published by the Office of Management and Budget (OMB) on December 26, 2013. The OMB issued the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, Final Rule (aka Uniform Guidance) which applies to all non-federal entities receiving Federal awards, and to all new federal awards and existing awards that receive additional funding (or funding increments) after December 12, 2014.

B. The Uniform Guidance requirements for sub-award and sub-recipient is based on the pass-through agency. If the pass-thru agency is subject to the Uniform Guidance (i.e. if the source of funds are federal and the pass-through agency is subject to Uniform Guidance), then the sub-award or sub-recipient is also subject to the Uniform Guidance.

C. The requirement for a sub-award, no matter when the sub-award was made, flows from the requirements of the original federal award from the federal awarding agency.

10.2. MICRO PURCHASES

A. The maximum aggregated amount for micro purchases is \$10,000. The maximum amount for construction projects is \$2,000 and are subject to the Davis-Bacon Act (Prevailing Wages).

B. There are no requirements for multiple quotations, and to the extent practical the City must distribute micro-purchases equitably among qualified suppliers.

10.3. SMALL PURCHASES

A. Small purchases utilize simple and informal procurement procedures. The acquisition threshold is currently \$10,001-\$250,000. The Uniform Guidance states quotes for small purchases must be obtained from an "adequate" number of qualified sources. There is no specific number of sources required by the Uniform Guidance, thus one quote can be sufficient as long as there is proper documentation.

B. Quotes can be obtained from suppliers or from public websites (i.e., City may use internet searches as documentation).

10.4. SEALED BIDS

A. Sealed bids are required for contracts in excess of \$250,000 and is the preferred method for construction contracts. Sealed bids are also appropriate for fixed price contracts where bidders are provided complete and adequate specifications.

B. Additionally, sealed bids must come from two or more qualified bidders, must be publically advertised and solicited from an adequate number of suppliers.

C. The contract is awarded to the lowest responsive and responsible bidder.

10.5. COMPETITIVE PROPOSALS

- A. Competitive proposals are required for contracts in excess of \$250,000 and is the preferred method for architectural, engineering and professional services. Request for Proposals must be publicized and proposals solicited from an adequate number of qualified sources.
- B. Competitive proposals are awarded to the most advantageous bid which considers both price and other factors. The City does not have to select the lowest bid.
- C. The Brooks Act may apply (qualifications based procurement).

10.6. SOLE SOURCE

- A. Sole source must meet at least one of the following criteria:
 - 1. Goods or services are only available from a single source
 - 2. There is a public emergency
 - 3. After soliciting a number of sources, the competition is deemed inadequate
 - 4. Written request has been made and approved by the Federal Agency
- B. The City must have written pre-approval from the federal awarding agency. Additionally, the City must have proper documentation as to why a sole source vendor was required in these circumstances. The sole source must be properly documented and the City's Project Manager must maintain the documentation.

CHAPTER 11

PURCHASING DURING PROCLAIMED EMERGENCY OR DISASTER

11.1 PURPOSE AND DEFINITION

A. Purpose. This Policy modifies the City's normal purchasing practices to assure that, in exigent circumstances caused by a proclaimed disaster or emergency, the City is able to acquire the goods and services required to address an immediate threat to life, public health, or safety or an immediate threat of significant damage to improved public and private property while still maintaining an effective purchasing process and complying with applicable local and state purchasing laws. Where the City is included in a major disaster or emergency declared by the President of the United States, this Policy also assures that City procurements comply with federal regulations applicable to FEMA disaster grant reimbursement. In the event of an emergency declaration it is important to keep accurate records for FEMA reimbursement and this shall be the responsibility of the departments.

B. Definitions. For purposes of this Policy, (a) a proclaimed disaster or emergency exists if (i) the Governor has declared a state of emergency for an area which includes the geographic territory of the City; or (ii) the City Manager has declared an emergency in the City. (b) "Emergencies" are situations in which (i) a disaster or emergency has been proclaimed, and (ii) the public exigency for goods and services required to address an immediate threat to health, safety, or improved property will not permit competitive solicitation.

11.2 DELEGATION OF PURCHASING AUTHORITY IN EMERGENCIES

A. If the City Manager determines that goods and services in excess of his/her purchasing authority must be procured before the City Council is able to assemble and approve purchases, the City Manager has authority, subject to the limitations set forth in subparagraphs (1) and (2), to approve the immediate rental or purchase of any equipment, supplies, services or other items necessary to respond to an immediate threat to health, safety or improved property.

(1) Limits of Single Purchase Authority. The City Manager, shall have the authority to make individual purchases up to \$250,000 on his or her signature alone. The City Manager shall have the authority to make purchases in excess of \$250,000 up to a maximum of \$500,000 when countersigned by the Finance Director or in the Finance Director's absence countersigned by the Police Chief. Emergency purchases in excess of \$500,000 will require the Mayor's signature, or in the Mayor's absence, two council members.

(2) Limits of Aggregate Purchase Authority. The City Manager shall have the authority to make aggregate purchases up to \$500,000 on his or her signature alone.

B. Sub-delegation to EOC Director. The EOC Director shall be a designee of the City Manager at any time that the City Manager is not available to approve emergency purchases.

C. Sub-delegation of Purchasing Authority to Department Heads. If neither the City Manager nor the EOC Director is available, the police department watch commander, division chief, and/or public works director shall have authority to rent or purchase from the nearest available source any equipment, supplies, services, or other items necessary for his or her department to respond to an immediate threat to health, safety, or improved property, up to a maximum of \$150,000.

11.3 REPORTING REQUIREMENTS

A. As soon as possible after purchases are made under Section 11.2, the City Manager, EOC Director, or department head shall submit to the Purchasing Division Manager a requisition and a notation that the commodity has been ordered on an emergency basis from the vendor designated.

B. The City Manager will report to the City Council within 48 hours any purchase made under Section 11.2 exceeding \$50,000, individually or in the aggregate.

C. Department Heads will inform the City Manager of any individual purchase with a contract amount greater than \$25,000, and also whenever the aggregate of purchases are greater than \$50,000.

11.4 PROCUREMENT PROCEDURES IN EMERGENCIES

A. The regulations in Title 2 of the Code of Federal Regulations, Part 200, as it may be amended from time to time, are incorporated herein by reference.

B. Upon receipt of requisitions under Section 11.2, the Purchasing Agent shall prepare purchase orders for the emergency equipment, supplies, services or other items in accordance with this section. All purchases or rentals made during a proclaimed emergency or disaster shall require separate invoicing from routine (non-emergency related) purchases. All invoices shall state the goods, services or equipment provided and shall specify where the goods or services were delivered.

C. Noncompetitive Procurements during Emergencies.

(1) Noncompetitive procurements may be used when one or more of the following circumstances exist:

- a. The Emergency circumstances will not permit a delay resulting from competitive procurement;
- b. The item is available only from a single source;
- c. After solicitation of a number of sources, competition is determined inadequate; or

d. The Federal awarding agency or pass-through entity expressly authorizes noncompetitive proposals in response to a written request from the City, County, or State.

(2) The Department requesting the emergency purchase shall document the justification for noncompetitive procurement and provide a copy to the City Manager.

(3) When a noncompetitive procurement is used due to an emergency, the procurement shall be limited to that portion of the work that must be performed immediately. Procurement for any additional work shall be conducted through competitive procurement procedures.

(4) Noncompetitive procurement shall be necessary for one of the following reasons: placement of emergency protective measures; procurement of a scarce commodities, goods, or services; acquisition or rental of emergency equipment, emergency consulting services, emergency road clearance or other emergency requirements.

D. Alternate Competitive Procurements During Emergencies.

(1) Competitive procurements for Purchases below the Federal Simplified Acquisition Threshold (currently \$150,000) shall not be required to be formally bid.

(2) Competitive procurements for Purchases equal to or exceeding the Federal Simplified Acquisition Threshold shall be conducted in accordance with the following alternate purchasing procedures:

(a) The City's normal requirements for sealed bids shall not apply to acquisitions under Section 11.2. However, the Purchasing Agent shall conduct telephonic or other electronic bid solicitation from potential vendors or suppliers, in lieu of written and/or sealed bids, in an effort to obtain multiple competitive proposals when and if time allows in light of the emergency.

(b) Locations of Postings for Requests for Proposals or Solicitation of Bids. The Purchasing Agent may waive normal requirements for public posting of requests for proposals or solicitation of bids. Notices soliciting bids or requests for proposals shall be posted at the Emergency Operations Center or Alternate Emergency Operations Center, if the Primary Emergency Operations Center is not being used.

(c) Length of Time for Posting Requests for Proposals or Solicitation of Bids. The Purchasing Agent may shorten the normal bid period and response period to expedite the award of contracts for emergency equipment, goods, or services, but such period shall be no less than 24 hours. The Purchasing Agent should seek to assure that the shortened bid period allows multiple suppliers or contractors to submit responses.

(d) Number of Bids Required. A minimum of three (3) bids or proposals from qualified sources shall be obtained. Bids and proposals that are non-responsive shall count towards the minimum numbers of bids required.

11.5 RATIFICATION, NOTIFICATION AND POST AWARD PROCEDURES

A. Ratification and Posting of Contract Awards. All contracts awarded that exceed \$50,000 shall be presented to the City Council for ratification at its next available meeting and thereafter shall be publicly posted within 60 days of the award.

B. Authority to Cancel Emergency Procurements. The City Manager or designee shall have the authority to rescind a purchase or contract for non-performance within 24 hours when a contractor or vendor, once awarded a contract, is unable to immediately perform the terms of the contract.

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

CHAPTER 12:

INSURANCE AND CONTRACTUAL RISK TRANSFER

12.1 INCLUSION IN BID MATERIALS

Risk Management shall be consulted to determine appropriate insurance requirements before formal bids are advertised to ensure that those requirements are included in the solicitation documents. It is important that contractors are made aware of the insurance requirements in advance to ensure they have considered any additional costs to obtain the proper coverage before they submit a bid or sign a contract, and to avoid unnecessary delays to City projects.

The Contractor Statement in which the contractor acknowledges they have or can obtain the required insurance should also be included in all formal bid documents. This document can be found under Risk Management on the Intranet for your reference.

12.2 DETERMINATION OF INSURANCE REQUIREMENTS

The process for establishing a contract's insurance requirements is as follows:

1. PROVIDE RISK MANAGEMENT WITH SCOPE OF WORK

A clear scope of work that sufficiently describes the work to be performed and which parties are responsible for certain duties is necessary to determine the appropriate insurance requirements.

2. ANALYZE RISKS AND RELATIONSHIPS

A critical analysis of potential risk exposures will be undertaken by Risk Management and the project manager on a case-by-case basis to determine the appropriate insurance requirements. Keep in mind, the amount of the contract is not necessarily commensurate with the risk exposure. Even the smallest job has the potential for large losses. Considerations in determining amounts of insurance include:

- The extent to which the activity presents a risk of personal injury, bodily injury or death.
- The extent to which the activity presents a risk of property damage.
- The frequency of claims, occurrences, or incidents associated with the activity.
- The ability of contractor to obtain the desired insurance coverages and limits.

3. INSURANCE LANGUAGE PROVIDED BY RISK MANAGEMENT

After the appropriate insurance requirements are determined, Risk Management will provide the project manager with the proper insurance language and coverage amounts that should be included in the bid documents and contracts.

12.3 CONTRACT INDEMNIFICATION AGREEMENT AND INSURANCE

The City's standard contracts contain an Indemnity/Hold Harmless agreement that includes an obligation for the contractor to defend the City, its officers, officials, agents, employees and volunteers, and is meant to be interpreted as broadly as possible in the City's favor. Hold Harmless agreements are language that shifts responsibility for loss or damage arising from the activities of a contract from one party (the City) to the other (the contractor). The contractor acts as the City's representative while performing services for the City, provided they are within the scope of their agreement. Any damages caused to a third party on the City's behalf can result in a claim against the City. "Hold Harmless" language allows the City to tender the claim to the contractor for defense and indemnity by the contractor or their insurer.

Because the contract's indemnification language is vital to the transfer or recovery of losses, project managers should:

A. USE THE CITY'S STANDARD CONTRACT

The City's standard contracts have been drafted and reviewed by the City Attorney. No changes should be made to indemnification section of the contract without prior approval by the City Attorney.

B. GET CITY ATTORNEY APPROVAL FOR ALL OTHER CONTRACTS OR CHANGES

At times you may have to accept a contractor's form or negotiate the terms of the City's indemnity language with a prospective contractor. If you do have to make changes or accept another form, always have the City Attorney review and approve before you send out for signature.

12.4 MINIMUM INSURANCE SPECIFICATIONS

The following are the City's minimum insurance specifications as required in the City's standard contracts.

COMMENCEMENT OF WORK

Contractor shall not commence work under this Agreement until all certificates and endorsements have been received and approved by the City. All insurance required by this Agreement shall contain a Statement of Obligation on the part of the carrier to notify the City of any material change, cancellation, or termination at least thirty (30) days in advance and provide a Waiver of Subrogation in favor of the City.

WORKERS COMPENSATION INSURANCE

For the duration of this Agreement, Contractor and all subcontractors shall maintain Workers Compensation Insurance in the amount and type required by law, if applicable. Insurers shall waive subrogation against the City of Garden Grove its officers, officials, agents, employees and volunteers.

COMMERCIAL GENERAL LIABILITY INSURANCE

Commercial General Liability in an amount not less than \$1,000,000 per occurrence (claims made and modified occurrence policies are not acceptable). Insurance companies must be acceptable to the City and have an AM Best's Rating of A-, Class VII or better, as approved by the City.

COMMERCIAL AUTOMOBILE LIABILITY COVERAGE

Automobile liability, for any/all autos, in an amount not less than \$1,000,000 combined single limit; (claims made and modified occurrence policies are not acceptable); Insurance companies must be acceptable to City and have an AM Best's Guide Rating of A-, Class VII or better, as approved by the City.

PROFESSIONAL LIABILITY/ERRORS AND OMISSIONS (If professional services are provided)

Professional liability (Errors and Omissions) Professional liability in an amount not less than \$1,000,000. Insurance companies must be admitted and licensed In California and have an AM Best's Guide Rating of A-, Class VII or better, as approved by the City. If the policy is written on a "claims made" basis, the policy shall be continued in full force and effect at all times during the term of the agreement, and for a period of three (3) years from the date of the completion of services provided. In the event of termination, cancellation, or material change in the policy, professional/consultant shall obtain continuing insurance coverage for the prior acts or omissions of professional/consultant during the course of performing services under the term of the agreement. The coverage shall be evidenced either by a new policy evidencing no gap in coverage, or by obtaining separate extended "tail" coverage with the present or new carrier.

ADDITIONAL INSURED ENDORSEMENT

An Additional Insured Endorsement, ongoing and completed operations, for the Commercial General Liability policy, shall designate City, its officers, officials, employees, agents, and volunteers as additional insureds for liability arising out of work or operations performed by or on behalf of the Contractor. Contractor shall provide to City proof of insurance and endorsement forms that conform to city's requirements, as approved by the City.

PRIMARY ENDORSEMENT OR POLICY LANGUAGE

For any claims related to this Agreement, Contractor's insurance coverage shall be primary insurance as respects to City, its officers, officials, employees, agents, and volunteers. Any insurance or self-insurance maintained by the City, its officers, officials, employees, agents, or volunteers shall by excess of the Contractor's insurance and shall not contribute with it.

12.5 HIGH-RISK CONTRACTS

Higher-risk services may require special types of insurance coverages and/or higher commercial general liability per occurrence limits.

Examples of high-risk services include but are not limited to the following:

- Asbestos Abatement Contractors
- Ambulance Services
- Construction Projects
- Elevator Maintenance and Repair
- Festivals and City Events
- Jail Management Services
- Medical Services
- Refuse Transportation and Disposal
- Towing Services
- Transportation Services

Insurance limits may be reached by combining a commercial general liability policy limit with an umbrella/excess policy limit. For example, a contractor may have a general liability policy with a \$1,000,000 limit and a \$1,000,000 umbrella/excess policy. By combining both coverage amounts, the total meets the \$2,000,000 general liability coverage required by the City.

12.6 ADDITIONAL TYPES OF INSURANCE COVERAGES

Different types of insurance or higher limits may be necessary based on the Scope of Work. The following are examples of additional types of coverage that may be required, but are not limited to the following:

- Tow truck drivers will be required to provide proof of cargo, on hook, and garage liability coverage.
- Moving companies will be required to provide cargo coverage.
- Contractors handling hazardous material will be required to provide environmental/pollution or asbestos liability insurance.
- Transporters of hazardous wastes will be required to provide an automobile liability policy to be endorsed to delete the Pollution and/or the Asbestos exclusion and add the Motor Carrier Act endorsement (MCS-90), TL 1005, TL 1007 and/or other endorsements required by federal or state authorities.
- Construction contracts may require course of construction insurance (Builders All Risk) and employer's liability insurance.
- Contractors who work with children or the elderly will be required to have legal liability coverage for sexual abuse and molestation.

- Financial institutions or other contractors handling financial transactions or that have access to other City assets will be required to provide crime coverage.
- Service providers that keep City or public data will be required to provide cyber liability insurance.

12.7 SURETY BONDS

Per Civil Code section 9550, a public works contract in excess of \$25,000 requires the contractor to provide a material and labor/payment bond prior to starting the work.

A. PERFORMANCE BONDS

(100% of the total bid amount) Guarantees the City that if the contractor fails to complete the work as quoted, the surety will assume the contractor's financial responsibility to have the work completed.

B. MATERIAL AND LABOR BONDS

(100% of the total bid amount) Guarantees the City that laborers, subcontractors and suppliers will be paid the monies they are due from the contractor. Also called payment bonds.

All bonds submitted require that the Surety Company have an AM Best rating of A- VII or better and must be on the City approved bond forms. Proper language for bond rating requirements should be stated within the contract and all bid documents so that potential contractors are properly notified of these requirements. The contract shall not become effective until such bonds are submitted and in compliance with the City's requirements.

Bonds should not be requested from the Contractor until final approval of the project has been granted by the City Manager or City Council, based on level of authority.

12.8 VERIFICATION OF INSURANCE COVERAGE

Risk Management shall verify that the evidence of insurance provided by the contractor meets the requirements as outlined in the contract and shall provide project manager with documentation of the verification.

The project manager is responsible for ensuring that contractors' insurance coverage is kept current and maintained for the full term of the contract. Current and valid insurance coverage will be required to amend existing contracts and insurance compliance must be verified by Risk Management prior to the City's execution of the amendment.

The City reserves the right to suspend and cease all operations during such a period of time the required insurance coverage is not in compliance.

12.9 CITY OF GARDEN GROVE INSURANCE POLICIES/COVERAGE

The City has a Self-Insurance Retention (deductible) of \$2,000,000 per occurrence for General Liability and \$1,000,000 for Worker's Compensation. The City also carries property insurance for all its buildings, vehicles and equipment. Any requests for proof of insurance or letters of self-insurance for the City of Garden Grove should be directed to the Risk Management Division.

Except as required by contract, the City does not cover vendors/contractors under its insurance policies.

12.10 DEFINITIONS

Additional Insured for Ongoing Operations: Affords the City direct coverage under the contractor's policy, including defense, should the City be sued for injuries or damages occur while the contractor is on the job.

Additional Insured for Products-Completed Operations Hazard: Affords the City direct coverage under the contractor's policy, including defense, should the City be sued for damages that arise from defects in the contractor's product or work.

AM Best: Agency that provides credit rating and financial size categories of insurance companies.

Annual Aggregate Limit: The maximum amount the insurance will pay for all covered claims combined in a single policy year.

Certificate of Insurance: Proof of insurance coverage, usually provided by the contractor or contractor's insurance agent or broker, listing types of coverage, insurers, insurance agency, insured, policy numbers, effective dates, limits, certificate holder, cancellation procedure and special provisions.

Claims Made Coverage: Will only respond to a claim that is presented while the policy is in force or during an extended reporting provision.

Per Occurrence Limit: The maximum amount the insurance will pay for one or more covered claims resulting from each accident or out of any one event.

CHAPTER 13:

CENTRAL STORES WAREHOUSE

13.1 SERVICES PROVIDED

The Central Stores Warehouse operates under the Purchasing Division and provides the following services:

A. Receiving and Acceptance of Material:

The receiving and acceptance function is the final phase of the purchasing cycle. At this point, the final determination is made as to whether requirements specified in the purchase documents have been met. The following outline describes this process:

1. Materials and supplies that are inventoried in the warehouse are received into the financial system. All non-inventoried items that are delivered to warehouse are not received into the financial system but are delivered to the requesting department unopened. The requesting department must sign for receipt of the items.
2. The requesting department is responsible for the initial inspection of the goods. Any apparent damage or shortages observed at the time of delivery should be noted on the shipping documents and reported to the Purchasing Division so the issues can be resolved.
3. Changes in quantity or dollar amounts from the original purchase order at the time of delivery must be handled through the submission of a "Change Order."

