



FINANCE SUBCOMMITTEE MEETING

AGENDA

City Hall - Council Chambers
4381 Broadway, Ste 201
American Canyon, CA
September 14, 2023
11:00 AM

Committee Members: Mayor Leon Garcia
Vice Mayor Pierre Washington
Finance Director Juan Gomez and City Manager Jason Holley

The Finance Subcommittee meetings are conducted in person at City Hall, 4381 Broadway, Suite 201. Members of the public are invited to attend the meeting in person. This meeting will not be broadcast on TV.

PUBLIC PARTICIPATION

Oral comments, during the meeting: Oral comments can be made in person during the meeting.

Written comments, via eComments: Please submit written comments through the eComments link, located on the Meetings & Agendas page of our website [here](#). Comments will be available to the subcommittee. All comments received will be posted online and become part of the meeting record.

The above-identified measures exceed all legal requirements for participation in public comment, including those imposed by the Ralph M. Brown Act. For more information, please call the Office of the City Clerk at (707) 647-4369 or email cityclerk@cityofamericancanyon.org.

AGENDA MATERIALS: City Council agenda materials are published 72 hours prior to the meeting and are available to the public via the City's website at www.cityofamericancanyon.org.

AMERICANS WITH DISABILITIES ACT: Materials will be provided in appropriate alternative formats to comply with the Americans with Disabilities Act. Please send a written request to City Clerk at 4381 Broadway, Suite 201, American Canyon, CA 94503 or by email to cityclerk@cityofamericancanyon.org. Include your name, address, phone number and brief description of the requested materials, as well as your preferred alternative format or auxiliary aid, at least three calendar days before the meeting.

9:30 A.M. REGULAR MEETING

CALL TO ORDER

ROLL CALL

PUBLIC COMMENT

This time is reserved for members of the public to address the Finance Subcommittee in person on items of interest that are on the agenda and are within the subject matter jurisdiction of the Finance Subcommittee. Comments are

limited to 3 minutes.

CONSENT CALENDAR

BUSINESS

1. **Amended Purchasing Policy and Procedures Discussion**
Recommendation: Discuss Amended Purchasing Policy and Procedures that will be presented to City Council on September 19, 2023.

ADJOURNMENT

CERTIFICATION

I, Taresa Geilfuss, CMC, City Clerk for the City of American Canyon, do hereby declare that the foregoing agenda of the Finance Subcommittee was posted in compliance with the Brown Act prior to the meeting date.

Taresa Geilfuss, CMC, City Clerk



TITLE

Amended Purchasing Policy and Procedures Discussion

RECOMMENDATION

Discuss Amended Purchasing Policy and Procedures that will be presented to City Council on September 19, 2023.

BACKGROUND & ANALYSIS

The Purchasing Policy through the approval of the City Council grants the City Manager and staff authority to purchase or contract for supplies, services, and equipment. A clear and detailed purchasing policy provides direction to City staff when procuring goods and services. The City's current purchasing policy has been in place since 2007, including applicable authority levels for the City Manager and Department Heads. The proposed revised policy includes revisions to the City Manager's authority levels for approving purchases, clarifying language on cooperative purchase agreements, sole source, emergency purchases. The revised policy also includes language conforming with SB1383, requiring cities and counties in California procure a minimum amount of products made from recycled organic waste each year and the election of the City to participate in the California Uniform Public Construction Cost Accounting Act (CUPCCAA) for public construction projects. Finally, as an administrative policy, staff recommends amending Title 3, of the City municipal code by removing chapter 3.12 "Purchasing System".

The current policy grants the City Manager authority to purchase supplies and equipment up to and including \$25,000 and contract for services up to and including \$50,000, additionally the current policy authorizes the City Manager to enter into change orders which cumulatively do not exceed 20% of the original contract price. These limits have been in place since 2007 and over the 16 years, CPI has increased 56%. The authority the City Manager had in 2007 can no longer procure the same amount of goods or services today, therefore staff recommends increasing the City Manager's authority to \$100,000 for both goods and services as outline in the new proposed policy (Exhibit A). In no instance will City Manager have authority to enter into agreements or contracts over \$100,000 including change orders. Formal proposals and City Council approval will be required for all purchases over \$100,000.

