	City of Fort Bragg **Administrative Regulation No. P-4**

PURCHASING, PROCUREMENT AND LEASING OF SUPPLIES, EQUIPMENT & MATERIALS

I. OBJECTIVE

The objective of this Administrative Regulation is to implement purchasing system procedures conforming to Municipal Code Chapter 3.20 **Purchasing, Procurement and Leasing.** Principal objectives of this Regulation are to assure proper documentation/accounting/record keeping, compliance with budget authorizations, competitive pricing when applicable, and means of payment. Please also see the Credit Card Use Policy Administrative Regulation.

II. PROCEDURES

1. The first step in authorizing a purchase is to submit a completed standard form Requisition to the Finance Department. Authorizations required are as follows:

Amount of Requisition	Required Approval	Bidding Needed?
$1 –$ 4,999	Department Manager	None
$5,000 - $50,000	City Manager	Yes, see item 3 below
Greater than $50,000	City Manager	Yes, see item 7 below

2. The Finance Department will determine whether budgeted funds are sufficient prior to the funds being encumbered.
3. Purchases of $5,000 or more must be determined by one of three methods:
   a) Informal competitive bidding;
   b) Formal competitive bidding; or
   c) Negotiated contract.
4. Exceptions to bidding requirements include commodities available from a sole source vendor, City declared emergencies, State or Federal purchasing sites available to local government, and contracts for professional services including architects, attorneys, engineers, and other specialized and licensed consultants.
5. Informal competitive bidding may be used on purchases up to $50,000. The Department Manager should solicit a minimum of three bids, if possible, and document the process for the Finance Department. Bids may be solicited by any reasonable means including telephone quotes, fax quotes, internet quotes, etc. The results should be listed on the requisition.
6. Negotiated contracts may be awarded under these circumstances:
   a) Amounts under $5,000;
   b) Supplies, equipment and services available from only one vendor;
   c) City declared emergencies;
   d) Use of state or federal pooled purchasing sites available to local governments;
   e) Failure of competitive bidding to produce a responsive bid within budget authority.

7. Formal competitive bidding must be used on purchases of $50,000 or more and must adhere to:
   a) Notice inviting sealed bids solicited five or more days before bid opening;
   b) Bidder's security, as determined by the City Manager;
   c) City Manager or designee will open bids and determine responsiveness at the designated time and place;
   d) A 5% preference will be given to local bidders;
   e) Results will be reported to the City Council for award of written contract to lowest responsible bidder;
   f) In the event of ties, preference will be given to local bidders.
8. In certain situations involving Federal or State funding, the more stringent of Federal, State or City regulations may apply. Prior to initiating a procurement process, each Department Head shall determine which State, Federal and local requirements are applicable, based on consultations with the City Clerk, Finance Director, Grants Program Manager, and/or funding agency staff.
9. If the Vendor is a new vendor, complete the attached New Vendor Approval and Set Up Form. If you are unsure if the vendor is new, contact the Finance Department for verification.
10. Following approval of the requisition and selection of a vendor and purchase price, the operating department shall for all purchase amounts of $2,500 or more submit a Requisition for Purchase Order to the Finance Department. Following approval, the purchase may be consummated.
11. Leasing of vehicles and equipment may be an attractive alternative to cash purchases but the buy/lease decision is a separate decision from the purchase determination. Leasing commitments must be made by the City Manager with advice from the Finance Director and City Attorney. Any lease extending beyond one fiscal year, any lease with options to purchase or penalties for cancellation, termination, non-renewal or pre-payment, any lease with annual payments in excess of $5,000 and any lease characterized as a capital lease, financing lease, non-operating lease, lease purchase agreement or installment sales agreement must be executed, following City Council approval, only by the City Manager with advice of the Finance Director and City Attorney.

III. RESPONSIBILITY

1. The City Attorney shall review all contracts.
2. The City Attorney shall provide advice to the City Manager regarding leasing agreements.
3. The City Clerk shall be responsible for preparation and routing of all contracts.
4. The City Council shall be responsible for awarding all contracts.
5. The City Manager, in general, has authority to manage the purchasing system.
6. The City Manager or designee shall oversee formal competitive bidding.
7. The City Manager shall be responsible for entering into leasing commitments.
8. Department Managers shall be responsible for determining which State, Federal and local requirements are applicable.
9. Department Managers shall be responsible for soliciting bids when using the informal competitive bidding process.
10. The Finance Director shall be responsible for all proper accounting, including determination of whether funds are sufficient to cover a purchase Requisition.
11. The Finance Director shall provide advice to the City Manager regarding leasing agreements.
12. Operating Departments shall be responsible for originating purchases.

IV. DEFINITIONS

"Local bidder" means a business entity with its principal place of business located within the City limits of the City of Fort Bragg possessing a current-issued City business license. Evidence of these qualifications must be presented to the City Manager as a part of any bid desiring preferential consideration.

Approved by City Manager	Linda Ruffing (Signature)	10.24.11 (Date)
Made a part of the City's Administrative Regulations binder and distributed to all City staff		11-4-11 (Date)

NEW VENDOR APPROVAL AND SET UP

This form is required to establish a relationship with any new vendor. Payments will not be processed unless this form and all required documentation is submitted and approved.

Steps BEFORE a New Vendor relationship is established.

* Determine if the Vendor is NEW. Check with someone in Finance if you are unsure.

* Determine if a Business License is required. The Fort Bragg municipal code requires a Business License when:
  Work is being performed within the City limits, or
  A service is being provided with in the City limits.
  If you are unsure check with someone in Finance.
  You should also check with the City Clerk to determine if insurance is required.

* If a business license is required communicate that requirement to the Vendor during the pricing stage so they know what is required of them.

* Provide a Form W-9 to the Vendor

Setting Up a New Vendor:

* Complete this form and attach the following:

  Completed Business License Application, with appropriate payment
  OR:
  Name of Person Responsible for Completion of Application

  _____

  Phone #: _____

☐ Form W-9 attached.

☐ Business License Required.

☐ Business License NOT Required

Exception: _____

☐ Vendor Information Form Completed

REQUESTOR NAME _____

Revised 05-27-2011

NEW VENDOR INFORMATION FORM

This form is required to establish a relationship with any new vendor. Payments will not be processed unless this form and all required documentation is submitted and approved.

NAME OF VENDOR _____

REMIT ADDRESS _____

_____

CONTACT NAME _____

PHONE NUMBER _____ **EMAIL** _____

By signing below Vendor acknowledges that no payment was made to the City, City official, officer, or employee of the City in exchange of a sales or other type of business arrangement.

Vendor may not employ any City official, officer or employee in the performance of the Services or manufacture of products, nor may any official, officer or employee of City have a financial interest in this Vendor that would violate California Government

AUTHORIZED SIGNATURE OF VENDOR:

_____

DATE: _____

Finance Department Approval: _____

Date _____ Vendor # _____