B. Warehouse Operation and Inventory Control:

The warehouse operation maintains an inventory of approximately 1700 commonly used items for City departments. It is recommended that staff check the warehouse inventory prior to purchasing common items that may already be stocked in the warehouse inventory. Materials and supplies may be requested in one of two ways:

1. City staff enters a requisition to order items from the warehouse and the order will be sent to the warehouse to fill. The requested items can be picked up from the warehouse or will be delivered on the next scheduled delivery day by warehouse staff.
2. City departments may also fill out a paper requisition at the warehouse, which will be filled upon request for urgent needs or emergencies. For large orders, staff may require additional time to fill the order and will advise staff when the order will be ready for pick up or delivery.

C. Delivery of Materials and Supplies that are shipped to the warehouse:

1. Departments may elect to have items shipped directly to their location or to the Central Stores Warehouse. If delivery to the warehouse is the preferred method, all packages should be marked as follows:

City of Garden Grove, Central Receiving
13802 Newhope Street
Garden Grove, CA, 92843
Attn: Requesting Person/Department

2. To avoid any delays in delivery, the department should provide the vendor with their contact name and City department/division and ask that they clearly mark this information on the outside of the package.
3. Large and heavy items should be shipped directly to the department or location where the item is required for use.

13.2 SURPLUS PROPERTY AND EQUIPMENT

The Central Stores Warehouse is responsible for the storage and disposition of surplus property. Surplus property is tangible property that is no longer of use to the City because it is obsolete, too costly to repair, or valued only for its base content. Surplus property includes items such as office supplies, vehicles, equipment and furniture. Before any items are considered to be surplus property, the City will make its best effort to reuse, recycle, or reassign the items to another department within the City.

Section 2.50.130 (Surplus Supplies and Equipment) of the Garden Grove Municipal Code states: All using agencies shall submit to the Purchasing Division, at such times and in such form as prescribed, reports showing all supplies and equipment which are no longer used or which have become obsolete and/or worn out. The Purchasing Division shall have authority to sell all supplies and equipment which cannot be used by any agency or which have become unsuitable for City use, or to exchange the same for, or trade in the same on, new supplies and equipment. Such sales shall be made pursuant to Sections 2.50.100 (Formal Contract Procedure) and 2.50.110 (Open Market Procedure) of the Municipal Code, whichever is applicable.

Departments having City-owned property which is surplus to their needs shall:

1. Complete the Property Disposition Form
2. Place a work order on the City's Intranet or make arrangements with warehouse staff to pick up the surplus property. The Property Disposition Form must accompany the surplus property. Surplus property must be taken to the Central Stores Warehouse since property cannot be declared surplus and remain in the department.

When the Purchasing Manager determines the property is no longer suitable for use by the City, the items will be disposed of by utilizing one of the following methods per Administrative Regulation 1.8 (Surplus Property).

1. Sell by auction or sealed bid (including vehicles-handled by Public Works Department)
2. Trade in on new equipment
3. Sell as scrap
4. Dispose of in trash (for items with no salvage value)
5. Donate surplus items with City Council approval
6. Purchase by City employee at fair market value determined by the Purchasing Manager as approved by the City Manager. The Purchasing Manager and the City Manager cannot purchase such surplus property per Government Code 1090.

Unless otherwise provided, all proceeds from the sale of surplus property will be deposited into the City's general fund.

13.3 CITY RECORD STORAGE

The City record storage is located in the Central Stores Warehouse but is maintained by the City Clerk's office. Central Stores staff assists the City Clerk's office in the pick-up of records from the various departments. Each department is responsible for loading or arranging their boxes on the shelves at the warehouse.

The City Clerk's office determines which City records may be stored in the system and identities which records may be removed for destruction with department approval.

The Purchasing Division will determine if documents or records that are not part of the City record storage can be stored at the Central Stores Warehouse. Warehouse inventory will be given priority of storage space. Requests to store items in the warehouse will be based on available space and reviewed on a case by case basis.

Please reference Administrative Regulation 1.7 (Storage of Off-Site Records and Other Materials) for more information.

CHAPTER 14:

CELLULAR PHONES AND OTHER DEVICES

The Purchasing Division processes all requests and changes for cellular phones, Wi-Fi devices, and tablets for those positions that are authorized by the Department Director. The authorized position list should be updated by all Department Directors in the department budget.

Please reference Administrative Regulation 2.14 (Cellular, Smartphones, Tablets and Telecommunication Devices) for more information.

APPENDIX
REFERENCE DOCUMENTS

Department of Industrial Relations (DIR) Guidelines

These are public works projects. DIR registration by vendor and subcontractors is required before bidding. Project registration required the sooner of the first day of work or 30 days following award. Prevailing wages required, when over \$1,000. Include DIR language on City PO/contract.

Work done under contract and paid for in whole or in part with public funds?

- Alteration
- Demolition
- Installation
- Repair
- Construction (including design, inspection, or surveying)

Maintenance that is:

- "Routine, recurring, and usual work for the preservation, protection, and keeping of any publicly owned or publicly operated facility for its intended purposes in a safe and continually usable condition for which it has been designed, improved, constructed, altered, or repaired" OR
- "Carpentry, electrical, plumbing, glazing, (touchup painting), or other craft work designed to preserve the publicly owned or publicly operated facility in a safe, efficient, and continuously usable condition for which it was intended, including repairs, cleaning, and other operations on machinery and other equipment permanently attached to the building or realty."
- Landscape and tree trimming.

Construction under \$25,000 and Maintenance under \$15,000 are exempt from DIR PWC-100. Prevailing wages apply. DIR language is included in City contracts.

These are NOT a public works projects. Prevailing wages and DIR registration are not required.

- Repairs and maintenance to equipment not attached to realty.
- Janitorial or custodial services of a routine, recurring, or usual nature.
- Landscape maintenance work done by a "sheltered workshop." Example: California Conservation Corps.
- Protection provided by guards, watchmen, or other security forces.
- Services up to \$1,000.

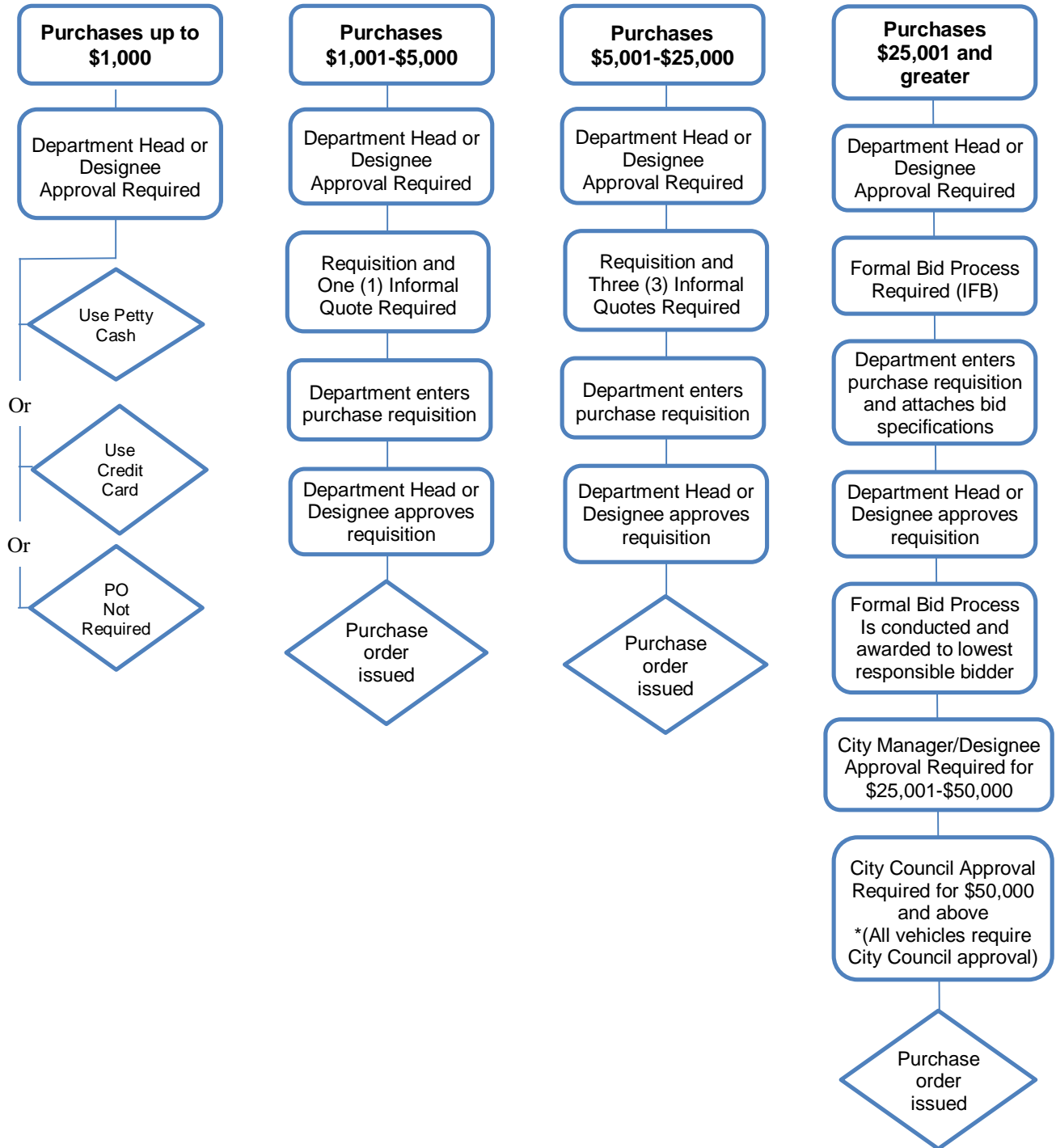
Awarding body (City) responsibilities

- Register public works projects with DIR.
- Require proof of contractor/subcontractor registration before accepting a bid.
- Ensure posting of jobsite notices.
- Ensure payment of prevailing wages.

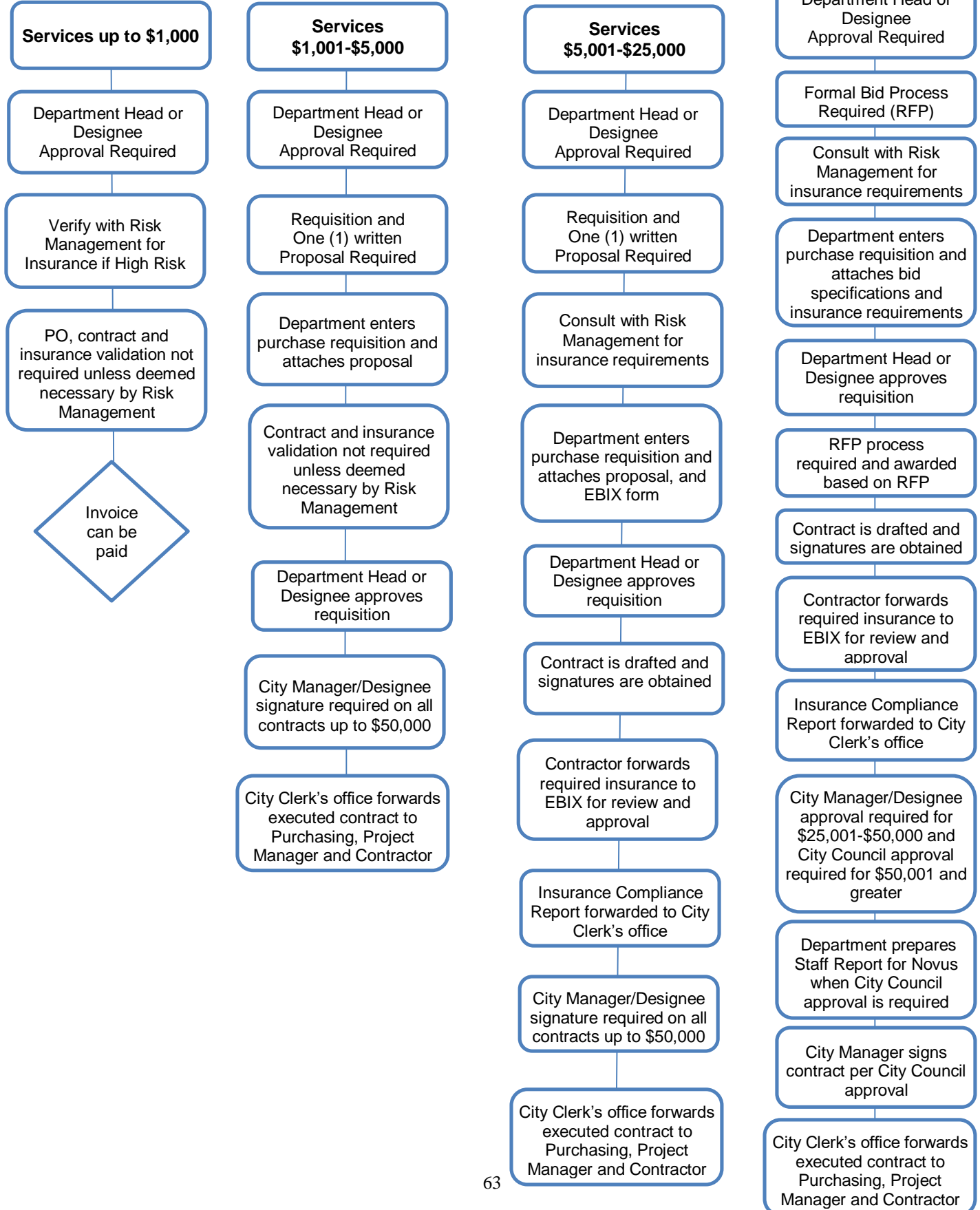
Awarding body (City) penalties for noncompliance

- Fines of \$100 per day up to \$10,000 for:
 - Failure to comply with award notification requirements
 - Permitting an unregistered contractor or subcontractor to work on a project
- Potential loss of state funding for one year for willful violation for two or more projects.

Purchase of Materials, Supplies, Equipment and other Commodities



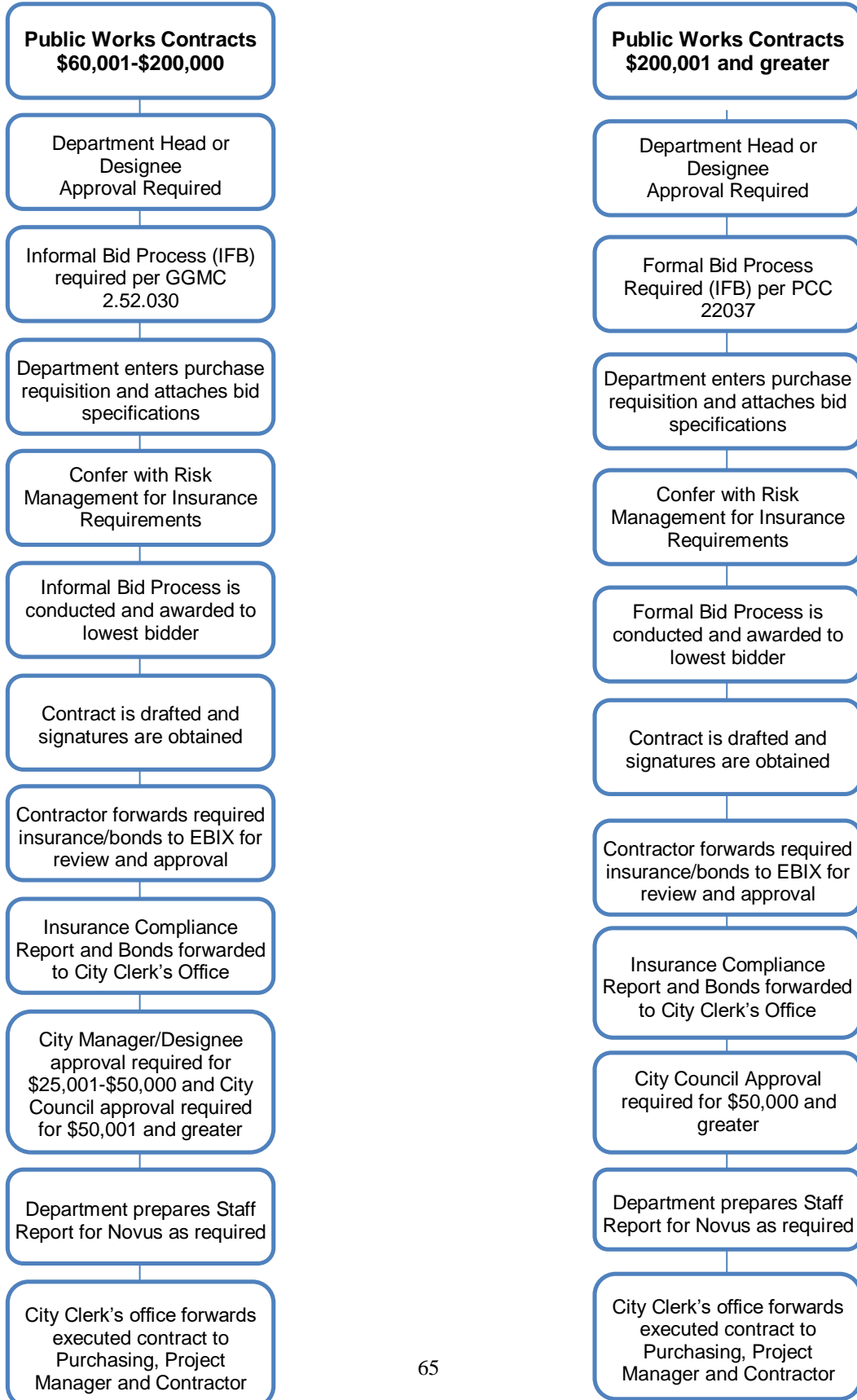
Professional Services and Consultant Agreements