Purchasing Authority (Goods & Services)			
Threshold	Department Head or Designee	City Manager	City Council
<\$5,000 (no quotes or bids)	X	X	
\$5,000 to \$25,000 (3 informal bids)	X	X	
\$25,000.01 to \$100,000 (3 informal bids)		X	
>\$100,000 (requires formal proposals, RFP, RFQ, ITB)			X

Public Projects - California Uniform Public Construction Cost Accounting Act (CUPCCA)

Currently the City solicits informal bids for public projects under \$50,000 and formal bids for projects over \$50,000. The City is electing to opt into CUPCCA which was created in 1983 as an alternative bidding procedure designed to reduce costs, expedite the award process and simplify administration of smaller projects. CUPCCA is contained in the Public Contracts Code Section 22000 through 22045. Pursuant to the act, projects for the construction, reconstruction, renovation, alteration, improvement, demolition or repair work of City-owned, leased or operated facilities can be procured as follows.

- Public projects of \$60,000 or less can be procured by negotiated contract or City's own employees by force account
- Public projects of \$200,000 or less can be procured by informal bidding procedures
- Public projects of greater than \$200,000 will be procured by formal bidding procedures set forth in the act

SB 1383 Requirement

The revised policy includes language to comply with California law SB 1383. This law requires cities and counties to procure certain levels of materials derived from organic waste such as compost, and renewable gas used for transportation fuels. Additionally, the law requires agencies to procure recycled paper products consistent with the requirements of the Public Contract Code Section 22150 through Section 22154 and requires agency to keep records and report on organic waste and recycled content paper purchases.

Municipal Code Amendment

Title 3, chapter 3.12 "Purchasing System" of the City municipal code describes the purchasing procedures and authorization limits. The current code contains processes and procedures that no longer aligns with the current purchasing policy or current practice. For example, the municipal

code identifies a purchasing agent in the finance department, however that classification no longer exists. Also, the current purchasing responsibilities rest with each individual department, however the municipal code identifies a centralized division in the finance department. When a change to the policy is made the change to the municipal code can be missed, resulting in the two not aligning. The purchasing policy is an administrative policy managed by the Director of Finance and changes to the policy shall be approved by the City Council as it delegates purchasing authority and limits to the City Manager and staff. In order to align both the policy and the municipal code, a resolution and an ordinance is required, and the timing of the changes differs. The policy is in effect as soon as the resolution is adopted and the ordinance 30 days after final adoption. As an administrative policy delegating authority, providing guidance to staff on the purchase of goods and services, and the methods to follow, staff recommends the removal of the purchasing system in the City of American Canyon Municipal Code.

Other clarifying language on ethical guidelines, responsibilities, sole source procurements and cooperative purchase agreements are included to better guide City staff when soliciting, contracting and purchasing goods and services.

ATTACHMENTS:

[Exhibit A. Amended City of American Canyon Purchasing Policy](#)

CITY OF AMERICAN CANYON

Purchasing Policy and Procedures

PURPOSE

This Purchasing Policy ("Policy") provides an overview of the standards and methods which will guide the City of American Canyon (City) in purchasing goods (equipment, materials, and supplies) (see, Cal. Gov. Code § 54202); contracting for services; and for the construction, repair and maintenance of Public Projects (see, Cal. Pub. Contract Code § 22002(c)) (together "Procurement Activities"). It shall be the City's policy to procure all goods and services in an open, fair and competitive manner that permits, wherever possible, the City to receive the best quality and best value.

OBJECTIVES

- To provide a uniform system to obtain supplies, materials, equipment, and services in an efficient and timely manner;
- To facilitate responsibility and accountability with the use of City resources;
- To ensure equal opportunity and competition among suppliers and contractors;
- To promote effective relationships and clear communication between the City and its suppliers and contractors;
- To comply with the comprehensive State procurement statutes which govern expenditures of public funds; and
- To obtain the maximum benefit from every tax dollar spent.

ETHICAL GUIDELINES

- Purchasing from or contracting with a business entity wholly or partially owned or operated by a City employee, or employee's spouse is prohibited unless approved in advance by the City Manager. Any employee with such an ownership interest must have no official (City) role in the contracting process.
- Purchasing from or contracting with a business entity wholly or partially owned or operated by a family member of a City employee must be approved in advance by a Department Head in writing. To avoid any purchasing conflicts and contract administration issues, any City employee with a familial relationship with a City contractor must disclose the relationship to his or her Department Head. Such employees must have no official (City) role in the contracting process. A familial relationship is defined as a grandparent, grandchild, parent, child, son-in-law, daughter-in-law, parent-in-law, or sibling relationship.
- A City employee should notify Department Head and may not participate in the contracting process if he or she has a financial interest with any person, firm, or business entity involved with providing goods or services to the City.
- Departments must make every attempt to ensure open and competitive purchases.