Public Works/Construction Contracts
DIR and Prevailing Wage Requirements Apply



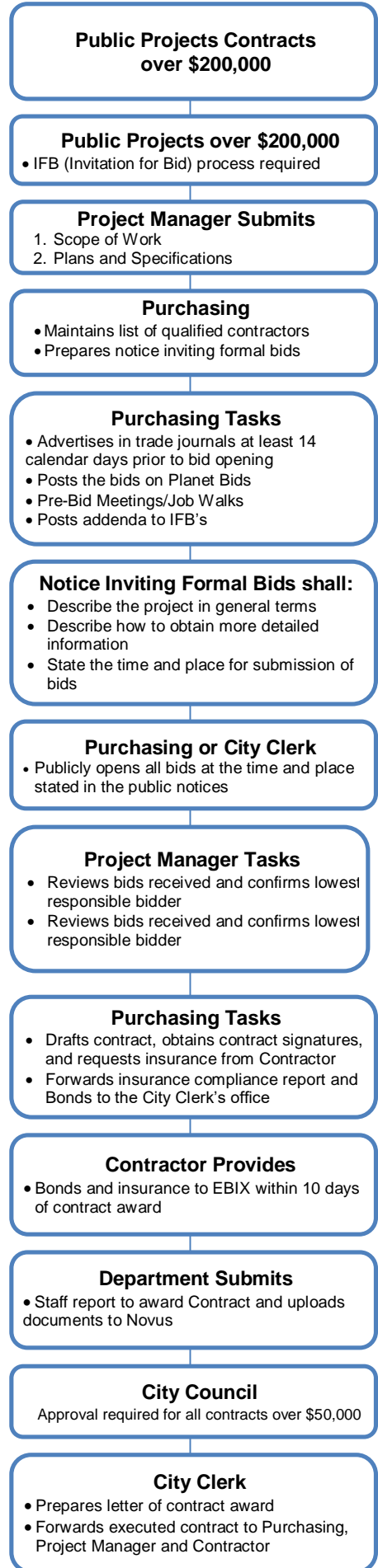
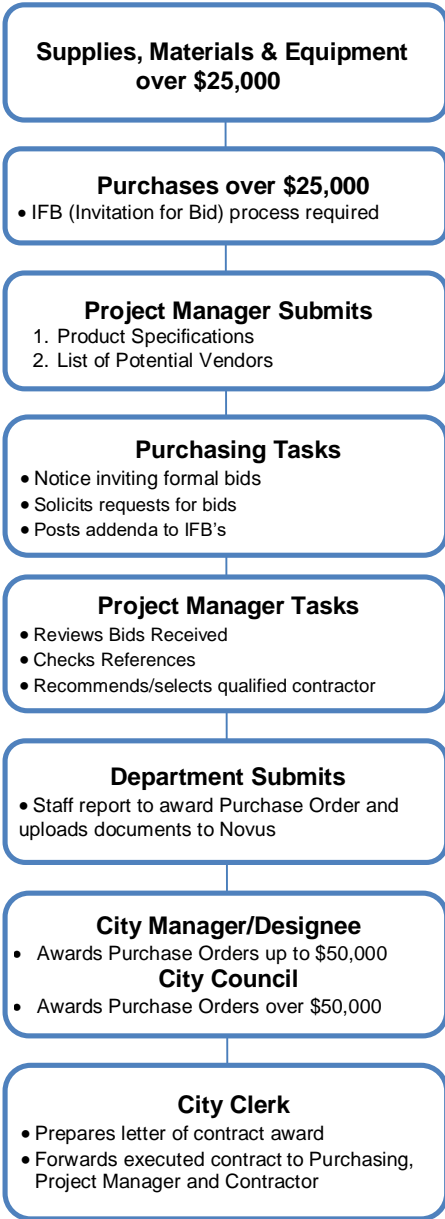
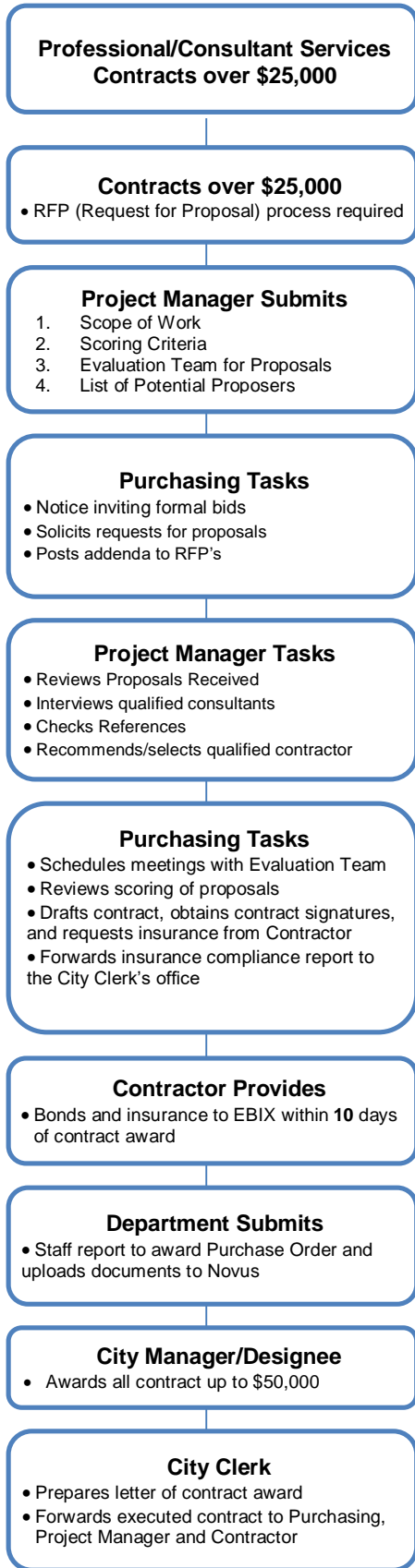
Public Works/Construction Contracts
DIR and Prevailing Wage Requirements Apply, Con't



Informal Bidding Procedures



Formal Bidding Procedures



City of Garden Grove

INTER-DEPARTMENT MEMORANDUM

To:	Scott C. Stiles	From:	Patricia Song
Dept.:	City Manager	Dept.:	Finance Department
Subject:	Adoption of a Resolution approving an updated Purchasing Policy and Procedure Manual. (<i>Action Item</i>)	Date:	6/23/2020

OBJECTIVE

For the City Council to adopt a resolution approving an updated Purchasing Policy and Procedure Manual.

BACKGROUND

In conjunction with the implementation of the Enterprise Resources Planning (ERP) system currently being implemented, the Finance Department has been reviewing and updating its purchasing processes and procedures. The City's current purchasing policy was last revised on September 27, 2005. Since then, a few major changes had occurred impacting municipal procurement practices, including the Uniform Guidance Procurement Standards, and the California Uniform Public Construction Cost Accounting Act. It has been determined that a revision to the current purchasing policy is necessary to improve efficiency. On May 26, 2020, the City Council adopted an ordinance to amend Chapter 2.52 of the Municipal Code to conform to the State law. The attached resolution will authorize the update of our purchasing policy within the thresholds established by the amended Code.

DISCUSSION

During the business process review with the City's ERP consultant, it was identified that the current policy thresholds for the procurement of goods, services, and professional services do not promote efficiency and the procedures do not reflect best practices. The proposed changes to the existing purchasing policy will align the processes with the ERP functionality and will strengthen and clarify existing purchasing procedures.

Consistent with the updated Municipal Code and City Council resolutions delegating authority to the City Manager, the proposed changes implement the City Manager's authority to delegate his or her authority under the purchasing policy, adding provisions to provide procedural guidance relating to federal awards, addition of purchasing procedures during a proclaimed emergency or disaster, and updating the informal bidding thresholds. There will be no changes to the City Manager's authority of up to \$50,000 for award of contracts nor to the City Council's authority for all procurements that exceed \$50,000.

Below is a summary of the proposed changes to the existing purchasing policy:

Add a provision to the Purchasing Policy that implements the City Manager authority to delegate authority.

Staff recommends adding a provision to the purchasing policy that implements the City Manager's authority to delegate his or her authority under the purchasing policy. Council Resolution No. 9212-14 authorizes the City Manager, or the City Manager's designee, to execute agreements up to the total sum of \$50,000. The existing purchasing policy does not currently refer to the authority of the City Manager to delegate to a designee.

Add provisions to the purchasing policy that address federal purchasing requirements and thresholds.

In December 2014, the Federal Office of Management and Budget (OMB) issued the *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, commonly referred to as "Uniform Guidance" (2 CFR § 200), to streamline and consolidate government requirements for receiving and using Federal awards. The existing purchasing policy does not address federal thresholds and guidelines.

Add provisions to the purchasing policy to provide procedural guidance relating to federal awards, addition of purchasing procedures during a proclaimed emergency or disaster.

The revised policy modifies the City's normal purchasing practices to assure that, in exigent circumstances caused by a proclaimed disaster or emergency, the City is able to acquire the goods and services required to address an immediate threat to life, public health, or safety or an immediate threat of significant damage to improved public and

private property while still maintaining an effective purchasing process and complying with applicable local and state purchasing laws. Where the City is included in a major disaster or emergency declared by the President of the United States, the revised policy also assures that City procurements comply with federal regulations applicable to FEMA disaster grant reimbursement. The current purchasing policy does not provide federal guidelines to follow during a proclaimed emergency or disaster.

Revised the threshold amounts for the procurement of materials and supplies, equipment and other commodities, and professional/consultant services.

The City’s current purchasing policy defines two types of competitive bidding procedures: Informal Bid Process for purchases up to \$25,000 and Formal Bid Process for those that exceed \$25,000. The Informal Bid Process requires the solicitation of quotes from at least three providers, whereas the Formal Bid Process requires an IFB (Invitation for Bid) or RFP (Request for Proposal) process. The revised policy includes two changes to the Informal Bid Process. There are no changes to the Formal Bidding Process.

Purchase of Materials, Supplies Equipment	
Current Policy	No bidding requirements up to \$1,999
Proposed Policy Change	No bidding requirements up to \$5,000

Note: A purchase order will be required for all contracts greater than \$1,000.

Contracts for Professional/Consultant Services	
Current Policy	No bidding or contract requirements up to \$999
Proposed Policy Change	No bidding or contract requirements up to \$5,000 unless deemed necessary

Note: A purchase order will be required for all contracts greater than \$1,000; Contract is not required for service amounts under \$5,000.

FINANCIAL IMPACT

There is no fiscal impact associated with the adoption of the attached resolution approving the revised purchasing policy and procedure manual.

RECOMMENDATION

It is recommended that the City Council:

- Adopt the resolution approving the revised purchasing policy and procedures to reflect best practices and to ensure compliance with federal, state, and applicable laws and regulations; and
- Authorize the Finance Director or designee to make minor modifications to the purchasing policies and procedures to reflect best practices and compliance with applicable laws and regulations consistent with the Municipal Code and City Council resolutions.

ATTACHMENTS:

Description	Upload Date	Type	File Name
Resolution - Purchasing Policy Manual	6/12/2020	Resolution	6-23-20_Purchasing_Policy.pdf
Purchasing Manual	6/11/2020	Backup Material	2020_GG_REVISIED_PURCHASING_MANUAL_FINAL.pdf

GARDEN GROVE CITY COUNCIL

RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF GARDEN GROVE
APPROVING THE REVISED PURCHASING POLICY AND PROCEDURE
MANUAL.

WHEREAS, the City's Purchasing Policy and Procedure Manual was last revised in 2005; and

WHEREAS, pertinent State laws and federal regulations governing municipal procurement have changed since 2005; and

WHEREAS, the City Council adopted an ordinance to amend Chapter 2.52 of the Municipal Code to conform to the State law; and

WHEREAS, the revised Purchasing Policy and Procedure Manual has been updated to reflect best practices and ensure compliance with federal and state regulations.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF GARDEN GROVE, CALIFORNIA DOES RESOLVE, DECLARE, DETERMINE, AND ORDER AS FOLLOWS:

SECTION 1. The Purchasing Policy and Procedure Manual attached hereto is approved;

SECTION 2. The Finance Director is hereby authorized to make minor modifications to the City's purchasing policies and procedures to reflect best practices and compliance with applicable laws and regulations consistent with the Municipal Code and City Council resolutions.

CITY OF GARDEN GROVE



PURCHASING POLICY AND PROCEDURE MANUAL



REVISED JUNE, 2020

**CITY OF GARDEN GROVE
PURCHASING POLICIES & PROCEDURES
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MISSION STATEMENT

CITY OF GARDEN GROVE PURCHASING DIVISION

The mission of the Purchasing Division and Central Stores is to assist the City of Garden Grove to obtain the goods and services needed by staff while promoting a spirit of teamwork and unity; to assist and educate staff with all of their procurement needs while respecting their expertise and knowledge of their discipline; to provide prompt and professional attention to each department's needs; to spend the City's money wisely so that maximum value is obtained for its limited financial resources; to maintain a central store of supplies and materials to meet the goals of the City; and to obtain maximum value for surplus and obsolete items. Purchasing and Central Stores will act in accordance with the highest standards of ethics, customer service, transparency, and fairness, and will be accountable for expenditures for goods and services.

Purchasing and Central Stores will conduct its work in accordance with federal and state law. Purchasing will continuously evaluate each process and transaction with a critical eye towards implementing processes that are cost effective and value added.



CODE OF ETHICS

As public employees, purchasing professionals, and staff members of the Purchasing Division for the City of Garden Grove, we owe our institutions our best, unbiased judgment every time we spend their money and/or act on their behalf. All staff members who engage in the procurement process shall agree to, be familiar with and be bound by the City of Garden Grove Code of Ethics for Public Officers and Employees as set forth in Chapter 2.02 of the Municipal Code.

In addition, the following rules of professional conduct shall govern the behavior of Assistant Buyer(s), Buyer(s), Storekeeper(s), Stock Clerk(s) and the Purchasing Division Manager in the fulfillment of their duties.

- A. Act impartially and with the highest degree of integrity to foster public confidence in City Government, and make every effort to ensure open and fair competition for available City Business in accordance with the Garden Grove Municipal Code and the Garden Grove Purchasing Manual.
- B. Do not to accept, directly or indirectly, any tangible or intangible benefit, the value of which is five dollars (\$5.00) or more, including, but not limited to, money, gifts, favors, entertainment, discounts, passes, transportation, accommodation, hospitality, or offers of employment that may influence or give the appearance of influencing procurement-related decisions. This includes those items exceeding said value that have an imprinted company logo and could be perceived, by virtue of their use in the Department, as an endorsement of, or preference for a particular product or service.
- C. Declare a conflict of interest when a potential organization is to be selected for contract award that employs him or her, is about to employ him or her, or his or her family members or partner. The officer, employee of agent shall not solicit or accept gratuities, favors or anything exceeding five dollars (\$5.00) in value from contractors, potential contractors, or parties to sub-agreements and subcontracts.
- D. Immediately disclose any real or apparent potential conflict of interest to the employee's supervisor and refrain from all activity with respect to this vendor upon learning that the City is conducting or intends to conduct business with a vendor which the employee, or a member of the employee's family may have a financial interest.
- E. Conduct themselves in a courteous and professional manner with the Department's customers and vendors, and act professionally and without discrimination or bias.
- F. Do not utilize confidential or sensitive information acquired in the course of their duties for personal gain or for the benefit of family or friends.

- G. Immediately inform their supervisor and other department management upon learning of a potential or existing problem that the Department has an interest in. Employees will strive to ascertain all relevant facts in a timely manner as well as analyze all possible solutions, and present what they believe to be the best solution to their supervisor.
- H. Do not willfully or unlawfully conceal, remove, mutilate, falsify or destroy any document or records.
- I. Do not make any false or fictitious statements in connection with any official matter, document or record.

Violation of any provision of this policy may be cause for disciplinary action. Disciplinary action may range from an oral reprimand to termination. The City reserves all rights to pursue appropriate legal action to the fullest extent permitted by law.

CHAPTER 1:

GENERAL PURCHASING OVERVIEW AND STRUCTURE

1.1 INTRODUCTION

This Purchasing Manual has been prepared to provide guidance and training for the procurement of all equipment, materials, supplies and services needed by departments within the City. This manual outlines the steps of each type of procurement process from the beginning to the end. The Garden Grove Municipal Code is the guideline for this manual and can be referenced on the City's Intranet.

The Purchasing Division is responsible for managing the informal and formal bidding process, processing of all purchase requisitions, developing and reviewing contracts, and the administration of the credit card and cell phone programs. The Purchasing Division also oversees the operations of the Central Stores Warehouse which includes receiving and surplus property disposal.

1.2 OVERVIEW

As a public entity, it is critical that the purchasing procedures adopted by the City Council are equitable, transparent and follow the applicable statutory requirements.

The Purchasing Manual was created to serve as a reference tool for departments in translating needs into tangible items and services. The purpose of this manual is to provide the necessary guidance for staff to obtain needed products and services as directed by the Municipal Code, Ordinances and Resolutions, Administrative Regulations, and State and Federal Regulations.

In addition to outlining the basic purchasing processes and threshold limits, this manual also provides detailed information on the informal and formal bidding processes, insurance requirements and the Central Stores Warehouse operations.

This manual cannot address every situation. When an unusual situation occurs or a difficult legal problem arises, the City Council, City Manager or designee, may approve exceptions to this policy, when in the best interest of the City, so long as the proposed exceptions are consistent with local, state, and federal laws. The final authority for City purchasing procedures is the law itself.

It shall be the policy of the City to fully comply with and make purchases or expenditures pursuant to this manual.

The goal of this manual is to present a user-friendly, easy-to-understand document that summarizes the procurement process and provides information that is most useful to the procurement process. If you cannot find the answer to your question in this manual, please call the Purchasing Division for assistance. We are happy to be of service.

1.3 PURCHASING STRUCTURE

The City of Garden Grove operates under a decentralized purchasing function for purchases that do not exceed a total amount of \$25,000 in which specific employees in the various departments are responsible for purchasing decisions for services, equipment, and goods within a certain dollar threshold per the approval of the department head or designee. The Purchasing Division advises and assists the departments as needed, and initiates purchases that benefit the City.

City departments may contact vendors for product information and to obtain informal quotes for materials, supplies and equipment and proposals for services that do not exceed the \$5,000 purchasing threshold. All purchases that do not fall within this dollar threshold must be executed per the guidelines established within this Purchasing Manual.

1.4 THE PURCHASING CYCLE

Purchasing and procurement are citywide functions. Virtually every City employee participates either directly or indirectly in the process. Procurement begins with employees identifying a requirement for a product or service. The purchasing cycle establishes the proper steps for all department staff to follow when requisitioning supplies, materials, and equipment; public works projects; and/or professional/consultant service contracts.

The Budget

Step One: Approval of the City's budget. The budget authorizes the City Manager and designees to purchase the materials, supplies, services, and equipment in the budget document. Purchases for certain dollar amounts are subject to further requirements, such as department head approvals, City Manager/Designee approval, City Council approval, and/or bidding requirements.

Method of Purchase

Step Two: Departments choose the method of purchase according to the type and dollar value of the purchase. A requisition is submitted, routed through the approval process, and is eventually converted into a purchase order or contract.

Risk Management Review

Step Three: Risk Management evaluates the potential risk and determines the appropriate insurance requirements and contract language.

Receiving and Acceptance

Step Four: Once the product or service has been received or accepted, payment authorization can proceed. All goods should be shipped to a City facility to ensure receipt by City staff, unless approved by the Purchasing Division Manager prior to making the purchase.

1.5 RESPONSIBILITIES

Department Responsibilities

- Know the requirements of your funding source. Grants and Federal funding may have different requirements and always defer to the stricter funding requirements or the City purchasing policies
- Verify available budget prior to making purchases
- Anticipate requirements sufficiently in advance to allow adequate time to obtain goods in accordance with the best purchasing practices
- Determine if prevailing wages are required and confirm DIR registration requirements are met prior to obtaining bids and quotes
- Contact Risk Management to obtain insurance recommendations and contract language prior to obtaining bids and quotes or issuing contracts
- Do not split orders for the purpose of avoiding purchasing and bid requirements or approval levels
- Provide detailed, accurate specifications to ensure goods obtained are consistent with requirements and expectations
- Prepare requisitions according to instructions to minimize processing time
- Limit urgent and sole source purchases and provide written documentation for review when these purchases are necessary

Risk Management Responsibilities

- Review draft contracts and contract amendments and provide insurance recommendations and language
- Contact vendors to obtain additional insurance documents when needed
- Determine if insurance requirements can be waived based on risk assessment

Purchasing Responsibilities

- Ensure full and open competition on all purchases as required by the purchasing policy
- Coordinate vendor relations, locate sources of supply and evaluate vendor performance
- Recommend revisions to purchasing procedures when necessary and keep informed of current developments in the field of public purchasing and state laws pertaining to purchasing
- Prescribe and maintain all forms and records necessary for the efficient operation of the purchasing function
- Act as the City's agent in the transfer and disposal of surplus equipment and materials

CHAPTER 2:

PURCHASING AUTHORITY & THRESHOLDS AND REQUIREMENTS

2.1 PURCHASING AUTHORITY

Under the provisions of Chapter 2.50.020 of the Garden Grove Municipal Code, the Finance Director has been given the authority to purchase or contract for all supplies, services or equipment required by any City department. The Municipal Code further sets forth formal and open market procedures to be followed in carrying out purchasing functions.

City Council Resolution No. 9212-14 authorizes the City Manager or his/her designee to approve contracts for professional services and for the purchase of supplies and equipment up to \$50,000 per vendor, per fiscal year.

Public Works contracts are authorized under the California Public Contract Code and Chapter 2.52 (Public Works Construction Bid Procedure) of the Garden Grove Municipal Code.

Pursuant to Section 2.50.020 (Purchasing Authority) of the Garden Grove Municipal Code, the City of Garden Grove Purchasing Manager has the authority, as delegated by the Finance Director, to:

- A. Purchase or contract for supplies, services, and equipment required by any using agency in accordance with purchasing procedures prescribed by the Code, such administrative regulations as he or she shall adopt for the internal management and operation of the Purchasing Division, and such other rules and regulations as shall be prescribed by the City Council or City Manager;
- B. Negotiate and recommend execution of contracts for the purchase of supplies, services, and equipment;
- C. Act to procure for the City the needed quality in supplies, services, and equipment at the least expense to the City;
- D. Discourage uniform bidding and endeavor to obtain as fully and open competition as possible on all purchases;
- E. Prepare and recommend to the City Council through the City Manager, rules governing the purchase of supplies, services, and equipment for the City;
- F. Prepare and recommend to the City Council through the City Manager, revisions and amendments to the purchasing rules;
- G. Keep informed of current developments in the field of purchasing, prices, market conditions, and new products;
- H. Prescribe and maintain such forms as reasonably necessary to the operation of this chapter and other rules and regulations;
- I. Supervise the inspection of all supplies, services, and equipment purchased to ensure conformance with specifications;

- J. Recommend the transfer of surplus or unused supplies and equipment between departments as needed and the sale of all supplies and equipment that cannot be used or that have become unsuitable for City use; and
- K. Maintain a bidder's list and records needed for the efficient operation of the Purchasing Division (2813 § 1, 2012; 1274 § 1, 1972)

2.2 PURCHASING THRESHOLDS AND REQUIREMENTS

The following charts are reference guides that outline the different types of procurements, the requirements for each process, and the proper channels of approval. Please reference Chapters 7, 8 and 9 of this manual for a detailed explanation of each procurement process.

Purchase of Materials and Supplies, Equipment and other Commodities

Dollar Threshold	Requirements	Requisition Approval/Authority
\$0-\$5,000	Requisition/PO and one (1) informal quote required for amount over \$1,000 Purchases under \$1,001 do not require a Requisition/PO	Requisition Approval: Department Head/Designee approval required Authority: Department Head/Designee approval required
\$5,001-\$25,000	Obtain three (3) informal quotes Requisition/PO Required	Requisition Approval: Department Head/Designee approval required Authority: Department Head/Designee approval required
\$25,001 and greater	Formal Bid (IFB) Process Required Requisition/PO Required	Requisition Approval: Department Head/Designee approval required Authority: City Manager/Designee approval required up to \$50,000 City Council approval required for purchases greater than \$50,000 Note: All vehicles require City Council approval regardless of dollar amount

Contracts for Professional Services and Consultant Services

Dollar Threshold	Requirements	Requisition Approval/Authority
\$0-\$5,000	<p>Requisition/PO and one (1) written proposal required for all services that exceed \$1,000</p> <p>Services under \$1,001 do not require a Requisition/PO</p> <p>Contract and insurance validation is not required for services between \$1,001-\$5,000 unless deemed as necessary by Risk Management</p>	<p>Requisition Approval: Department Head/Designee approval required</p> <p>Authority: Department Head/Designee approval required</p> <p>City Manager/Designee signature required on all contracts</p>
\$5,001-\$25,000	<p>Requisition/PO, one (1) written proposal and contract required</p> <p>Mini Brooks Act may apply</p> <p>Insurance required as per contract and Risk Management recommendations</p>	<p>Requisition Approval: Department Head/Designee approval required</p> <p>Authority: City Manager/Designee signature required on all contracts</p>
\$25,001 and greater	<p>Formal Request for Proposal (RFP) Process Required</p> <p>Mini Brooks Act may apply</p> <p>Requisition/PO, scope of work and contract required</p> <p>Insurance required as per contract and Risk Management recommendations</p>	<p>Requisition Approval: Department Head/Designee approval required</p> <p>Authority: City Manager/Designee signature required on all contracts up to \$50,000</p> <p>City Council approval required for contracts greater than \$50,000</p>

Purchase Orders and Contracts for Public Works/Construction Projects

Dollar Threshold	Requirements	Requisition Approval/Authority
\$0-\$5,000	<p>Provide a detailed scope of work to potential contractors and obtain one (1) written quotation which includes prevailing wage rates</p> <p>Prevailing Wage rates required for work of \$1,000 and greater</p> <p>Requisition/PO and one (1) written quotation required for amount over \$1,000</p> <p>Contract and insurance validation is not required for services between \$1,001-\$5,000 unless deemed as necessary by Risk Management</p> <p>Valid Contractor License required</p>	<p>Requisition Approval: Department Head/Designee approval required</p> <p>Authority: Department Head/Designee approval required Notice of contract award through DIR's PWC-100 NOT REQUIRED</p>
\$5,001 -\$10,000	<p>Provide a detailed scope of work to potential contractors and obtain one (1) written quotation which includes prevailing wage rates</p> <p>Prevailing Wage rates required for work of \$1,000 and greater</p> <p>Contract and insurance required for projects greater than \$5,000 as per contract and Risk Management recommendations</p> <p>Valid Contractor License required</p>	<p>Requisition Approval: Department Head/Designee approval required</p> <p>Authority: Department Head/Designee approval required Notice of contract award through DIR's PWC-100 NOT REQUIRED</p>

Dollar Threshold	Requirements	Requisition Approval/Authority
\$10,001-\$60,000	<p>Provide detailed scope of work to potential contractors and obtain three (3) written quotations which include prevailing wage rates</p> <p>Requisition/PO, scope of work and contract required</p> <p>Valid Contractor License required</p> <p>Must provide proof of registration (prime and all sub-contractors) with the DIR unless under the small project exemption</p> <p>Labor/Material and Performance Bonds required for all contracts greater than \$25,000</p> <p>Insurance required as per contract and Risk Mgmt. recommendations</p> <p>Prevailing Wage rates required</p>	<p>Requisition Approval: Department Head/Designee approval required</p> <p>Authority: City Manager/Designee signature required on all contracts up to \$50,000</p> <p>City Council approval required for contracts greater than \$50,000</p> <p>Project Managers are required to submit notice of contract award through DIR's PWC-100 system on projects that fall outside of the small project exemption. The small project exemption applies for all public works projects that do not exceed: -\$25,000 for new construction, alteration, installation, demolition or repair -\$15,000 for maintenance</p>
\$60,001-\$200,000	<p>Informal Bid Process Required per GGMC § 2.52.030</p> <p>Requisition/PO, detailed scope of work/plans and contract required</p> <p>Notice of Inviting Bids Required</p> <p>Valid Contractor License required</p> <p>Must provide proof of registration (prime and all sub-contractors) with the DIR: Department of Industrial Relations</p> <p>Labor/Material and Performance Bonds required</p> <p>Insurance required as per contract and Risk Management recommendations</p> <p>Prevailing Wage rates required</p>	<p>Requisition Approval: Department Head/Designee approval required</p> <p>Authority: City Council approval required</p> <p>Contracts AND Purchase Orders for all public works projects that fall outside of the small project exemption must be reported to the DIR by the Project Manager within 30 days of the award/approval date, or before beginning any work.</p>

Dollar Threshold	Requirements	Requisition Approval/Authority
\$200,001 and greater	<p>Formal Bid Process Required per PCC 22037 Requisition/PO, Scope of Work/Plans and Contract required</p> <p>Notice of Inviting Bids Required</p> <p>Valid Contractor License required</p> <p>Must provide proof of registration (prime and all sub-contractors) with the DIR: Department of Industrial Relations</p> <p>Labor/Material and Performance Bonds required</p> <p>Insurance required as per contract and Risk Management recommendations</p> <p>Prevailing Wage rates required</p>	<p>Requisition Approval: Department Head/Designee approval required</p> <p>Authority: City Council approval required</p> <p>Contracts AND Purchase Orders for all public works projects that fall outside of the small project exemption must be reported to the DIR by the Project Manager within 30 days of the award/approval date, or before beginning any work.</p>

CHAPTER 3:

VENDOR INFORMATION AND RELATED POLICIES

3.1 NEW VENDOR APPROVAL PROCESS

Before making purchases other than with petty cash and credit cards, new vendors must be set up in the City's financial system. New vendor requests are to be entered by the departments. New vendors are required to submit a completed W9, Request for Taxpayer Identification Number form to the requesting department. Requesting departments will enter the necessary information including vendor name (if applicable), DBA (if applicable), remittance address, purchasing address, purchasing e-mail, remit e-mail (if available), phone number, business type, and attach the W9 form in the financial system. The vendor request will be submitted to the Purchasing Division for review and approval. Once approved, a vendor number is assigned and the department will be notified. The new vendor is then available to use by all departments

3.2 PLANET BIDS ON-LINE VENDOR REGISTRATION

The Purchasing Division utilizes an online registration and bidding system to conveniently assist and notify vendors and businesses of various bid opportunities, news, and updates. The electronic bidding system provides an easy and accessible way to obtain solicitation documents. Registered companies will receive customized emails notifying them of specific bids, the ability to search for bids, and download documents. The City utilizes a customized list of commodity codes to register and notify potential bidders for opportunities. In order to access the system, vendors must register with the City.

Current and new vendors that would like to receive notification of bid opportunities from the City are encouraged to register online. The system requires all vendors to have email capability to download solicitations, documents, addendums, and award information. Both formal and informal solicitations can be processed through the online bidding system. When a vendor does not have access to register online, Purchasing Division staff will assist in the registration and bidding process. Once registered, all vendors are solely responsible for maintaining current and accurate profile information. Vendors may edit their profile at any time.

This system provides vendors with a searchable online database of current bid and proposal solicitations and opportunities.

Some of the key system features and vendor benefits include:

- A. Vendors' ability to maintain their own profiles as a new or existing vendor
- B. Receive automatic email notifications for selected bid opportunities based on product/service categories
- C. Searches for requests, addenda, plan holders lists, bid results, and awards
- D. Request and download bid document(s) when available
- E. Receive automatic addendum notifications as a bid participant

The City now conducts the majority of its formal bid and proposal solicitations through this on-line bidding system. To receive full advantage of this program, we encourage all vendors to register online by accessing the City's website.

3.3 LOCAL VENDOR PREFERENCE

Where the services to be provided by a bidder or supplier are equal, preference shall be given to local merchants when the local merchants' bids are within 2% of the lowest bid received, provided that the dollar amount represented by the 2% difference does not exceed \$5,000. This provision shall only be utilized where bids in the amount of \$5,000 or higher are solicited.

3.4 USING VENDOR CONTRACTS VERSUS APPROVED CITY CONTRACTS

Project Managers may encounter a situation where the vendor prefers for the City to use their contract versus a standard City approved contract. It is recommended that the project manager send the vendor a sample copy of the City's standard contract for review prior to agreeing to use a vendor's contract.

If a decision is made to use the vendor's contract, the following steps must be followed by the project manager to ensure that the proper insurance requirements are included within the contract and that the City is able to comply with all of the terms of the vendor contract.

- A. Risk Management Review: A copy of the vendor contract and the scope of work should be forwarded to Risk Management for review and insurance recommendations and language.
- B. City Attorney Review: Once Risk Management reviews the vendor's contract, it should then be forwarded to the City Attorney for review and approval as to form. The City Attorney will make recommendations and may request that the vendor make changes to their contract prior to obtaining signatures.
- C. Consult with the Vendor: The project manager shall communicate any changes or recommendations back to the contractor for review and revisions to their contract. Once the contract has been revised, signatures can be obtained. In the event that the contractor does not agree with the proposed changes, Risk Management and/or the City Attorney should be contacted for further discussion and negotiation.

CHAPTER 4:

METHODS OF PROCUREMENT

The most common methods of procurement are purchase orders and contracts which are discussed in detail in Chapters 7, 8 and 9. This chapter will discuss other methods that are available and the guidelines for each method. These alternate methods of procurement should not be used when a purchase order or contract is required according to the purchasing policies and guidelines.

4.1 REQUISITION/PURCHASE ORDER AND REQUIREMENTS

A requisition and purchase order are required for the following purchases:

1. Materials/Supplies/Commodities
2. Equipment
3. Public Works/Construction contracts
4. Professional Service/Consultant contracts
5. Changes Order requests to make changes to existing purchase orders
6. Requests for Master Blanket Purchase Orders
7. Releases against Master Blanket Purchase Orders
8. Amendments to existing Professional Service/Consultant contracts
9. Change notices to Public Works/Construction contracts
10. Request to initiate a formal bid or request for proposal process
11. If the purchase involves obtaining any of the following items, a requisition and purchase order are always required, regardless of the dollar threshold.
 - Furniture (Chairs, Desks, Systems Furniture/Cubicles, etc.)
 - Software and Computer Products (may require prior approval from the Information Technology Department)
 - Ammunition
 - Weapons

4.2 EXEMPTIONS TO REQUISITION AND PURCHASE ORDER REQUIREMENTS

The following are exemptions to the requisition and purchase order process: The following products and services do not require the submission of a requisition or purchase order.

1. Filing Fees
2. Travel Services – such as hotel reservations, rental cars, and airfare
3. Licenses
4. Utility Payments
5. Professional Membership Dues
6. Registration fees
7. Subscriptions for magazines/periodicals
8. Tuition
9. Other Governmental Agencies
10. Contracts for services under \$1,001
11. Purchases for goods/commodities under \$1,001
12. Reimbursement for items under the petty cash procedure
13. Insurance Premiums, Claims and Settlements

- 14. Conferences and Business Meetings
- 15. Mandated Payments

4.3 CITY ISSUED CREDIT CARDS

Obtaining a City Issued Credit Card: City issued credit cards will be issued per the approval of the Finance Director. Credit limits will also be set per the discretion of the Finance Director. To request a credit card, please draft a memo to the Finance Director for review and approval, which includes the name and title of the person whom the credit card will be issued to, suggested credit limit and justification for the need and use of the credit card. Upon receiving approval from the Finance Director, the Purchasing Manager will request the credit card from the bank.

Credit Limit Increases: Credit limit increases are subject to the approval of the Finance Director. To request a credit limit increase, draft a memo to the Finance Director for review and approval. Upon receiving approval from the Finance Director, the Purchasing Manager will request the credit limit increase from the bank.

Cancellation of Credit Cards: Upon retirement or separation from the City, credit cards will be cancelled and must be surrendered to the Purchasing Division.

Please reference Administrative Regulation 5.8: Credit Card Policy

4.4 BLANKET PURCHASE ORDERS

Blanket purchase orders are used for various categories of items such as office supplies, hardware, plumbing supplies, painting supplies and various types of on-call services. Master blanket purchase orders will be established at the beginning of each fiscal year and must be a collaborative effort amongst various City departments. This will ensure discounted pricing based on larger purchases and economies of scale. Pricing should be based on discounted pricing through negotiated contracts or through contracts that have already been formally bid such as state contracts or cooperative agreements.

Master Blanket Purchase Orders

- Master blanket purchase orders are "B" type purchase orders
- The requestor will enter a requisition to initiate a new master blanket purchase order which includes the purchase order amount and negotiated pricing list or contract
- Purchasing will create the master blanket purchase order
- Purchasing will verify annual spending amount based on history to ensure collaboration amongst City departments
- Purchasing staff can assist with negotiated pricing for the items to be purchased under the master blanket purchase order when needed

- Funds are not encumbered (non-encumbered) at the time the master blanket purchase order is created
- Master blanket purchase orders will be renewed at the beginning of each fiscal year
- Master Blanket Purchase Order and Terms and Conditions will be sent to the vendor

Releases against Master Blanket Purchase Orders

- Releases against Master Blanket purchase orders are "P" type purchase orders
- The requestor will enter a requisition to initiate a release against the master blanket purchase order
- Releases are the anticipated spending amount per quarter or time period the user chooses and are encumbered
- Releases can be done on a quarterly basis or as needed
- Release purchase orders against the master blanket purchase orders will not be sent to the vendors

CHAPTER 5:

INFORMAL AND FORMAL BIDDING PROCEDURES

5.1 INFORMAL BIDDING PROCESS

Informal bidding procedures require the solicitation of written informal quotes and proposals from vendors as required per the purchasing thresholds. These may be submitted by email, fax, internet websites, or mail. Informal bidding procedures apply to the following:

- *Purchases – for materials, supplies, equipment and commodities up to \$25,000*
- *Professional/Consultant Service Contracts up to \$25,000*
- *Public Works Contracts up to \$200,000.* Notice of Inviting Bids is not required under the informal bidding process except for Public Works projects over \$60,000.

5.2 FORMAL BIDDING PROCESS

Formal bidding procedures require a formal type of bidding process such as an IFB (Invitation for Bids) or RFP (Request for Proposal) process. Formal bidding procedures apply to the following:

- *Purchases – Materials, supplies and equipment that exceed \$25,000 require a formal IFB process.*
- *Professional/Consultant Service contracts over \$25,000- All professional and consultant services that exceed \$25,000 require a formal RFP process.*
- *Public Works Projects over \$200,000- All Public Works projects that exceed \$200,000, require a formal IFB (Invitation for Bids) process.*

5.3 FORMAL BIDDING PROCESS REQUIREMENTS

A. Vendor List: The City shall maintain a list of vendors which is maintained in the Planet Bids System.

B. Advertising/Notice Inviting Bids: Public Contract Code 22037 requires that the Notice Inviting Formal Bids be published in a newspaper of general circulation at least 14 calendar days before bid opening. Additionally, Public Contract Code 22037 requires that the Notice Inviting Formal Bids be mailed to all applicable construction trade journals not less than 30 calendar days before bid opening. To meet the requirements for formal bids, the City of Garden Grove is required to publish notifications twice, not less than 5 days apart, with the first being published in local newspapers at least 14 calendar days before the opening of the bids.

The Notice Inviting Bids shall include:

- (a) State the time and place for receiving and opening of sealed bids
- (b) Distinctly describe the item(s), service(s), and/or equipment solicited
- (c) Project title and contract number

- (d) Date, time, and place for receiving bids
- (e) City's address and phone number
- (f) Brief description of work to be done
- (g) Bond requirements-required for Public Projects of \$25,000 and greater
- (h) Where plans or scopes of service may be obtained
- (i) If a deposit is required and whether or not the deposit is refundable

C. Formal Bid Opening: Sealed bids can submitted to the Purchasing Division or the City Clerk's Office in paper or electronic format, per bid instructions. DIR registration is verified for all contractors and subcontractors prior to bid opening. Bids are publicly opened and recorded at the time and place stated in the public notices. All bids received will be available for public inspection at the time of the bid opening or within 24 hours if the submittal is electronic. The Purchasing Division or City Clerk's Office will be responsible for tabulating all bids.

5.4 AWARD OF PURCHASE ORDER/CONTRACT

If a purchase order or contract is awarded through an IFB (Invitation for Bid) process, it shall be awarded to the lowest responsible bidder. If two or more bids are the same and the lowest, the City may accept the one it chooses, subject to the local vendor preference in Garden Grove Municipal Code Section 2.50.110 (Open Market Procedure). Contracts that are awarded through an RFP (Request for Proposal) process are based upon the specified scoring criteria and not based on the lowest priced proposal submitted.

5.5 NO BIDS RECEIVED/NON-RESPONSIVE BIDS AND PROPOSALS

If no bids or proposals are received through the formal or informal bidding procedure, the goods or services may be secured by negotiated contract.

5.6 REJECTION OF FORMAL BIDS

In the event that a decision is made to not award a formal bid that falls under the authority of the City Council, the department must obtain authorization from the City Council to reject all bids. If a decision is made to re-bid the project, then the department must also obtain City Council approval to re-bid the project. This request would be considered a Consent Item on the City Council agenda and the department must prepare the staff report accordingly.

CHAPTER 6:

EXCEPTIONS TO THE COMPETITIVE BIDDING PROCESS

Purchases of supplies, services, equipment, and the sale of personal property shall be by bid procedures pursuant to Garden Grove Municipal Code Section 2.50.060 (Bidding). Bidding may be dispensed with only when:

- A. The amount is equal to or less than \$25,000;
- B. An emergency requires that the order be placed with the nearest available source of supply and/or service providers, subject to Garden Grove Municipal Code Section 2.50.070 (Emergency Purchase Justification);
- C. The Finance Director determines that the commodity can be obtained from only one vendor;
- D. The City has a contract with another governmental agency to purchase a particular item or service on a cooperative basis;
- E. The purchase price and other terms are similar to those in a contract awarded for the same goods and/or services by another public agency or government purchasing cooperative organization based on a competitive process similar to the processes described in Garden Grove Municipal Code Section 2.50.100 (Formal Contract Procedure) or 2.50.110 (Open Market Procedure)
- F. The contract is for professional services to be let primarily based on qualifications; or
- G. The City Council determines it to be in the best interest of the City.

6.1 EMERGENCY PURCHASES

In the event of an emergency, competitive bidding procedures may be bypassed when time is of the essence.

The City Manager has the final authority on all emergency requests. An emergency memo must be reviewed and signed by the City Manager or his/her designee.

Insurance Requirements will also be waived if the situation does not allow adequate time for the insurance approval process.

An emergency is defined as follows:

EMERGENCY: An emergency situation exists when the life safety, health or welfare of the public or employees is affected by a sudden and unexpected occurrence, which requires immediate action to prevent or mitigate a loss.

An emergency situation does not exist when staff has neglected to allow sufficient time to process an order or obtain a product or service that does not fall under the requirements of an emergency as defined above.

When an emergency situation exists, Purchasing staff or the Finance Director should be contacted whenever possible. Purchasing staff will confirm if the situation qualifies as an emergency, and will assist the department as needed with placing an order or service call with the nearest available source.

If the Purchasing Division or the Finance Director cannot be reached, the Department Director may authorize placing an order or service call with the nearest available source. The Department Director is responsible to notify the City Manager of the emergency situation.

If an emergency situation requires expenditures in excess of \$50,000, a Manager's memo shall be sent to notify the City Manager and the approval of City Council may be required at its next scheduled meeting.

The requesting Department will be responsible for submitting the following documents to the Purchasing Division within 48 hours of the occurrence:

- A. Requisition which is flagged with a requisition code of "99" to mark it as an emergency and enter notes regarding why it is an emergency in the PR notes field and attach the following documents:
 - Emergency Memo-which explains and justifies the emergency situation and is signed by the Department Director or his/her Designee.

For purchasing policies during major disasters and emergencies that may require FEMA reimbursement, please reference Chapter 11: PURCHASING DURING PROCLAIMED EMERGENCY OR DISASTER.