- Splitting purchases for the purpose of evading the procedures outlined in this document is strictly prohibited.
- The receipt of any monetary or non-monetary gifts, gratuities, promotional items, rebates, or kickbacks of any value from a prospective or actual contractor or vendor to a City employee is prohibited.
- Treat all prospective contractors, vendors and consultants in a fair and equitable manner.

RESPONSIBILITY

This policy addresses the procurement of equipment, materials, supplies, maintenance services, and professional services. Procurement of public works projects is defined by the California Public Contract Code. All public works products shall be procured consistent with the provisions of the California Labor Code.

- The Finance Director is responsible for developing this document. Administrative changes to this policy shall be approved by the City Council or delegated to City Manager.
- The City Attorney or other Attorneys retained by the City do not have any financial authority but are responsible for the review of items directed to them by the department director or City Manager. These reviews could be contracts, Purchase Orders (PO), or other Professional Services as defined in this document.
- Purchasing is decentralized, with each Department Head responsible for coordinating purchasing efforts in his/her operations. Initiated through a departmental Requisition (REQ), Finance shall approve and create Purchase Orders (PO) after appropriate documents, approvals, legal review and signatures are obtained. Purchase orders are required for all purchases that are \$5,000 or greater. When a PO is created in the financial system, it creates an encumbrance against the available budget.
- No requisition lacking sufficient appropriation levels as set in the adopted budget will be undertaken. Purchases shall not be split to avoid required bid levels or authorizing dollar limits.
- All procurement activities involving the expenditure of federal funds shall be conducted in compliance with the Procurement Standards codified in 2 C.F.R. § 200.317 through § 200-326 unless otherwise directed in writing by the federal agency or state pass-through agency that awarded the funds. The City will follow all applicable local, state, and federal procurement requirements when expending federal funds.
- Blanket Purchase Orders should be used for routine and repetitive procurement of materials, goods, and maintenance or professional services.
- Competitive bids shall be sought using the scope and dollar limits outlined herein. A minimum of three quotes are required, however other procurement methods outlined in this document are allowed. Requests for Bids should consider the quality necessary to meet the City's needs.

- The requesting department shall verify the existence of a valid City business license and applicable insurance coverage in contracting for the delivery of in-city or on-site services.
- Emergency purchases are allowed under the conditions set forth herein.
- Purchasing goods and services from local vendors is desired because it stimulates the local economy and recognizes that our local vendors are valued members of the community. If factors such as quality, previous performance, and availability are equal among vendors, a vendor whose business is located in the City of American Canyon should be actively considered for award of a contract if their quote or bid is within 5% of the low bid.

PROCUREMENT METHODS

A. Goods: Equipment, Materials, and Supplies (Including freight & taxes)

1. **Less than \$5,000** - Purchases of equipment, materials, and supplies less than Five Thousand Dollars (\$5,000), do not need solicitation of competitive quotes, bids, or proposals. Departments will attempt to secure the best value and will document that the price obtained is fair and reasonable.
2. **\$5,000 - \$100,000** - Purchases of equipment, materials, and supplies between Five Thousand (\$5,000) and One Hundred Thousand Dollars (\$100,000), requires the solicitation of informal quotes from at least three vendors. Written or email quotes are required, telephone quotes are not allowed. In the event that the minimum number of quotations cannot be obtained, evidence of the attempt should be documented and kept on file. All quotes must be documented and submitted as part of the approved requisition prior to PO issuance.
3. **Greater than \$100,000** - Purchases of equipment, materials, and supplies greater than One Hundred Thousand Dollars (\$100,000), require formal bids by the requesting department and Council approval before award. This entails the preparation of written specifications, vendor solicitations, and sealed bids. The requesting department shall contact as many vendors as necessary to obtain as many bids as possible.
4. **Leasing of Equipment** - The provisions of Section A will apply to leasing of equipment and the estimated expenditure will be based on the total rental payments due under the lease.
5. **Bid Cancellations** – The requesting department may cancel an invitation for bids, a request for proposal or other solicitations and may reject some or all bids or proposals when it is determined that cancellation or rejection serves the best interest of the City.