6.2 SOLE SOURCE/PROPRIETARY PURCHASES

In some cases, the competitive bidding process cannot be accomplished due to a sole source condition where the services or products are available only from one source. The Department Director or his/her designee must make this determination which is subject to the approval of the Purchasing Manager and Finance Director.

Sole Source requests should not be made unless the Department is confident that the request is reasonable, appropriately justified to meet the City's requirements, and can withstand a possible audit. Sole source purchasing minimizes or eliminates fair and open competition and should be avoided whenever possible.

Sole sources purchases are not exempt from the purchasing thresholds or the City Manager and City Council approval requirements.

The requesting Department will be responsible for submitting the following documents to the Purchasing Division when requesting a sole source purchase:

- A. Requisition which is flagged with a requisition code of "SS" to mark it as a sole source purchase and attach the following:

- A Sole Source Memo that is signed by the Department Director or his/her designee, and should provide an objective written explanation along with any written documentation signed the by sole source vendor to further support the request.

Services performed in connection with project development and permit processing must comply with federal and state environmental laws.

Sole source purchases that fall under the Federal Purchasing Requirements must be properly documented per federal requirements.

6.3 COOPERATIVE PURCHASING AND PIGGYBACKING ON CONTRACTS

If a product or service is available through the utilization of another public entity's contract (included but not limited to City, County, State, Federal, School District, California Communities Programs, Federal GSA, JSPA, and NASPO Value Point), the City can participate in a cooperative purchasing agreement or "piggyback" onto an existing contract and waive the competitive bidding process when all requirements are met.

In the case of a contract, the City will request that the same pricing be honored in the existing contract, but may issue a City approved contract since the City's terms and conditions may vary from other entities.

In order for the City to piggyback onto an existing contract with another public entity, the existing contract with that entity must meet the following requirements:

- A. The product or service must have been competitively bid
- B. The contract must be current
- C. The contract must be for the same product or service
- D. The contract must be approved and awarded by the entity's governing body
- E. The contractor must honor the contract pricing

The following items should be submitted to the Purchasing Division and the City Attorney for review when requesting to piggyback onto an existing contract of another agency:

- A. A copy of the bidder's response to the agency
- B. A complete copy of the existing contract with the other agency
- C. A copy of the clause that allows for another public entity to piggyback onto the existing contract, or written confirmation from the contractor honoring the other agency's pricing to the City
- D. Proof of the approval and award by the governing body of the other agency

6.4 QUALIFICATION BASED SELECTION

The Mini-Brooks Act (California Government Code Sections 4525-4529.5) provides exceptions to awarding a contract to the lowest bidder for the procurement of professional services in areas, which require a substantial amount of professional expertise and judgment.

Examples of such services include architectural and engineering (A/E), environmental, land surveying, and construction management services. The terms of these agreements should be negotiated and awarded to the most qualified and competent firms to perform the scope of work. It is necessary to engage market forces during these procurements through a Qualifications Based Selection (QBS) process to ensure that staff has a thorough understanding of the qualifications of the firms within the given industry and to obtain the best overall value for the City.

The QBS process is defined as follows:

A. Funding

1. Federal-if any federal dollars are involved with contracts for the "Architectural and Engineering" services, the procurement must comply with "Brooks Act," 40 U.S.C. sections 1101-1104.
2. State and Local- if only state and local funds are involved with the contract for "Architectural and Engineering" services, the procurement must comply with "Mini Brooks Act," California Government Code sections 4525-4529.5.

B. ARCHITECTURAL AND ENGINEERING SERVICES

1. Federal-Under the "Brooks Act" architectural and engineering services are defined as:
 - Professional services of an architectural or engineering nature, as defined by state law, if applicable, that are required to be performed or approved by a person licensed, registered, or certified to provide the services
 - Professional services of an architectural or engineering nature performed by contract that are associated with research, planning, development, design, construction, alteration, or repair of real property; and
 - Other professional services of an architectural or engineering nature or incidental service, which members of the architectural and engineering professions (and individuals they employ) may logically or justifiably perform, including studies, investigations, surveying and mapping, tests, evaluations, consultations, comprehensive planning, program management, conceptual designs, plans and specifications, value engineering, construction phase services, soils engineering, drawing reviews, preparation or operating and maintenance manuals and other related services.

2. State and Local-Under the "Mini Brooks Act" architectural and engineering services are defined as:

- Those professional services of an architectural, landscape architectural, engineering, environmental, or land surveying nature as well as incidental services that members of those professions and those in their employment may logically or justifiably perform.
- Those services provided by a licensed architect, registered engineer, or licensed general contractor which meet the requirements of Government Code section 4529.5 for management and supervision work performed on construction projects.
- Those services performed in connection with project development and permit processing in order to comply with federal and state environmental laws.

C. PROHIBITIONS

The "Mini Brooks Act" includes a prohibition that local agencies "shall specifically prohibit practices which might result in unlawful activity including, but limited to, rebates, kickbacks, or other unlawful consideration, and shall specifically prohibit government agency employees from participating in the selection process when these employees have a relationship with a person or business entity seeking a contract under this section.

D. SELECTION PROCESS

The goal of the Qualifications Based Selection (QBS) is to assure that the services are engaged on the basis of demonstrated competence and qualifications for the types of services to be performed. Price is not considered until after the most qualified firm has been selected by the agency. Once the most qualified firm is selected, the agency negotiates for services to be supplied at a fair and reasonable price. The process includes the following:

1. Determine if QBS must be utilized-determine what types of services are required and whether they are "Architectural and Engineering" services.
2. Determine Funding Source-determine if federal monies are involved. If so, "Brooks Act" must be followed. If only state and local monies, then the "Mini Brooks Act" must be applied.
3. Establish Evaluation Criteria-establish evaluation criteria to be utilized in selection process to include categories judged and corresponding weights.
4. Solicit Statements of Qualifications/Request for Qualifications-solicit for interested parties using Request for Proposal (RFP) or Request for Qualifications (RFQ). Use agency standard process but ensure price is not a factor to be considered. When pricing is a requirement in the RFQ or RFP, any

price proposal must be submitted under a separate sealed envelope and marked as such, and cannot be opened until after selection of the most qualified firm.

5. Develop Short List of Firms-based on a review by selection committee; develop a short list of firms to move on to the interview process. Items to consider are proposal responsiveness and categories set forth in RFP/RFQ.
6. Interview Short List Firms-selection committee interviews firms on short list. Interviews are optional at the discretion of the project manager.
7. Rank Firms-based on the initial review of the proposals and information gathered in the interview process, the selection committee, utilizing the selection criteria set forth in RFP/RFQ, ranks the short listed firms from 1-X.
8. Define the Scope of Work/Contract Terms-the agency, if required, can utilize the top ranked firms in further defining the scope of work, level of effort and contract terms. If agreement cannot be reached on the scope of work, level of effort or contractual terms, the agency must cease negotiations with top ranked firm and begin negotiations with the next ranked firm on the list.
9. Negotiate Price-once the scope of work is fully defined and the contract terms are negotiated, the agency asks the firm for a price proposal. The price proposal, if submitted earlier in a sealed envelope can be opened at this stage. Utilizing the price proposal the agency and the firm negotiate a price for the scope of work. If an agreement cannot be reached, the agency must cease negotiations with the firm and move on to the next ranked firm on the list.
10. Present recommendations to the City Council-once a fair and reasonable price has been reached, the agency must present the award for City Council approval if the contract amount exceeds \$50,000.

CHAPTER 7:

**PURCHASE ORDERS FOR MATERIALS, SUPPLIES, EQUIPMENT
AND OTHER COMMODITIES**

Dollar Threshold	Requirements	Requisition Approval/Authority
\$0-\$5,000	<p>Requisition/PO and one (1) informal quotation required for amount over \$1,000</p> <p>Purchases under \$1,001 do not require a Requisition/PO</p>	<p>Requisition Approval: Department Head/Designee approval required</p> <p>Authority: Department Head/Designee approval required</p>
\$5,001-\$25,000	<p>Obtain three (3) informal quotations</p> <p>Requisition/PO Required</p>	<p>Requisition Approval: Department Head/Designee approval required</p> <p>Authority: Department Head/Designee approval required</p>
\$25,001 and greater	<p>Formal Bid (IFB) Process Required</p> <p>Requisition/PO Required</p>	<p>Requisition Approval: Department Head/Designee approval required</p> <p>Authority: City Manager/Designee approval required up to \$50,000</p> <p>City Council approval required for purchases greater than \$50,000</p> <p>Note: All vehicles require City Council approval regardless of dollar amount</p>

7.1 REQUIREMENTS FOR PURCHASES UP TO \$5,000

Purchases that do not exceed the \$5,000 purchasing threshold have no competitive bidding requirements. Staff must obtain approval from the Department Head or his/her designee before making the purchase. All purchases in the amount of \$1,001 or greater require a requisition and purchase order.

7.2 REQUIREMENTS FOR PURCHASES OF \$5,001-\$25,000

Purchases between the amounts of \$5,001-\$25,000 require three written informal quotations. Staff must obtain approval from the Department Head or his/her designee prior to making the purchase. The requesting department shall obtain the quotes and attach them to the requisition. The Purchasing Division will place the order with the supplier providing the lowest price.

7.3 REQUIREMENTS FOR PURCHASES OF \$25,001-\$50,000

Purchases between the amounts of \$25,001-\$50,000 require a formal bid process and City Manager approval.

7.4 REQUIREMENTS FOR PURCHASES OF \$50,001 and greater

Purchases of \$50,001 and greater require a formal bid process and City Council approval.

7.5 CHANGE ORDERS TO PURCHASE ORDERS

Changes to purchase orders require the department to submit a change order request and attach all supporting documentation to process the change.

The Department Head or his/her designee may authorize a change (or cumulative changes) of 10% of the initial purchase order amount or a maximum cumulative increase of \$2,500.

If the cumulative change to a purchase order will result in an amount that exceeds the 10% or the \$2,500 maximum cumulative increase, City Manager or City Council approval will be required.

Minor variances in purchase order amounts can be processed by the Accounting Division (the lessor of \$100 or 10% overpayment) without a Change Order. Minor changes to purchase orders include minor variations in price, fees or taxes.

CHAPTER 8:

PROFESSIONAL SERVICES/CONSULTANT AGREEMENTS

The purchasing process differs when services rather than supplies or equipment are required. Professional services are those services provided by an educated or licensed specialist or a consultant. Consultant services include services that are of an advisory nature, that provide a recommended course of action or personal expertise, and that have an end product, which is basically a transmittal of information.

Examples of purchases in this category are service contracts for technical support, staff assistance, environmental impact and feasibility studies, project design and administration, production and broadcasting, financial advisory and banking services, tax auditing, legal services, architectural and engineering, and educational or instructional services.

Dollar Threshold	Requirements	Requisition Approval/Authority
\$0-\$5,000	Requisition/PO and one (1) written proposal required for all services that exceed \$1,000 Contract and Insurance validation are not required unless deemed necessary by Risk Management	Requisition Approval: Department Head/Designee approval required Authority: Department Head/Designee approval required City Manager/Designee signature required on all contracts
\$5,001-\$25,000	Requisition/PO, one (1) written proposal and contract required Mini Brooks Act may apply Insurance required as per contract and Risk Management Recommendations	Requisition Approval: Department Head/Designee approval required Authority: City Manager/Designee signature required on all contracts
\$25,001 and greater	Formal Request for Proposal (RFP) Process Required Mini Brooks Act may apply Requisition/PO, scope of work and contract required Insurance required as per contract and Risk Management Recommendations	Requisition Approval: Department Head/Designee approval required Authority: City Manager/Designee signature required on all contracts up to \$50,000 City Council approval required for contracts greater than \$50,000

8.1 PROFESSIONAL SERVICE/CONSULTANT AGREEMENTS UP TO \$5,000

Professional/Consultant services that fall under the purchasing threshold (\$1,001-\$5,000) do not require contract and insurance validation, unless it is deemed necessary by Risk Management. A requisition or purchase order are not required for professional/consultant services in the amount under \$1,001.

8.2 PROFESSIONAL SERVICE/CONSULTANT AGREEMENTS OF \$5,001-25,000

Professional/Consultant services in the amount of \$5,001-\$25,000 are exempt from the competitive bidding process. A Professional Services Agreement and insurance coverage are required for all services in the amount of \$5,001 or greater. If the total value of the contract falls under \$5,001, a professional service agreement and insurance are not required unless it is deemed necessary by Risk Management.

If the department elects to use a contract, which is drafted by the contractor, which is not approved by Risk Management or the City Attorney, then it must be reviewed by them prior to obtaining the required signatures per Section 3.4 of this purchasing manual.

Resolution number 9212-14, by the Garden Grove City Council, authorizes the City Manager, or his designee, the authority to execute all Professional Services Agreements up to total sum of fifty thousand dollars (\$50,000) per individual person or entity in any fiscal year. The competitive bidding process is still required for all contracts over \$25,000 that fall under the City Manager's authority.

To ensure enhancement of full and open competition, contracts are limited to \$50,000 per fiscal year with any given contractor for the same type of services. If the City wishes to enter into multiple contracts with the same contractor in the same fiscal year, the City may do so if the contract is for a different type of service. Contracts with the same contractor, for the same type of service who have reached the \$50,000 fiscal year limit require City Council approval. City staff are encouraged to collaborate with other City departments to enter into one contract for the same type of services.

8.3 REQUIREMENTS FOR PROFESSIONAL/CONSULTANT SERVICES AGREEMENTS OF \$5,001-25,000

The following items must be submitted to the Purchasing Division:

- A. Requisition for review and approval
- B. Scope of Work from the Contractor- This should be on company letter head, attached to requisition and include the following:
 1. Scope of the Services/Work signed by the Contractor
 2. Cost of the Service/Work to be performed
 3. Contact Information: Name, Title, Phone Number, Cell Phone Number, Fax Number, and email address (Insurance Review Request Form located on the Intranet under Risk Management)

Upon receipt of all of the items above, the Purchasing Division will draft the agreement and obtain the required signatures. Once the insurance coverage is submitted and is in compliance, the compliance report will be forwarded to the City Clerk's office so the contract can be executed. The City Clerk's office will forward a copy of the executed agreement to Purchasing, the Project Manager and Contractor. The purchase order will be issued once the executed agreement is received.

8.4 PROFESSIONAL/CONSULTANT SERVICE AGREEMENTS OF \$25,001-and greater

All Professional/Consultant Services Agreements of \$25,001 and greater require a formal RFP (Request for Proposal) process. All agreements greater than \$50,000 require City Council approval.

For multi-year agreements, City Council approval is required if the amount exceeds \$50,000 for the total contract term. Optional terms are not included in the total contract calculation.

Example: If the term of an agreement is one year in the amount of \$25,000, with optional renewal years of \$25,000, City Council approval is not required. If the term of the contract is four years in the amount of \$25,000 per year, resulting in a \$100,000 contract, City Council approval is required.

Insurance is required for all services in an amount of \$5,001 and greater or when it can be determined that a significant amount of risk is involved with the work.

If the Department elects to use a vendor contract, which is not approved by Risk Management or the City Attorney, then the vendor contract must be reviewed and approved prior to obtaining the required signatures per Section 3.4 of this purchasing manual.

8.5 AMENDMENTS TO PROFESSIONAL/CONSULTANT SERVICES AGREEMENTS

A change or cumulative changes to a Professional Services/Consultant Agreement within a given fiscal year, up to the City Manager's authority of \$50,000, may be approved at the discretion of the City Manager. Any changes that cause the contract price to exceed the City Manager's authority shall be processed for City Council approval, and work created by such changes shall not commence until City Council approval is obtained.

A change or cumulative changes to a Professional Services/Consultant Agreement that has already been approved by the City Council, up to a maximum of 10% of the awarded contract amount, may be approved by the City Manager. Any changes that exceed the 10% of the awarded contract amount will require City Council approval, and work created by such change shall not commence until City Council approval is obtained.

8.6 LOW DOLLAR/HIGH RISK SERVICES

Many of the professional service agreements arranged by staff amount to less than \$1,000, and are therefore not required to use a standard City contract. Many of these services have potentially high risk exposures that could otherwise be transferred by indemnification language in the standard City contract. Examples of these services include but are not limited to rock climbing walls, train rides, and reptile shows.

To ensure that the City is covered for these types of services, the requesting Department will be responsible for the following when there is a need for a low dollar/high risk service:

1. Consult with Risk Management for the insurance requirements
2. Collect the required insurance, create a requisition and attach the insurance to the requisition. The requisition would should be noted with the requisition code for a low dollar/high risk service so that purchasing staff is aware that it falls under this category

Once these requirements have been met, the purchase order will be issued to the contractor prior to the event. The purchase order will include the insurance requirements from Risk Management and the City's indemnification language.

Please consult with Risk Management on all low dollar but high risk exposure services.

CHAPTER 9:

PUBLIC WORKS/CONSTRUCTION AGREEMENTS

Note that the definition of "public project" for bidding purposes differs from the definition of "public project" for prevailing wages purposes. PCC 22002 defines a "public project" subject to public bidding as any of the following:

- Construction, reconstruction, erection, alteration, renovation, improvement, demolition, and repair work involving any publicly owned, leased, or operated facility.
- Painting or repainting of any publicly owned, leased, or operated facility.
- "Public project" does not include maintenance work. "Maintenance work" includes (1) Routine, recurring, and usual work for the preservation or protection of any publicly owned or publicly operated facility for its intended purposes; (2) Minor repainting; (3) Resurfacing of streets and highways at less than one inch; (4) Landscape maintenance, including mowing, watering, trimming, pruning, planting, replacement of plants, and servicing of irrigation and sprinkler systems.
- In certain circumstances, it may be difficult to determine whether a project should be considered a public works project or maintenance work. In such cases, the project manager may request a determination from the City Attorney.

Examples of projects in this category are contracts for new street construction, major street resurfacing, intersection improvements, construction or renovation of a public facility, parking lot construction, sidewalk construction, and traffic signal installation.

Dollar Threshold	Requirements	Requisition Approval/Authority
\$0 -\$5,000	<p>Provide a detailed scope of work to potential contractors and obtain one (1) written quotation which includes prevailing wage rates</p> <p>Prevailing Wage rates required for work of \$1,000 and greater</p> <p>Requisition/PO and one (1) written quotation required for amount over \$1,000</p> <p>Contract and insurance validation is not required for services between \$1,001-\$5,000 unless deemed as necessary by Risk Management</p> <p>Valid Contractor License required</p>	<p>Requisition Approval: Department Head/Designee approval required</p> <p>Authority: Department Head/Designee approval required</p> <p>Notice of contract award through DIR's PWC-100 NOT REQUIRED</p>
\$5,001-\$10,000	<p>Provide a detailed scope of work to potential contractors and obtain one (1) written</p> <p>Prevailing Wage rates required for work of \$1,000 and greater</p> <p>Contract and insurance required for projects greater than \$5,000 as per contract and Risk Management recommendations</p> <p>Valid Contractor License required</p>	<p>Requisition Approval: Department Head/Designee approval required</p> <p>Authority: Department Head/Designee approval required</p> <p>Notice of contract award through DIR's PWC-100 NOT REQUIRED</p> <p>quotation which includes prevailing wage rates</p>

Dollar Threshold	Requirements	Requisition Approval/Authority
\$10,001-\$60,000	<p>Provide detailed scope of work to potential contractors and obtain three (3) written quotations which include prevailing wage rates</p> <p>Requisition/PO, scope of work and contract required</p> <p>Valid Contactor License required</p> <p>Must provide proof of registration (prime and all sub-contractors) with the DIR unless under the small project exemption</p> <p>Labor/Material and Performance Bonds required for all contracts greater than \$25,000</p> <p>Insurance required as per contract and Risk Mgmt. recommendations</p> <p>Prevailing Wage rates required</p>	<p>Requisition Approval: Department Head/Designee approval required</p> <p>Authority: City Manager/Designee signature required on all contracts from \$10,000-\$50,000</p> <p>City Council approval required for contracts greater than \$50,000</p> <p>Project Managers are required to submit notice of contract award through DIR's PWC-100 system on projects that fall outside of the small project exemption. The small project exemption applies for all public works projects that do not exceed: -\$25,000 for new construction, alteration, installation, demolition or repair -\$15,000 for maintenance</p>
\$60,001-\$200,000	<p>Informal Bid Process Required per GGMC § 2.52.030</p> <p>Requisition/PO, detailed scope of work/plans and contract required</p> <p>Notice Inviting Bids Required</p> <p>Valid Contractor License required</p> <p>Must provide proof of registration (prime and all sub-contractors) with the DIR: Department of Industrial Relations</p> <p>Labor/Material and Performance Bonds required</p> <p>Insurance required as per contract and Risk Management recommendations</p> <p>Prevailing Wage rates required</p>	<p>Requisition Approval: Department Head/Designee approval required</p> <p>Authority: City Council approval required</p> <p>Contracts AND Purchase Orders for all public works projects that fall outside of the small project exemption must be reported to the DIR by the Project Manager within 30 days of the award/approval date, or before beginning any work.</p>

Dollar Threshold	Requirements	Requisition Approval/Authority
\$200,001 and greater	<p>Formal Bid Process Required per PCC 22037</p> <p>Requisition/PO, Scope of Work/Plans and Contract required</p> <p>Notice Inviting Bids Required</p> <p>Valid Contractor License required</p> <p>Must provide proof of registration (prime and all sub-contractors) with the DIR: Department of Industrial Relations</p> <p>Labor/Material and Performance Bonds required</p> <p>Insurance required as per contract and Risk Management recommendations</p> <p>Prevailing Wage rates required</p>	<p>Requisition Approval: Department Head/Designee approval required</p> <p>Authority: City Council approval required</p> <p>Contracts AND Purchase Orders for all public works projects that fall outside of the small project exemption must be reported to the DIR by the Project Manager within 30 days of the award/approval date, or before beginning any work.</p>

9.1 UNIFORM PUBLIC CONSTRUCTION COST ACCOUNTING ACT

The City of Garden Grove has adopted the following bid procedures for public works construction contracts pursuant to the Uniform Public Construction Cost Accounting Act, Public Contract Code Section 22000 et seq. The Uniform Public Construction Cost Accounting Act is a program that was created in 1983 which allows local agencies to perform public project work up to \$60,000 with its own work force if the agency elects to follow the cost accounting procedures set forth in the Cost Accounting Policies and Procedures Manual of the California Uniform Construction Cost Accounting Commission. The Act was codified at Public Contracts Code Sections 22000 through 22045.

A governing body must elect by resolution to become subject to the Act and file a copy of the resolution with the State Controller's Office (PCC 22030). The City of Garden Grove, by Resolution No. 8677-05, elected to become subject to the Uniform Cost Accounting Procedures. Public contracts are subject to the Public Contract code Sections 22000-22045 and the "Public Works Construction Bid Procedure" of Chapter 2.52 of the City of Garden Grove Municipal Code.

In addition, the Act provides for alternative bidding procedures when an agency performs public project work by contract.

- A. Public projects of \$60,000 or less may be performed by its own forces, negotiated contract, or by purchase order (PCC 22032(a)).

B. Public projects of \$200,000 or less may be processed via contract by the informal procedures set forth in the Act (PCC 22032(b)). These informal procedures are codified at Section 2.52.030 of the Garden Grove Municipal Code.

C. Public projects of more than \$200,000 shall be processed via contract by formal bidding procedures (PCC 22032(c)). The formal bidding procedures are specified in PCC 22037.

9.2 PUBLIC WORKS PROJECTS up to \$5,000

One (1) informal quote, containing prevailing wage, shall be obtained for Public Works projects in the amount of \$1,001-\$5000. Contract and insurance validation is not required for projects in the amount of \$1,001-\$5,000 unless deemed as necessary by Risk Management. Risk Management should review the Scope of Work to make this determination before proceeding. A requisition or purchase orders is not required for public works projects in the amount of \$1,000 or less, however prevailing wages apply to work of \$1,000 and greater. Notice of contract award through DIR's PWC-100 is not required.

9.3 PUBLIC WORKS PROJECTS of \$5,001-\$10,000

One (1) informal quote, containing prevailing wage, shall be obtained for Public Works projects in the amount of \$5,001-\$10,000. A contract and insurance are required for projects as per contract and Risk Management recommendations. Notice of contract award through DIR's PWC-100 is not required.

9.4 PUBLIC WORKS PROJECTS of \$10,001-\$60,000

Public Works projects in the amount of \$60,000 or less may be performed by the employees of the City of Garden Grove in accordance with section 22032 of the Public Contract Code.

At least three (3) quotes/estimates, containing prevailing wage, shall be obtained for Public Works projects that range from \$10,001 to \$60,000. A contract and insurance are required. Bonds are required for public works contracts greater than \$25,000. The contract will be awarded to the lowest bidder. In the event that the lowest bidder is unable to meet the City's requirements, a fourth informal bid may be required to meet the three informal bid requirement. Notice of contract award through DIR's PWC-100 may be required based on contract amount.

9.5 PUBLIC WORKS PROJECTS of \$60,001-\$200,000 (INFORMAL BID PROCEDURE)

Public Works projects in an amount of \$60,001 to \$200,000 must follow the requirements of the Public Contract Code Section 22034 and Section 2.52.030 of the Garden Grove Municipal Code. The Purchasing division shall complete an informal bid procedure. Award shall be made by the City Manager, except for contracts that exceed \$50,000, which must be made by the City Council.

Section 22033 of the Public Contract Code states, "It shall be unlawful to split or separate into smaller work orders or projects any project for the purpose of evading

the provisions of this article requiring work to be done by contract after competitive bidding.”

The Purchasing Division shall maintain a list of qualified contractors, identified according to categories of work in accordance with Section 22034 (a) of the Public Contract Code. All contractors in the category of qualified contractors list shall be mailed a notice inviting bids.

The notice shall:

- A. Describe the project in general terms.
- B. Describe how to obtain more detailed information about the project.
- C. State the time and place for the submission of bids.

Pursuant to California Public Contracting Code section 22034(a)(1), notice inviting bids shall be mailed to contractors and construction trade journals no less than 10 days prior to bid opening.

All contracts that do not fall under the Small Project Exemption must be registered with the Department of Industrial Relations.

9.6 PUBLIC WORKS/CONSTRUCTION PROJECTS of \$200,001 and greater (FORMAL BID PROCEDURE)

Public Works projects in the amount of \$200,001 and greater are subject to a formal bidding process as required by sections 22032(c) and 22037 of the Public Contract Code and Section 2.52.010 of the Garden Grove Municipal Code. Plans and Specifications are required. Award shall be made by the City Council.

Notifications of the formal bid, in accordance with Section 22037 of the Public Contract Code, shall be published twice in a local newspaper at least 14 calendar days before the opening of the bids.

The formal bid notification shall include:

- A. State the time and place for receiving and opening of sealed bids.
- B. Distinctly describe the project (plans, specifications, etc.).

The notice inviting formal bids should be mailed to construction trade journals at least 10 days prior to the bid opening. When time permits, it is recommended that 30 days prior notice inviting formal bids be mailed to construction trade journals in order to foster more competition.

Notifications to trade journals shall include:

- A. Project title and contract number
- B. Date, time, and place for receiving bids
- C. City’s address and contact information
- D. Brief description of work to be done
- E. Bond requirements
- F. Where plans may be obtained

G. Deposit information if one is required and whether or not the deposit is refundable

In accordance with Section 22038(c) of the Public Contract Code, if no bids are received through the formal or informal procedure, the project may be performed by the employees of the City or by negotiated contract.

In accordance with Section 22038(a) of the Public Contract Code, the City may reject all bids presented if the City, prior to rejecting all bids and declaring that the project can be more economically performed by employees of the agency, furnishes a written notice to the apparent low bidder. If bids are to be rejected, notification to the bidders informing them of the agency's intention to reject the bids shall be mailed at least two business days prior to the hearing at which the agency intends to reject the bid.

If after the first invitation of bids where all bids were rejected, after reevaluating its cost estimates or scope of the project, the City shall have the option of either of the following:

- A. Abandon the project or re-advertise
- B. Declare that the project can be performed by employees. This requires a Resolution approved by four-fifths of the City Council.

In accordance with Section 22038(b) of the Public Contract Code, if the contract is awarded, it shall be awarded to the lowest responsible bidder. If two or more bids are the same and the lowest, the City may accept the one of its choice.

All contracts that do not fall under the Small Project Exemption must be registered with the Department of Industrial Relations.

9.7 CHANGE ORDERS

Prior to submitting a Change Order request, the administering department is responsible for ensuring that adequate appropriations are available in the budget to accommodate the additional expenditure. Purchasing will not begin processing the requested change until the Budget Division has confirmed the availability of funds.

If sufficient funds are not available to accommodate the additional expenditure, the Change Order request will be rejected. The requisitioning department is responsible for seeking approval for additional appropriations from City Council when adequate appropriations are not available in the approved budget.

The City Manager or his/her designee may authorize a change or cumulative changes to a Public Works contract within the approved scope of work, as long as the resultant cost does not exceed 10% of the awarded contract amount. Approved changes to the project include any emergency work or additional work that is directly related to the completion of the original project.

A change or cumulative changes to a Public Works contract greater than 10% of the awarded contract amount must be approved by the City Council, provided that the

progress of a public project shall not be interrupted if it would create an emergency situation.

9.8 PREVAILING WAGE RATES AND PUBLIC WORKS PROJECTS

Labor Code 1771 requires the payment of prevailing wages for all public works projects greater than \$1,000. The definition of "public works" under the Labor Code differs from the definition "public works" under the bidding statutes. For purposes of the payment of prevailing wages under Labor Code 1771 and 1720, "public works projects" include construction, re-construction, alteration, renovation, erection, demolition, improvements, installation, or repair work done under contract and paid for in whole or in part out of public funds, to a publicly owned, leased, or operated facility. "Construction" includes work performed during the design and pre-construction phases of construction, including, but not limited to, inspection and land surveying work, and work performed during the post-construction phases of construction, including, but not limited to, all cleanup work at the jobsite. "Installation" includes, but is not limited to, the assembly and disassembly of freestanding and affixed modular office systems. Under Labor Code 1771, prevailing wages applies to contracts let for maintenance work.

The Prevailing wage rate is the basic hourly rate paid on public works projects to a majority of workers engaged in a particular craft, classification or type of work within locality and in the nearest labor market area. California prevailing wage laws ensure that the ability to get a public works contract is not based on paying lower wage rates than a competitor.

In accordance with Labor Code Sections 1770-1773, prevailing wages must be paid to all workers on a "public works" project when the project is over \$1,000 or when government monies are used as the source of funding.

- A. When submitting quotes or proposals for public projects, the contractor must note that the quotation is based on prevailing wages.
- B. Certified payroll will be required to confirm that prevailing wages are being paid by City contractors.
- C. For current prevailing wage rates and information, please refer to the following website: <http://www.dir.ca.gov/DLSR/PWD/>.

9.9 REGISTRATION OF PROJECTS WITH THE CALIFORNIA DEPARTMENT OF INDUSTRIAL RELATIONS (DIR)

The public works reforms brought about by Senate Bill 854 (Stat. 2014, chapter 28) and Senate Bill 96 (Stat. 2017, chapter 28), made several changes to the laws governing how the Department of Industrial Relations (DIR) monitors compliance with prevailing wage requirements on public works projects.

For up to date DIR vendor and City reporting and registration requirements refer to <https://www.dir.ca.gov/>

Each department is responsible for determining if a project is subject to the DIR registration and reporting requirements. As of December 2018, the following key elements apply:

- Public Works projects include construction, alteration, demolition, installation, or repair. Public works projects also include routine, recurring, and usual maintenance work on anything affixed to City real property
- Paid with public funds
- Over \$1,000-Prevailing Wages apply
- Small project exemptions up to \$25,000 for construction and up to \$15,000 for maintenance. These small projects are exempt from registration by the contractor, subcontractors, and the City. Prevailing wages are still required for any public works project over \$1,000. Small project exemption is applied based on the amount of the entire project, not a contractor's subcontracted amount of the project
- Contractors are still required to maintain certified payroll records on a continuous basis, and provide those records to the Labor Commissioner's Office upon request
- Contractors and subcontractors are required to be registered before submitting bids or proposals and remain registered through project completion.
- Contract registration within 30 days of contract award, or prior to the first work day for projects lasting less than 30 days
- Penalties for City noncompliance include fines and/or loss of state funding for one year

9.10 DEPARTMENT OF INDUSTRIAL RELATIONS (DIR) PWC-100 SYSTEM

Per California Labor Code 1773.3, awarding agencies are required to submit notice of contract award through DIR's PWC-100 system on projects that fall outside of the Small Project Exemption, within 30 days of the award, but in no event later than the first day in which a contractor has workers employed upon the public work. The small project exemption applies for all public works projects that do not exceed \$25,000 for new construction, alteration, installation, demolition or repair and \$15,000 for maintenance.

All contracts that do not fall under the Small Project Exemption must be registered with the Department of Industrial Relations. The PWC 100 form online application can be found at <https://www.dir.ca.gov/pwc100ext/>. Public Works Projects Registration (PWC 100) must be filed within 30 days of the award, or before beginning any work, whichever is first. The PWC 100 form must be completed by the City's Project Manager.

The City is still responsible for administering its project and ensuring that public funds are used appropriately. As partners with DIR's Public Works Enforcement team, the City must also ensure that all public works contractors are in compliance with all labor laws.

A. Changes to the Labor law are listed below:

1. Duty to notify the DIR when awarding a contract for a public works project, using the online PWC-100 form.

2. Elimination of the obligation to pay the DIR for compliance monitoring on state bond-funded projects and other projects that required use of the DIR's Compliance Monitoring Unit (CMU).

3. All contractors and subcontractors who bid or work on a public works project must register with, and pay a fee to the DIR.

4. The City may not accept a bid or enter into a contract for public work with an unregistered contractor, except for work that qualifies under the small project exemption.

B. Notice Requirements:

Effective January 1, 2015: The call for bids and contract documents must include the following information:

1. No contractor or subcontractor may be listed on a bid proposal for a public works project unless registered with the DIR pursuant to Labor Code section 1725.5 [with limited exceptions from this requirement for bid purposes only under Labor Code section 1771.1(a), and the small project exemption under Labor Code 1725.5(f)].

2. No contractor or subcontractor may be awarded a contract for public work on a public works project unless registered with the DIR pursuant to Labor Code section 1725.5, unless the work comes under the small project exemption under Labor Code 1725.5(f).

3. The contract must contain the statement that, "This project is subject to compliance monitoring and enforcement by the Department of Industrial Relations."

C. Furnishing of Electronic Certified Payroll Records to Labor Commissioner:

All contractors and subcontractors must furnish electronic certified payroll records directly to the Labor Commissioner (aka Division of Labor Standards Enforcement).

**CHAPTER 10:
FEDERAL PURCHASING REQUIREMENTS**

Dollar Threshold	Requirements	Requisition Approval/Authority
<p>Micro-purchase: \$0 – \$10,000 (NOTE: The Davis-Bacon Act generally applies to contracts in excess of \$2,000 and includes construction, alteration or repair of public buildings and public works)</p>	<p>No bid or quote required if price is considered to be reasonable. Reasonableness could be determined by comparing the price to past purchases or other published prices and/or requesting prices from more than one vendor.</p> <p>Distributed equitably among a range of qualified vendors when practical</p> <p>Requisition/PO required for all purchases/contracts over \$1,000</p> <p>Contract and Insurance validation is not required for services between \$1,001-\$5,000 unless deemed as necessary by Risk Management</p> <p>Contract and insurance required for services greater than \$5,000 as per contract and Risk Management Recommendations</p> <p>Prevailing Wage rates required for work greater than \$1,000</p>	<p>Requisition Approval: Department Head/Designee approval required</p> <p>Authority: Department Head/Designee approval required</p> <p>City Manager/Designee signature required on all contracts</p>

Dollar Threshold	Requirements	Requisition Approval/Authority
<p>Small purchase/Simplified acquisition procedure: \$10,001 – \$250,000</p>	<p>Price or rate quotes must be obtained from adequate number of sources (at least two)</p> <p>Can be informal, e.g., phone call or web search</p> <p>All quotes, including phone calls, web searches, etc., must be documented and kept on file</p> <p>Price does not need to be deciding factor, but all quotes need to be kept in procurement records</p> <p>Requisition/PO and contract required</p> <p>Insurance required as per contract and Risk Management Recommendations</p> <p>Prevailing Wage rates required for work greater than \$1,000</p>	<p>Requisition Approval: Department Head/Designee approval required</p> <p>Authority:</p> <p>Material/Supplies/Commodities Department Head/Designee approval required for material, supplies and commodity purchases from \$10,001-\$25,000</p> <p>City Manager/Designee approval required for material ,supplies and commodity purchases greater than \$25,000</p> <p>Contracts City Manager/Designee signature required on all contracts from \$10,001-\$50,000</p> <p>City Council approval required for contracts greater than \$50,000</p>
<p>Sealed Bid-Public Works/Construction Related Projects: \$250,001 and greater</p>	<p>Used when selection of successful bidder can be made principally on the basis of price</p> <p>Bids must be solicited from two (2) or more qualified bidders, providing sufficient response time</p> <p>Local governments must publicly advertise bids</p> <p>Invitation for bids must define the items or services in order for bidders to properly respond</p>	<p>Requisition Approval: Department Head/Designee approval required</p> <p>Authority: City Council approval required</p>

Dollar Threshold	Requirements	Requisition Approval/Authority
<p>Sealed Bid-Public Works/Construction Related Projects: \$250,001 and greater (Continued)</p>	<p>All bids will be opened at time and place prescribed in invitation. Local governments must open bids publicly.</p> <p>Firm fixed price contract must be made in writing to the lowest responsive and responsible bidder</p> <p>Any or all bids may be rejected if there is a sound documented reason.</p> <p>Requisition/PO, scope of work and contract required</p> <p>Valid Contractor License required</p> <p>Must provide proof of registration (prime and all sub-contractors) with the DIR: Department of Industrial Relations unless under the small project exemption</p> <p>Labor/Material and Performance Bonds required for contracts greater than \$25,000</p> <p>Insurance required as per contract and Risk Management recommendations</p> <p>Prevailing Wage rates required</p>	

Dollar Threshold	Requirements	Requisition Approval/Authority
<p>Competitive Proposal: Professional/ Consultant Services: \$250,001 and greater</p>	<p>Must be publicized and identify all evaluation factors and their relative importance</p> <p>Must be solicited from an adequate number of qualified sources</p> <p>Must have a written method for conducting technical evaluations of the proposals and selecting recipients</p> <p>Contracts must be awarded to the responsible firm whose proposal is most advantageous to the program, with price and other factors considered</p> <p>Brooks Act may apply</p> <p>Requisition/PO, scope of work and contract required</p> <p>Insurance required as per contract and Risk Management Recommendations</p>	<p>Requisition Approval: Department Head/Designee approval required</p> <p>Authority: City Council approval required</p>

Dollar Threshold	Requirements	Requisition Approval/Authority
<p>Noncompetitive proposal (Sole Source): \$10,001 and greater</p>	<p>May be used only when the item is available only from a single source, the public exigency or emergency will not permit a delay resulting from competitive solicitation, federal awarding agency or pass-through entity expressly authorizes its use in response to a written request, or after solicitation of a number of sources competition is determined inadequate</p> <p>Justification of the use of noncompetitive proposal must be documented</p> <p>Any research on availability from multiple sources must be documented</p> <p>Documentation of authorization must be retained</p> <p>Any initial solicitations from multiple sources which are concluded to be inadequate, and such reasoning, must be documented</p> <p>Requisition/PO, scope of work and contract required</p> <p>Insurance required for contracts as per contract and Risk Management Recommendations</p>	<p>Requisition Approval: Department Head/Designee approval required</p> <p>Authority:</p> <p>Sole Source must be approved in advance by the Finance Director/Designee</p> <p>Material/Supplies/Commodities Department Head/Designee approval required for material and commodity purchases up to 25,000</p> <p>City Manager/Designee approval required for material/commodities purchases greater than \$25,000</p> <p>Contracts City Manager/Designee signature required on all contracts up to 50,000</p> <p>City Council approval required for contracts greater than \$50,000</p>

10.1 BACKGROUND

A. This chapter summarizes the Federal Purchasing requirements published by the Office of Management and Budget (OMB) on December 26, 2013. The OMB issued the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, Final Rule (aka Uniform Guidance) which applies to all non-federal entities receiving Federal awards, and to all new federal awards and existing awards that receive additional funding (or funding increments) after December 12, 2014.

B. The Uniform Guidance requirements for sub-award and sub-recipient is based on the pass-through agency. If the pass-thru agency is subject to the Uniform Guidance (i.e. if the source of funds are federal and the pass-through agency is subject to Uniform Guidance), then the sub-award or sub-recipient is also subject to the Uniform Guidance.

C. The requirement for a sub-award, no matter when the sub-award was made, flows from the requirements of the original federal award from the federal awarding agency.

10.2. MICRO PURCHASES

A. The maximum aggregated amount for micro purchases is \$10,000. The maximum amount for construction projects is \$2,000 and are subject to the Davis-Bacon Act (Prevailing Wages).

B. There are no requirements for multiple quotations, and to the extent practical the City must distribute micro-purchases equitably among qualified suppliers.

10.3. SMALL PURCHASES

A. Small purchases utilize simple and informal procurement procedures. The acquisition threshold is currently \$10,001-\$250,000. The Uniform Guidance states quotes for small purchases must be obtained from an "adequate" number of qualified sources. There is no specific number of sources required by the Uniform Guidance, thus one quote can be sufficient as long as there is proper documentation.