B. Services

1. **Less than \$5,000** - Purchases of equipment, materials, and supplies less than Five Thousand Dollars (\$5,000), do not need solicitation of competitive quotes, bids, or proposals. Departments will attempt to secure the best value and will document that the price obtained is fair and reasonable.
2. **\$5,000 - \$100,000** - Purchases of equipment, materials, and supplies between Five Thousand (\$5,000) and One Hundred Thousand Dollars (\$100,000), requires the solicitation of informal quotes from at least three vendors. Written or email quotes are required, telephone quotes are not allowed. In the event that the minimum number of quotations cannot be obtained, evidence of the attempt should be documented and kept on file. All quotes must be documented and submitted as part of the approved requisition prior to PO issuance.
3. **Greater than \$100,000** - Purchases of services greater than One Hundred Thousand Dollars (\$100,000), require formal bids by the requesting department and Council approval before award. This entails the preparation of written specifications, vendor solicitations, and sealed bids consistent with applicable law. The requesting department shall contact as many vendors as necessary to obtain as many bids as possible.
4. **Qualifications Based Solicitations** - Pursuant to California Government Code Section 4525 et seq. (the Mini-Brooks Act), the City of American Canyon will use qualifications-based competitive proposal procedures for the procurement of architectural, landscape architectural, engineering, environmental, land surveying or construction project management services regardless of the contract value. Under this method, proposals will be evaluated based upon the professional qualifications necessary for the satisfactory performance of the services required and demonstrated competence.
5. **Bid Cancellations** – The requesting department may cancel an invitation for bids, a request for proposal or other solicitations and may reject some or all bids or proposals when it is determined that cancellation or rejection serves the best interest of the City.
6. **Additional Requirements for Services Contracts**
 - a. No services contract will exceed a five-year term that includes a three-year base term and up to two option years. Notwithstanding the foregoing sentence, for project-based services contracts, the term of the contract should coincide with the term of the project to the extent feasible. All services contracts will include an expiration date.
 - b. Consultants may be compensated on the basis of a fixed fee, time and materials, or other method determined to be in the best interest of the City.
 - c. For recurring services, the City will endeavor to re-solicit the services contracts at least every five years, unless a shorter period is appropriate based on the term of the contract.

- d. For on-call services contracts, where the services to be furnished by the consultant will vary based on the City's needs, the actual services to be provided will be described in the specific work directive or task order.
- e. The City may purchase services without further competition under the following conditions:
 - If the City rejects all proposals received in connection with a procurement soliciting formal written proposals, or
 - When no proposals are received in response to a solicitation for formal written bids or proposals, in which case the City Manager is authorized to procure the required item through direct negotiations with a vendor or to resolicit as appropriate.
 - Emergency Contracts, as described in Section F.

C. Public Projects

The City of American Canyon has opted in to the California Uniform Public Construction Cost Accounting Act (California Public Contract Code Section 22000 et seq., the "**Act**") Pursuant to the Act, projects for the construction, reconstruction, erection, alteration, renovation, improvement, demolition, repair work, painting, or repainting of City-owned, leased, or operated facilities ("**Public Projects**") will be procured as follows:

1. **\$60,000 or Less** - Public Projects of Sixty Thousand Dollars (\$60,000) (or the current threshold set forth in California Public Contract Code Section 22032(a)) or less may be let by negotiated contract, purchase order or performed by the City's own employees by force account.
2. **\$200,000 or Less** - Public Projects of Two Hundred Thousand Dollars (\$200,000) (or the current threshold set forth in California Public Contract Code Section 22032(b)) or less may be let by informal bidding procedures.
3. **Greater than \$200,000** - Public Projects of more than Two Hundred Thousand Dollars (\$200,000) (or the current threshold set forth in California Public Contract Code Section 22032(c)) will be let by formal bidding procedures set forth in the Act.
4. **Pre-Qualified List** – A list of contractors may be developed and maintained in accordance with the provisions of Section 22034 of the Public Contract Code and criteria promulgated from time to time by the California Uniform Construction Cost Accounting Commission (CUCCAC).
5. **Award of Contract** – The City Manager or Director of Public Works are authorized to award public project contracts let under these procedures.
6. **Project Labor Agreement (PLA)** – The City entered into a PLA with the Napa Solano Building and Construction Trades and affiliated local Unions. The PLA applies to City public construction projects that exceed the monetary threshold set forth in Section

22032(c) of the California Public Contract Code, currently \$200,000. The City and Unions/Contractors shall comply with the provisions set forth in the PLA.

7. **Bonding Requirement** - A faithful performance bond, and labor and material bond shall be required for all public projects, unless waived by the Public Works Director for contracts less than \$25,000 or waived by the City Council for contracts equal to or greater than \$25,000. In addition, the council shall have authority to require a faithful performance bond or other bonds before entering into a contract other than a public project contract. If bonds are required, the form and amount thereof shall be designated in the notice inviting bids.
8. **Bidder's Security** - When a public project is involved, formal bids shall be accompanied by security, either cash, cashier's check, certified check or surety bond, in a sum equal to ten percent of the total aggregate of the bid, and shall be designated in the notice inviting bids. Bidders shall be entitled to return of bid security; provided, however, that a successful bidder shall forfeit his security upon his refusal or failure to execute the contract within ten days after the notice of award of contract has been mailed, unless the city is solely responsible for the delay in executing the contract.