B. Quotes can be obtained from suppliers or from public websites (i.e., City may use internet searches as documentation).

10.4. SEALED BIDS

A. Sealed bids are required for contracts in excess of \$250,000 and is the preferred method for construction contracts. Sealed bids are also appropriate for fixed price contracts where bidders are provided complete and adequate specifications.

B. Additionally, sealed bids must come from two or more qualified bidders, must be publically advertised and solicited from an adequate number of suppliers.

C. The contract is awarded to the lowest responsive and responsible bidder.

10.5. COMPETITIVE PROPOSALS

- A. Competitive proposals are required for contracts in excess of \$250,000 and is the preferred method for architectural, engineering and professional services. Request for Proposals must be publicized and proposals solicited from an adequate number of qualified sources.
- B. Competitive proposals are awarded to the most advantageous bid which considers both price and other factors. The City does not have to select the lowest bid.
- C. The Brooks Act may apply (qualifications based procurement).

10.6. SOLE SOURCE

- A. Sole source must meet at least one of the following criteria:
 - 1. Goods or services are only available from a single source
 - 2. There is a public emergency
 - 3. After soliciting a number of sources, the competition is deemed inadequate
 - 4. Written request has been made and approved by the Federal Agency
- B. The City must have written pre-approval from the federal awarding agency. Additionally, the City must have proper documentation as to why a sole source vendor was required in these circumstances. The sole source must be properly documented and the City's Project Manager must maintain the documentation.

CHAPTER 11

PURCHASING DURING PROCLAIMED EMERGENCY OR DISASTER

11.1 PURPOSE AND DEFINITION

A. Purpose. This Policy modifies the City's normal purchasing practices to assure that, in exigent circumstances caused by a proclaimed disaster or emergency, the City is able to acquire the goods and services required to address an immediate threat to life, public health, or safety or an immediate threat of significant damage to improved public and private property while still maintaining an effective purchasing process and complying with applicable local and state purchasing laws. Where the City is included in a major disaster or emergency declared by the President of the United States, this Policy also assures that City procurements comply with federal regulations applicable to FEMA disaster grant reimbursement. In the event of an emergency declaration it is important to keep accurate records for FEMA reimbursement and this shall be the responsibility of the departments.

B. Definitions. For purposes of this Policy, (a) a proclaimed disaster or emergency exists if (i) the Governor has declared a state of emergency for an area which includes the geographic territory of the City; or (ii) the City Manager has declared an emergency in the City. (b) "Emergencies" are situations in which (i) a disaster or emergency has been proclaimed, and (ii) the public exigency for goods and services required to address an immediate threat to health, safety, or improved property will not permit competitive solicitation.

11.2 DELEGATION OF PURCHASING AUTHORITY IN EMERGENCIES

A. If the City Manager determines that goods and services in excess of his/her purchasing authority must be procured before the City Council is able to assemble and approve purchases, the City Manager has authority, subject to the limitations set forth in subparagraphs (1) and (2), to approve the immediate rental or purchase of any equipment, supplies, services or other items necessary to respond to an immediate threat to health, safety or improved property.

(1) Limits of Single Purchase Authority. The City Manager, shall have the authority to make individual purchases up to \$250,000 on his or her signature alone. The City Manager shall have the authority to make purchases in excess of \$250,000 up to a maximum of \$500,000 when countersigned by the Finance Director or in the Finance Director's absence countersigned by the Police Chief. Emergency purchases in excess of \$500,000 will require the Mayor's signature, or in the Mayor's absence, two council members.

(2) Limits of Aggregate Purchase Authority. The City Manager shall have the authority to make aggregate purchases up to \$500,000 on his or her signature alone.

B. Sub-delegation to EOC Director. The EOC Director shall be a designee of the City Manager at any time that the City Manager is not available to approve emergency purchases.

C. Sub-delegation of Purchasing Authority to Department Heads. If neither the City Manager nor the EOC Director is available, the police department watch commander, division chief, and/or public works director shall have authority to rent or purchase from the nearest available source any equipment, supplies, services, or other items necessary for his or her department to respond to an immediate threat to health, safety, or improved property, up to a maximum of \$150,000.

11.3 REPORTING REQUIREMENTS

A. As soon as possible after purchases are made under Section 11.2, the City Manager, EOC Director, or department head shall submit to the Purchasing Division Manager a requisition and a notation that the commodity has been ordered on an emergency basis from the vendor designated.

B. The City Manager will report to the City Council within 48 hours any purchase made under Section 11.2 exceeding \$50,000, individually or in the aggregate.

C. Department Heads will inform the City Manager of any individual purchase with a contract amount greater than \$25,000, and also whenever the aggregate of purchases are greater than \$50,000.

11.4 PROCUREMENT PROCEDURES IN EMERGENCIES

A. The regulations in Title 2 of the Code of Federal Regulations, Part 200, as it may be amended from time to time, are incorporated herein by reference.

B. Upon receipt of requisitions under Section 11.2, the Purchasing Agent shall prepare purchase orders for the emergency equipment, supplies, services or other items in accordance with this section. All purchases or rentals made during a proclaimed emergency or disaster shall require separate invoicing from routine (non-emergency related) purchases. All invoices shall state the goods, services or equipment provided and shall specify where the goods or services were delivered.

C. Noncompetitive Procurements during Emergencies.

(1) Noncompetitive procurements may be used when one or more of the following circumstances exist:

- a. The Emergency circumstances will not permit a delay resulting from competitive procurement;
- b. The item is available only from a single source;
- c. After solicitation of a number of sources, competition is determined inadequate; or

d. The Federal awarding agency or pass-through entity expressly authorizes noncompetitive proposals in response to a written request from the City, County, or State.

(2) The Department requesting the emergency purchase shall document the justification for noncompetitive procurement and provide a copy to the City Manager.

(3) When a noncompetitive procurement is used due to an emergency, the procurement shall be limited to that portion of the work that must be performed immediately. Procurement for any additional work shall be conducted through competitive procurement procedures.

(4) Noncompetitive procurement shall be necessary for one of the following reasons: placement of emergency protective measures; procurement of a scarce commodities, goods, or services; acquisition or rental of emergency equipment, emergency consulting services, emergency road clearance or other emergency requirements.

D. Alternate Competitive Procurements During Emergencies.

(1) Competitive procurements for Purchases below the Federal Simplified Acquisition Threshold (currently \$150,000) shall not be required to be formally bid.

(2) Competitive procurements for Purchases equal to or exceeding the Federal Simplified Acquisition Threshold shall be conducted in accordance with the following alternate purchasing procedures:

(a) The City's normal requirements for sealed bids shall not apply to acquisitions under Section 11.2. However, the Purchasing Agent shall conduct telephonic or other electronic bid solicitation from potential vendors or suppliers, in lieu of written and/or sealed bids, in an effort to obtain multiple competitive proposals when and if time allows in light of the emergency.

(b) Locations of Postings for Requests for Proposals or Solicitation of Bids. The Purchasing Agent may waive normal requirements for public posting of requests for proposals or solicitation of bids. Notices soliciting bids or requests for proposals shall be posted at the Emergency Operations Center or Alternate Emergency Operations Center, if the Primary Emergency Operations Center is not being used.

(c) Length of Time for Posting Requests for Proposals or Solicitation of Bids. The Purchasing Agent may shorten the normal bid period and response period to expedite the award of contracts for emergency equipment, goods, or services, but such period shall be no less than 24 hours. The Purchasing Agent should seek to assure that the shortened bid period allows multiple suppliers or contractors to submit responses.

(d) Number of Bids Required. A minimum of three (3) bids or proposals from qualified sources shall be obtained. Bids and proposals that are non-responsive shall count towards the minimum numbers of bids required.

11.5 RATIFICATION, NOTIFICATION AND POST AWARD PROCEDURES

A. Ratification and Posting of Contract Awards. All contracts awarded that exceed \$50,000 shall be presented to the City Council for ratification at its next available meeting and thereafter shall be publicly posted within 60 days of the award.

B. Authority to Cancel Emergency Procurements. The City Manager or designee shall have the authority to rescind a purchase or contract for non-performance within 24 hours when a contractor or vendor, once awarded a contract, is unable to immediately perform the terms of the contract.

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

CHAPTER 12:

INSURANCE AND CONTRACTUAL RISK TRANSFER

12.1 INCLUSION IN BID MATERIALS

Risk Management shall be consulted to determine appropriate insurance requirements before formal bids are advertised to ensure that those requirements are included in the solicitation documents. It is important that contractors are made aware of the insurance requirements in advance to ensure they have considered any additional costs to obtain the proper coverage before they submit a bid or sign a contract, and to avoid unnecessary delays to City projects.

The Contractor Statement in which the contractor acknowledges they have or can obtain the required insurance should also be included in all formal bid documents. This document can be found under Risk Management on the Intranet for your reference.

12.2 DETERMINATION OF INSURANCE REQUIREMENTS

The process for establishing a contract's insurance requirements is as follows:

1. PROVIDE RISK MANAGEMENT WITH SCOPE OF WORK

A clear scope of work that sufficiently describes the work to be performed and which parties are responsible for certain duties is necessary to determine the appropriate insurance requirements.

2. ANALYZE RISKS AND RELATIONSHIPS

A critical analysis of potential risk exposures will be undertaken by Risk Management and the project manager on a case-by-case basis to determine the appropriate insurance requirements. Keep in mind, the amount of the contract is not necessarily commensurate with the risk exposure. Even the smallest job has the potential for large losses. Considerations in determining amounts of insurance include:

- The extent to which the activity presents a risk of personal injury, bodily injury or death.
- The extent to which the activity presents a risk of property damage.
- The frequency of claims, occurrences, or incidents associated with the activity.
- The ability of contractor to obtain the desired insurance coverages and limits.

3. INSURANCE LANGUAGE PROVIDED BY RISK MANAGEMENT

After the appropriate insurance requirements are determined, Risk Management will provide the project manager with the proper insurance language and coverage amounts that should be included in the bid documents and contracts.

12.3 CONTRACT INDEMNIFICATION AGREEMENT AND INSURANCE

The City's standard contracts contain an Indemnity/Hold Harmless agreement that includes an obligation for the contractor to defend the City, its officers, officials, agents, employees and volunteers, and is meant to be interpreted as broadly as possible in the City's favor. Hold Harmless agreements are language that shifts responsibility for loss or damage arising from the activities of a contract from one party (the City) to the other (the contractor). The contractor acts as the City's representative while performing services for the City, provided they are within the scope of their agreement. Any damages caused to a third party on the City's behalf can result in a claim against the City. "Hold Harmless" language allows the City to tender the claim to the contractor for defense and indemnity by the contractor or their insurer.

Because the contract's indemnification language is vital to the transfer or recovery of losses, project managers should:

A. USE THE CITY'S STANDARD CONTRACT

The City's standard contracts have been drafted and reviewed by the City Attorney. No changes should be made to indemnification section of the contract without prior approval by the City Attorney.

B. GET CITY ATTORNEY APPROVAL FOR ALL OTHER CONTRACTS OR CHANGES

At times you may have to accept a contractor's form or negotiate the terms of the City's indemnity language with a prospective contractor. If you do have to make changes or accept another form, always have the City Attorney review and approve before you send out for signature.

12.4 MINIMUM INSURANCE SPECIFICATIONS

The following are the City's minimum insurance specifications as required in the City's standard contracts.

COMMENCEMENT OF WORK

Contractor shall not commence work under this Agreement until all certificates and endorsements have been received and approved by the City. All insurance required by this Agreement shall contain a Statement of Obligation on the part of the carrier to notify the City of any material change, cancellation, or termination at least thirty (30) days in advance and provide a Waiver of Subrogation in favor of the City.

WORKERS COMPENSATION INSURANCE

For the duration of this Agreement, Contractor and all subcontractors shall maintain Workers Compensation Insurance in the amount and type required by law, if applicable. Insurers shall waive subrogation against the City of Garden Grove its officers, officials, agents, employees and volunteers.

COMMERCIAL GENERAL LIABILITY INSURANCE

Commercial General Liability in an amount not less than \$1,000,000 per occurrence (claims made and modified occurrence policies are not acceptable). Insurance companies must be acceptable to the City and have an AM Best’s Rating of A-, Class VII or better, as approved by the City.

COMMERCIAL AUTOMOBILE LIABILITY COVERAGE

Automobile liability, for any/all autos, in an amount not less than \$1,000,000 combined single limit; (claims made and modified occurrence policies are not acceptable); Insurance companies must be acceptable to City and have an AM Best’s Guide Rating of A-, Class VII or better, as approved by the City.

PROFESSIONAL LIABILITY/ERRORS AND OMISSIONS (If professional services are provided)

Professional liability (Errors and Omissions) Professional liability in an amount not less than \$1,000,000. Insurance companies must be admitted and licensed In California and have an AM Best’s Guide Rating of A-, Class VII or better, as approved by the City. If the policy is written on a “claims made” basis, the policy shall be continued in full force and effect at all times during the term of the agreement, and for a period of three (3) years from the date of the completion of services provided. In the event of termination, cancellation, or material change in the policy, professional/consultant shall obtain continuing insurance coverage for the prior acts or omissions of professional/consultant during the course of performing services under the term of the agreement. The coverage shall be evidenced either by a new policy evidencing no gap in coverage, or by obtaining separate extended “tail” coverage with the present or new carrier.

ADDITIONAL INSURED ENDORSEMENT

An Additional Insured Endorsement, ongoing and completed operations, for the Commercial General Liability policy, shall designate City, its officers, officials, employees, agents, and volunteers as additional insureds for liability arising out of work or operations performed by or on behalf of the Contractor. Contractor shall provide to City proof of insurance and endorsement forms that conform to city’s requirements, as approved by the City.

PRIMARY ENDORSEMENT OR POLICY LANGUAGE

For any claims related to this Agreement, Contractor’s insurance coverage shall be primary insurance as respects to City, its officers, officials, employees, agents, and volunteers. Any insurance or self-insurance maintained by the City, its officers, officials, employees, agents, or volunteers shall by excess of the Contractor’s insurance and shall not contribute with it.

12.5 HIGH-RISK CONTRACTS

Higher-risk services may require special types of insurance coverages and/or higher commercial general liability per occurrence limits.

Examples of high-risk services include but are not limited to the following:

- Asbestos Abatement Contractors
- Ambulance Services
- Construction Projects
- Elevator Maintenance and Repair
- Festivals and City Events
- Jail Management Services
- Medical Services
- Refuse Transportation and Disposal
- Towing Services
- Transportation Services

Insurance limits may be reached by combining a commercial general liability policy limit with an umbrella/excess policy limit. For example, a contractor may have a general liability policy with a \$1,000,000 limit and a \$1,000,000 umbrella/excess policy. By combining both coverage amounts, the total meets the \$2,000,000 general liability coverage required by the City.

12.6 ADDITIONAL TYPES OF INSURANCE COVERAGES

Different types of insurance or higher limits may be necessary based on the Scope of Work. The following are examples of additional types of coverage that may be required, but are not limited to the following:

- Tow truck drivers will be required to provide proof of cargo, on hook, and garage liability coverage.
- Moving companies will be required to provide cargo coverage.
- Contractors handling hazardous material will be required to provide environmental/pollution or asbestos liability insurance.
- Transporters of hazardous wastes will be required to provide an automobile liability policy to be endorsed to delete the Pollution and/or the Asbestos exclusion and add the Motor Carrier Act endorsement (MCS-90), TL 1005, TL 1007 and/or other endorsements required by federal or state authorities.
- Construction contracts may require course of construction insurance (Builders All Risk) and employer's liability insurance.
- Contractors who work with children or the elderly will be required to have legal liability coverage for sexual abuse and molestation.

- Financial institutions or other contractors handling financial transactions or that have access to other City assets will be required to provide crime coverage.
- Service providers that keep City or public data will be required to provide cyber liability insurance.

12.7 SURETY BONDS

Per Civil Code section 9550, a public works contract in excess of \$25,000 requires the contractor to provide a material and labor/payment bond prior to starting the work.

A. PERFORMANCE BONDS

(100% of the total bid amount) Guarantees the City that if the contractor fails to complete the work as quoted, the surety will assume the contractor's financial responsibility to have the work completed.

B. MATERIAL AND LABOR BONDS

(100% of the total bid amount) Guarantees the City that laborers, subcontractors and suppliers will be paid the monies they are due from the contractor. Also called payment bonds.

All bonds submitted require that the Surety Company have an AM Best rating of A- VII or better and must be on the City approved bond forms. Proper language for bond rating requirements should be stated within the contract and all bid documents so that potential contractors are properly notified of these requirements. The contract shall not become effective until such bonds are submitted and in compliance with the City's requirements.

Bonds should not be requested from the Contractor until final approval of the project has been granted by the City Manager or City Council, based on level of authority.

12.8 VERIFICATION OF INSURANCE COVERAGE

Risk Management shall verify that the evidence of insurance provided by the contractor meets the requirements as outlined in the contract and shall provide project manager with documentation of the verification.

The project manager is responsible for ensuring that contractors' insurance coverage is kept current and maintained for the full term of the contract. Current and valid insurance coverage will be required to amend existing contracts and insurance compliance must be verified by Risk Management prior to the City's execution of the amendment.

The City reserves the right to suspend and cease all operations during such a period of time the required insurance coverage is not in compliance.

12.9 CITY OF GARDEN GROVE INSURANCE POLICIES/COVERAGE

The City has a Self-Insurance Retention (deductible) of \$2,000,000 per occurrence for General Liability and \$1,000,000 for Worker's Compensation. The City also carries property insurance for all its buildings, vehicles and equipment. Any requests for proof of insurance or letters of self-insurance for the City of Garden Grove should be directed to the Risk Management Division.

Except as required by contract, the City does not cover vendors/contractors under its insurance policies.

12.10 DEFINITIONS

Additional Insured for Ongoing Operations: Affords the City direct coverage under the contractor's policy, including defense, should the City be sued for injuries or damages occur while the contractor is on the job.

Additional Insured for Products-Completed Operations Hazard: Affords the City direct coverage under the contractor's policy, including defense, should the City be sued for damages that arise from defects in the contractor's product or work.

AM Best: Agency that provides credit rating and financial size categories of insurance companies.

Annual Aggregate Limit: The maximum amount the insurance will pay for all covered claims combined in a single policy year.

Certificate of Insurance: Proof of insurance coverage, usually provided by the contractor or contractor's insurance agent or broker, listing types of coverage, insurers, insurance agency, insured, policy numbers, effective dates, limits, certificate holder, cancellation procedure and special provisions.

Claims Made Coverage: Will only respond to a claim that is presented while the policy is in force or during an extended reporting provision.

Per Occurrence Limit: The maximum amount the insurance will pay for one or more covered claims resulting from each accident or out of any one event.

CHAPTER 13:

CENTRAL STORES WAREHOUSE

13.1 SERVICES PROVIDED

The Central Stores Warehouse operates under the Purchasing Division and provides the following services:

A. Receiving and Acceptance of Material:

The receiving and acceptance function is the final phase of the purchasing cycle. At this point, the final determination is made as to whether requirements specified in the purchase documents have been met. The following outline describes this process:

1. Materials and supplies that are inventoried in the warehouse are received into the financial system. All non-inventoried items that are delivered to warehouse are not received into the financial system but are delivered to the requesting department unopened. The requesting department must sign for receipt of the items.
2. The requesting department is responsible for the initial inspection of the goods. Any apparent damage or shortages observed at the time of delivery should be noted on the shipping documents and reported to the Purchasing Division so the issues can be resolved.
3. Changes in quantity or dollar amounts from the original purchase order at the time of delivery must be handled through the submission of a "Change Order."

B. Warehouse Operation and Inventory Control:

The warehouse operation maintains an inventory of approximately 1700 commonly used items for City departments. It is recommended that staff check the warehouse inventory prior to purchasing common items that may already be stocked in the warehouse inventory. Materials and supplies may be requested in one of two ways:

1. City staff enters a requisition to order items from the warehouse and the order will be sent to the warehouse to fill. The requested items can be picked up from the warehouse or will be delivered on the next scheduled delivery day by warehouse staff.
2. City departments may also fill out a paper requisition at the warehouse, which will be filled upon request for urgent needs or emergencies. For large orders, staff may require additional time to fill the order and will advise staff when the order will be ready for pick up or delivery.

C. Delivery of Materials and Supplies that are shipped to the warehouse:

1. Departments may elect to have items shipped directly to their location or to the Central Stores Warehouse. If delivery to the warehouse is the preferred method, all packages should be marked as follows:

City of Garden Grove, Central Receiving
13802 Newhope Street
Garden Grove, CA, 92843
Attn: Requesting Person/Department

2. To avoid any delays in delivery, the department should provide the vendor with their contact name and City department/division and ask that they clearly mark this information on the outside of the package.
3. Large and heavy items should be shipped directly to the department or location where the item is required for use.

13.2 SURPLUS PROPERTY AND EQUIPMENT

The Central Stores Warehouse is responsible for the storage and disposition of surplus property. Surplus property is tangible property that is no longer of use to the City because it is obsolete, too costly to repair, or valued only for its base content. Surplus property includes items such as office supplies, vehicles, equipment and furniture. Before any items are considered to be surplus property, the City will make its best effort to reuse, recycle, or reassign the items to another department within the City.

Section 2.50.130 (Surplus Supplies and Equipment) of the Garden Grove Municipal Code states: All using agencies shall submit to the Purchasing Division, at such times and in such form as prescribed, reports showing all supplies and equipment which are no longer used or which have become obsolete and/or worn out. The Purchasing Division shall have authority to sell all supplies and equipment which cannot be used by any agency or which have become unsuitable for City use, or to exchange the same for, or trade in the same on, new supplies and equipment. Such sales shall be made pursuant to Sections 2.50.100 (Formal Contract Procedure) and 2.50.110 (Open Market Procedure) of the Municipal Code, whichever is applicable.

Departments having City-owned property which is surplus to their needs shall:

1. Complete the Property Disposition Form
2. Place a work order on the City's Intranet or make arrangements with warehouse staff to pick up the surplus property. The Property Disposition Form must accompany the surplus property. Surplus property must be taken to the Central Stores Warehouse since property cannot be declared surplus and remain in the department.

When the Purchasing Manager determines the property is no longer suitable for use by the City, the items will be disposed of by utilizing one of the following methods per Administrative Regulation 1.8 (Surplus Property).

1. Sell by auction or sealed bid (including vehicles-handled by Public Works Department)
2. Trade in on new equipment
3. Sell as scrap
4. Dispose of in trash (for items with no salvage value)
5. Donate surplus items with City Council approval
6. Purchase by City employee at fair market value determined by the Purchasing Manager as approved by the City Manager. The Purchasing Manager and the City Manager cannot purchase such surplus property per Government Code 1090.

Unless otherwise provided, all proceeds from the sale of surplus property will be deposited into the City's general fund.

13.3 CITY RECORD STORAGE

The City record storage is located in the Central Stores Warehouse but is maintained by the City Clerk's office. Central Stores staff assists the City Clerk's office in the pick-up of records from the various departments. Each department is responsible for loading or arranging their boxes on the shelves at the warehouse.

The City Clerk's office determines which City records may be stored in the system and identities which records may be removed for destruction with department approval.

The Purchasing Division will determine if documents or records that are not part of the City record storage can be stored at the Central Stores Warehouse. Warehouse inventory will be given priority of storage space. Requests to store items in the warehouse will be based on available space and reviewed on a case by case basis.

Please reference Administrative Regulation 1.7 (Storage of Off-Site Records and Other Materials) for more information.

CHAPTER 14:

CELLULAR PHONES AND OTHER DEVICES

The Purchasing Division processes all requests and changes for cellular phones, Wi-Fi devices, and tablets for those positions that are authorized by the Department Director. The authorized position list should be updated by all Department Directors in the department budget.

Please reference Administrative Regulation 2.14 (Cellular, Smartphones, Tablets and Telecommunication Devices) for more information.

APPENDIX
REFERENCE DOCUMENTS

Department of Industrial Relations (DIR) Guidelines

These are public works projects. DIR registration by vendor and subcontractors is required before bidding. Project registration required the sooner of the first day of work or 30 days following award. Prevailing wages required, when over \$1,000. Include DIR language on City PO/contract.

Work done under contract and paid for in whole or in part with public funds?

- Alteration
- Demolition
- Installation
- Repair
- Construction (including design, inspection, or surveying)

Maintenance that is:

- "Routine, recurring, and usual work for the preservation, protection, and keeping of any publicly owned or publicly operated facility for its intended purposes in a safe and continually usable condition for which it has been designed, improved, constructed, altered, or repaired" OR
- "Carpentry, electrical, plumbing, glazing, (touchup painting), or other craft work designed to preserve the publicly owned or publicly operated facility in a safe, efficient, and continuously usable condition for which it was intended, including repairs, cleaning, and other operations on machinery and other equipment permanently attached to the building or realty."
- Landscape and tree trimming.

Construction under \$25,000 and Maintenance under \$15,000 are exempt from DIR PWC-100. Prevailing wages apply. DIR language is included in City contracts.

These are NOT a public works projects. Prevailing wages and DIR registration are not required.

- Repairs and maintenance to equipment not attached to realty.
- Janitorial or custodial services of a routine, recurring, or usual nature.
- Landscape maintenance work done by a "sheltered workshop." Example: California Conservation Corps.
- Protection provided by guards, watchmen, or other security forces.
- Services up to \$1,000.

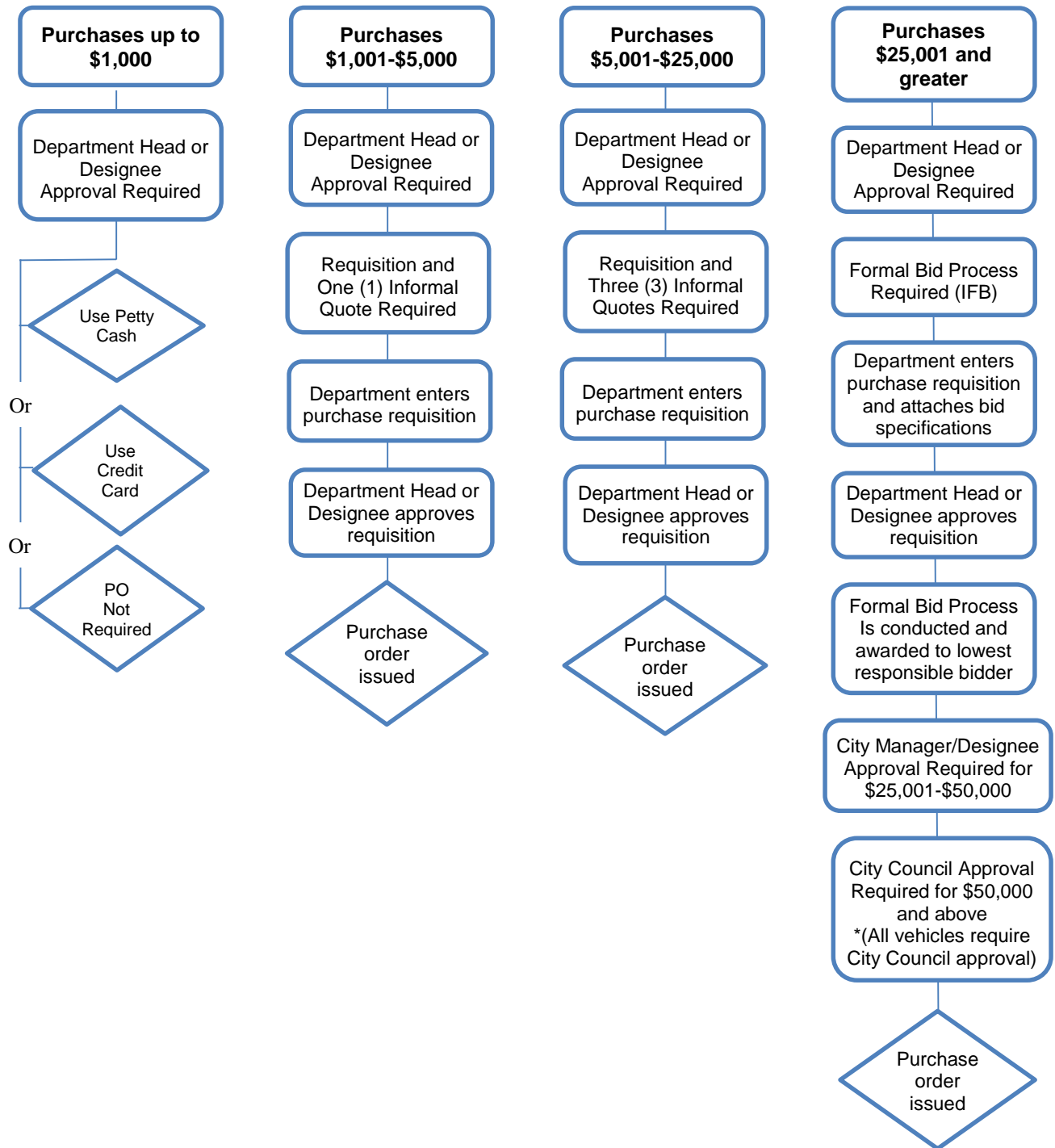
Awarding body (City) responsibilities

- Register public works projects with DIR.
- Require proof of contractor/subcontractor registration before accepting a bid.
- Ensure posting of jobsite notices.
- Ensure payment of prevailing wages.

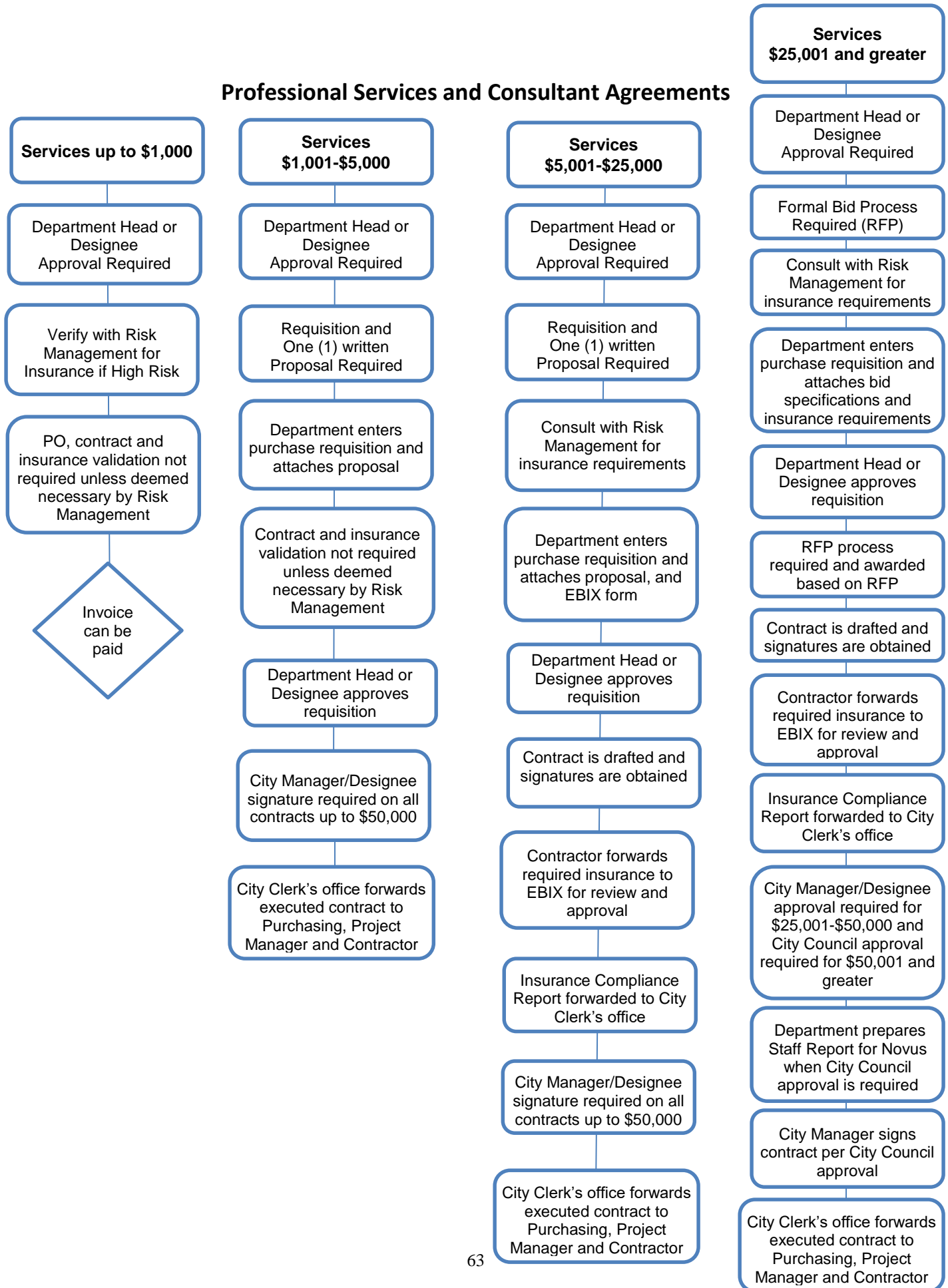
Awarding body (City) penalties for noncompliance

- Fines of \$100 per day up to \$10,000 for:
 - Failure to comply with award notification requirements
 - Permitting an unregistered contractor or subcontractor to work on a project
- Potential loss of state funding for one year for willful violation for two or more projects.

Purchase of Materials, Supplies, Equipment and other Commodities



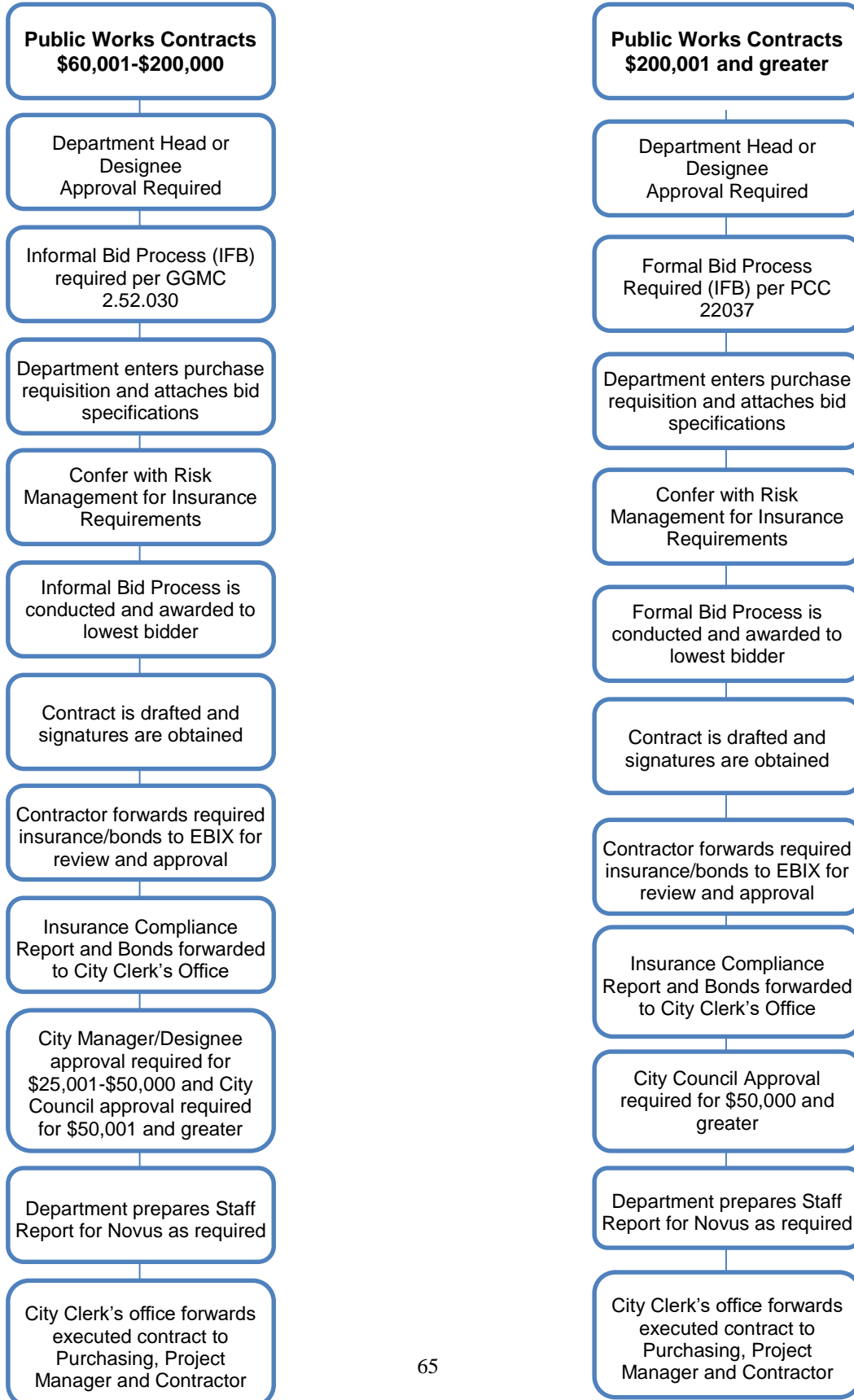
Professional Services and Consultant Agreements



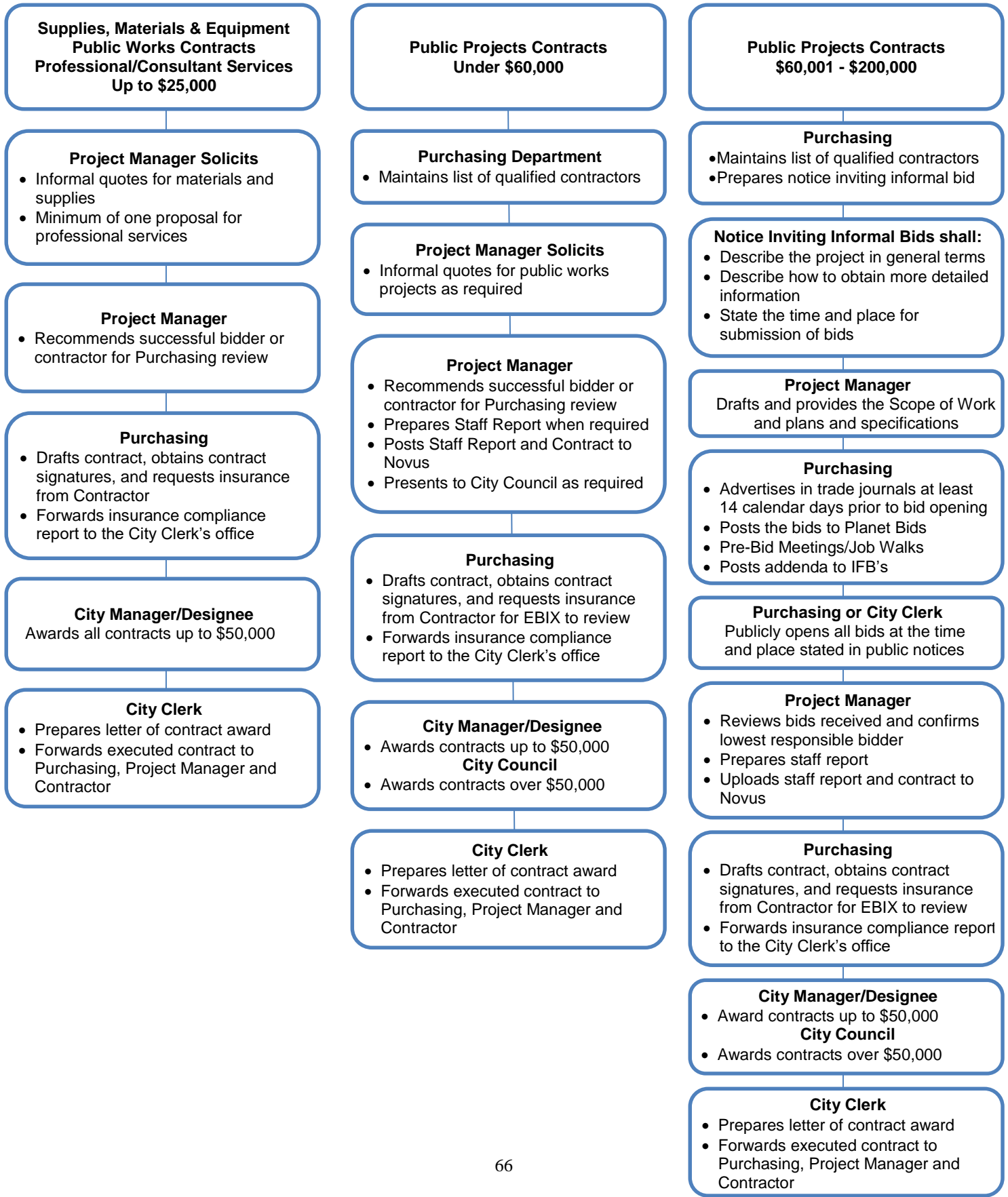
Public Works/Construction Contracts
DIR and Prevailing Wage Requirements Apply



**Public Works/Construction Contracts
DIR and Prevailing Wage Requirements Apply, Con't**



Informal Bidding Procedures



Formal Bidding Procedures