In the event that the monetary limits specified in Sections 22032 and 22034 of CUPCCAA are amended by the State Legislature or adjusted by the State Controller, such amendment in monetary limits shall prevail and apply.

D. Cooperative Purchasing

Cooperative Purchasing may be a benefit to the City through economies of scale and the City may avail itself of national, state, and local intergovernmental agreements for procurement or use of common equipment, materials, supplies, and services. Joint procurements, state cooperative purchasing programs, and assignment of existing contract rights ("piggyback" procurements) with other public agencies may be used when consistent with applicable regulatory requirements. Such programs may be used in lieu of following the competitive solicitation requirements set forth in this policy.

In some instances, the use of a supplies or materials vendor chosen via cooperative purchasing may require the use of their delivery/installation vendor due to technical knowledge of product, in which case that second vendor can be procured via this same cooperative purchasing method.

E. Sole Source

Sole source procurements involve services and/or supplies that can only be practically obtained from one source. Justification will be based on the following:

1. The contractor or supplier is the only source capable of competently and efficiently providing the required service or supply.
2. The contractor or supplier is the only source permitted to provide the service or supply based on the manufacturer's agreement acting as the sole representative in the geographical area.

3. The person requesting the purchase is to prepare written correspondence justifying and describing the reason for the sole source purchase and must have the approval of the department director. This documentation must be submitted to Finance along with the requisition for approval.

F. Emergency Purchases

For the purposes of this section, an emergency shall be deemed to exist if:

- A public disaster occurs; or
- An emergency is declared by the City Council or City Manager
- There is an immediate need to prepare for national or local defense; or
- There is a breakdown in machinery or an essential service that requires the immediate procurement of supplies and equipment to protect the public health, welfare, or safety; or
- Public health, welfare, or safety would be greatly hampered if there was an undue delay in the procurement of the needed item

Authority - The City is not required to engage in competitive bidding in an emergency situation. The City Manager or designee holds the authority to waive any procedures in these instructions that are not statutorily mandated when making emergency purchases of supplies, equipment, materials, or services.

If the purchase equals or exceeds \$100,000 for construction work, supplies, equipment, materials or services (including professional services), after-the-fact ratification is to be obtained from City Council at the soonest possible public meeting following the event.

If at the time of the emergency, neither the City Manager nor designee is available, department heads may order the needed commodity from the nearest available source. As they become accessible, the City Manager, designee, and Finance should be immediately notified of the purchase.

G. Information Technology Purchases

IT (Consultant or Assistant City Manager) is required to be consulted to ensure compliance with City hardware and system standards. Similarly, IT is required to be consulted for any planned purchases of software and hardware arising during the budget process and in the development of system specifications.

H. City Council Managed Contract

The contract for professional legal services related to the City Attorney is not under the authorization of the City Manager. Selection and retention of City Attorney is based on City Council review as needed.

Recycled Products and Recovered Organic Waste

A. Purpose

The City of American Canyon recognizes its responsibility to minimize the negative environmental impacts of the City's activities by ensuring the procurement of services and products that reduce toxicity; conserve natural resources, materials, and energy; and maximize recyclability and recycled content while supporting a diverse, equitable, and vibrant community and economy.

The purpose of this policy is to support procurement decisions that align with the City's sustainability standards and goals. This policy is applicable to all departments and divisions, to incorporate environmental considerations including recycled-content paper and recovered Organic Waste product use into purchasing practices and procurement. The City shall comply with State requirements as contained in 14 CCR Division 7, Chapter 12, Article 12 (SB 1383 procurement regulations) to procure a specified amount of Recovered Organic Waste Products to support Organic Waste disposal reduction targets and markets for products made from recycled and recovered Organic Waste materials, and to purchase Recycled-Content Paper Products and Recycled-Content Printing and Writing Paper.

B. Policy

It is the policy of the City to purchase products that are recyclable or reusable or contain recycled materials if the quality and fitness of such products are equal to unrecycled products, and are available at the same or a lesser total cost than non-recycled products. The City shall continue its leadership role in diverting and reducing waste, as well as closing the recycling loop by purchasing recycled products whenever technically and economically feasible. Nothing in this policy shall be construed as requiring a department to procure products that do not perform adequately for their intended use or are not available at a reasonable price or in a reasonable period of time.

C. Requirements for City Departments or Procurement Practices

If the fitness and quality of Recycled-Content Paper Products and Recycled-Content Printing and Writing Paper are equal to that of non-recycled items, departments of the City shall purchase Recycled-Content Paper Products and Recycled-Content Printing and Writing Paper whenever available at the same or a lesser total cost than non-recycled items, consistent with the requirements of the California Public Contracts Code, Sections 22150 through 22154 and Sections 12200 and 12209, as amended.

1. All Paper Products and Printing and Writing Paper shall be eligible to be labeled with an unqualified recyclable label as defined in Title 16 Code of Federal Regulations Section 260.12 (2013).
2. Provide records to the City of all Paper Products and Printing and Writing Paper

purchases on a schedule to be determined by the City and not less than annually (both recycled content and non-recycled content, if any is purchased) made by a division or department or employee of the City.

D. Requirements for Vendors

1. All vendors that provide Paper Products (including janitorial Paper Products) and Printing and Writing Paper to the City shall:
2. Provide Recycled-Content Paper Products and Recycled-Content Printing and Writing Paper meet the percentage requirements below, by fiber weight, post-consumer fiber, if fitness and quality are equal to that of the non-recycled item and available at an equal or lesser price.

Recycled-Content Printing and Writing Paper – At least 30% by fiber weight, post-consumer fiber.

Toilet Paper – At least 45% by fiber weight, post-consumer fiber.

Toilet Seat Covers – At least 20% by fiber weight, post-consumer fiber.

Facial Tissue – At least 10% by fiber weight, post-consumer fiber.

General purpose paper wipers: Paper towels, napkins, plates, bowls, food trays, takeout boxes, placemats, ect. – At least 40% by fiber weight, post-consumer fiber.

3. All vendors providing printing services to the City via a printing contract or written agreement, shall use Printing and Writing Paper that consists of at least thirty percent (30%), by fiber weight, post-consumer fiber, or as amended by California Public Contract Code Section 12209.

E. Compost and SB 1383 Eligible Mulch procurement.

Divisions and departments responsible for landscaping maintenance shall:

1. Use SB 1383 Eligible Compost and SB 1383 Eligible Mulch produced from recovered Organic Waste, as defined in the Glossary section of this Policy, for landscaping maintenance as practicable, whenever available, and capable of meeting quality standards and criteria specified.
2. Keep records, including invoices or proof of Recovered Organic Waste Product procurement (either through purchase or acquisition), and submit records to the City, on a schedule to be determined by City.
Records shall include:
 - a. General procurement records, including:
 - (i) General description of how and where the product was used and applied, if applicable;

- (ii) Source of product, including name, physical location, and contact information for each entity, operation, or facility from whom the Recovered Organic Waste Products were procured;
 - (iii) Type of product;
 - (iv) Quantity of each product; and,
 - (v) Invoice or other record demonstrating purchase or procurement.
 - b. For Compost and SB 1383 Eligible Mulch provided to residents through giveaway events or other types of distribution methods, keep records of the Compost and SB 1383 Eligible Mulch provided to residents. Records shall be maintained and submitted to the City in accordance with the requirements specified in Section 3.
- 3. When a Direct Service Provider for the City procures compost or mulch, enter into a written contract or agreement or execute a purchase order between the City and Direct Service Provider with enforceable provisions that include: (i) definitions and specifications for SB 1383 Eligible Mulch, Compost, Renewable Gas, and/or Electricity Procured from Biomass Conversion; and, (ii) an enforcement mechanism (e.g., termination, liquidated damages) in the event the Direct Service Provider is not compliant with the requirements.
 - a. Renewable Gas procurement (used for fuel for transportation, electricity, or heating applications). For Renewable Gas procurement, Jurisdiction shall:
 - 1. Procure Renewable Gas made from recovered Organic Waste for transportation fuel, electricity, and heating applications to the degree that it is appropriate and available for the Jurisdiction.
 - 2. Keep records in the same manner indicated in Section 3 for the amount of Renewable Gas procured and used by the Jurisdiction, including the general procurement record information specified in Section 3, and submit records to the City on a schedule to be determined by the City and not less than annually. Jurisdiction shall additionally obtain the documentation and submit records specified in Section 3 below, if applicable.

Purchasing Authority

Finance maintains a signature list, including individual approval dollar limits and areas of responsibility, of employees designated by department heads, to approve and sign for purchases. A sample copy of each authorizing signature facsimile is maintained in Finance for audit verification. Department Heads may delegate signing authority up to a maximum of \$25,000 to a Division Manager or Supervisor but must submit such authorization in advance via the signed signature list previously referenced herein. Overall functional signing limits are established as displayed in the following chart. Purchase requests received by Finance lacking appropriate approvals will be returned promptly to the issuing department before any purchase order is issued and/or payments are processed. Any late charges arising from such processing delays will need to be charged against the requesting department's budget.

Purchasing Authority			
Purchases of Goods & Equipment, and Services			
Threshold	Department Head or Designee	City Manager	City Council
<\$5,000 (no quotes or bids)	X		
\$5,000 to \$25,000 (requires 3 informal proposals)	X		
\$25,000.01 to \$100,000 (requires 3 informal proposals)		X	
>\$100,000 (requires formal proposals, RFP, RFQ, ITB)			X

Provided sufficient budget exists and final invoice is to be paid, PO's can exceed listed amount by no more than 10% for contingency purposes. In no instance can a PO including contingency exceed City Manager Authority without City Council approval.

Public Works Projects (California Public Contract Code Section 22000 et seq.)			
Threshold	Public Works Director	City Manager	City Council
\$60,000 or less (negotiated Contract or 3 informal proposals, or performed by City Employees)	X (<\$25k)		
\$60,000 to \$200,000 (requires 3 informal proposals)		X (≤\$100k)	X (>\$100k)
>\$200,000 (requires formal bidding procedures)			X

Surplus Supplies and Equipment

When a department has determined that equipment has become surplus, and has no use for any City department, they may dispose of it in the following manner:

A. Trade-In

Property declared as surplus may be offered as a trade-in for credit toward the acquisition of new property. If surplus property is to be applied to a purchase order, the trade-in value shall be itemized on the Purchase Order.

B. Return to Manufacturer

Surplus property may, when possible, be returned to the manufacturer for buy-back or credit toward the purchase of new equipment.

C. Disposal

Surplus property may be offered for sale or donation upon approval by the City Manager, or designee using the asset disposal form consistent with applicable law. All surplus property for sale or donation is “as is” and “where is”, with no warranty, guarantee, or representation of any kind, expressed or implied, as to the condition, utility or usability of the property offered for sale. Appropriate methods of sale are as follows:

- **Public Auction.** Surplus property may be sold at public auction. Public Auctions may be conducted by City staff or the City may contract with a professional auctioneer including professional auction services.
- **Sealed Bids.** Sealed bids may be solicited for the sale of surplus property. Surplus property disposed of in this manner shall be sold to the highest responsible bidder.
- **Selling for Scrap.** Surplus property may be sold as scrap if the Finance Director, or designee, determines that the value of the raw material exceeds the value of the property as a whole.
- **Negotiated Sale/Donation.** Surplus property may be sold outright if the Finance Director, or designee, determines that only one known buyer exists. Surplus property may be donated to a local non-profit recipient if available or interested in acquiring the property with City Manager approval.

Departments may not:

- Sell it or give away to any City staff, their families, or their friends
- Sell it or give away to any vendor without following one of the options listed above

Additional Matters

Insurance: It is the City's practice to transfer as much risk as possible from the City to the supplier or contractor. Therefore, insurance is required from any contractor performing work for the City. This is especially the case for services provided on City property.

Taxes: The City pays sales or use tax on most purchases as defined by the California Department of Tax and Fee Administration. This amount is added to the taxable subtotal of your order (certain items such as labor or transportation may or may not be taxable). Use tax, which is equivalent to the sales tax rate, is collected on many out-of-state purchases where the state originating the sale does not collect California State sales tax on behalf of the State. It is important to identify the applicability of Use Tax in bid costing to avoid an unintentional budget overrun.

Shipping and Installation Costs: In developing, accepting, and evaluating good and material bids, it is incumbent on City staff to ensure that costs include any related shipping and/or installation costs and request such information from the subject vendors. In all cases, developing the full costs of purchase is critical to the budget process.

Payments Terms & Frequency: The City's payment terms are **net 30 days from the billing/invoice date**. Vendor agreements should be established using this standard and clearly communicated to them.

Conflict of Interest/Third Party Transactions: In order to maintain public trust and confidence in the integrity of purchasing transactions, no City employee who has a real or apparent conflict of interest should participate in the transaction.

Establishing New Vendors: One element of fiduciary responsibility is maintaining strict control over the open accounts established under the City's name. Therefore, the City has instituted a practice whereby Finance has control over the creation of all new vendor accounts and the submission and completion of credit applications for open accounts. W-9s are required for all new vendors without exception.

Grant Funding: Federal or other grant programs may require special conditions which are more stringent than City procedures. It is the responsibility of the department accepting the grant to ensure that all grant provisions are complied with.

Independent Contractors: The Internal Revenue Service (IRS) and the California Employment Development Department (EDD) require independent contractors to provide a W-9 form to the City including the business type (sole proprietor, corporation, or partnership) and document the taxpayer identification number (Social Security or federal identification number). Finance must receive the W-9 when a requisition or invoice is processed for a new vendor. Failure to provide this form will result in non-payment of an invoice or delaying the processing of a requisition.

Glossary

Bid: A proposal to provide goods and services submitted in accordance with the request for bid documents.

Bidder: A person or entity who submits a bid.

Blanket Purchase Order (BPO): A method by which departments may purchase materials from a specific vendor continuously throughout a specified time period. Orders for materials not available from BPO vendors can be purchased by credit card or through the purchase requisition/purchase order process as described within this document.

Change Order: An amendment to an original purchase order authorizing a change in the scope of work; adjustment in the contract sum or contract time; or cancellation of parts or all of a purchase order.

Check Request: The form used to request that Finance process payment to a vendor or contractor. The form accommodates several uses, including Direct Payments, Blanket Purchase Order payments as well as partial payments against existing purchase orders and contracts.

Compost (SB 1383 Eligible): The product resulting from the controlled biological decomposition of organic solid wastes that are source-separated from the municipal solid waste stream or which are separated at a centralized facility or as otherwise defined in 14 CCR Section 17896.2(a)(4).

Contract: An agreement between two or more parties to do something which is set forth in writing and is enforceable by law.

Cooperative Purchasing Agreement (CPA): The purchase of goods, materials, or services which is entered into by one or more local government entities. The expected impact is to increase volume and/or competition which will result in greater savings.

Direct Service Provider: A person, company, agency, district, or other entity that provides a service or services to the City pursuant to a contract or other written agreement or as otherwise defined in 14 CCR Section 18982(a)(17).

Electricity Procured from Biomass Conversion: Electricity is generated from biomass facilities that convert recovered Organic Waste, such as wood from the municipal stream, into electricity.

Informal Bid: A proposal to provide materials, supplies, and/or maintenance services in amounts up to and including \$100,000 in estimated value. Responses are generated from City requests and bids should be obtained by written quotes. Public Works Projects shall follow monetary limits specified in the California Uniform Public Construction Cost Accounting Act (CUPCCAA).

Formal Bid: A proposal to provide materials, supplies, and/or maintenance services equal to or exceeding \$100,000 in estimated value. A sealed formal bid is submitted in response to the City's Request via a Request for Proposal and may require advertised publication based upon defined dollar limits. Public Works Projects shall follow monetary limits specified in the California Uniform Public Construction Cost Accounting Act (CUPCCAA).

Organic Waste: Solid wastes containing material originated from living organisms and their metabolic waste products including, but not limited to, food, yard trimmings, organic textiles and carpets, lumber, wood, Paper Products, Printing and Writing Paper, manure, biosolids, digestate, and sludges, or as otherwise defined in 14 CCR Section 18982(a)(46). Biosolids and digestate are as defined in 14 CCR Section 18982(a)(4) and 14 CCR Section 18982(a)(16.5), respectively.

Packing List: A list of supplies requested which includes stock number, item description, quantity requested, and a number of items delivered.

Paper Products: Includes, but is not limited to, paper janitorial supplies, cartons, wrapping, packaging, file folders, hanging files, corrugated boxes, tissue, and toweling; or as otherwise defined in 14 CCR Section 18982(a)(51).

Project Labor Agreement: A pre-hire collective bargaining agreement between one or more labor organizations (often negotiated by the local Building Trades and Construction Council) and the owner of a project, which establishes the terms and conditions of employment on the project work. The purpose of a PLA is to facilitate the delivery of the project with minimal labor-related disruptions which would adversely impact the public and/or delay the project.

Printing and Writing Papers: Includes, but is not limited to, copy, xerographic, watermark, cotton fiber, offset, forms, computer printout paper, white wove envelopes, manila envelopes, book paper, note pads, writing tablets, newsprint, and other uncoated writing papers, posters, index cards, calendars, brochures, reports, magazines, and publications; or as otherwise defined in 14 CCR Section 18982(a)(54).

Professional Service: A specialized type of service typically provided by those requiring extensive educational, certification, and experience standards. Examples of professional services contracts include, but are not limited to, those of accountants, actuaries, appraisers, architects, attorneys, brokerage firms, business consultants, business development managers, copywriters, dentists, distributors, engineers, law firms, physicians, public relations professionals, recruiters, researchers, real estate brokers, translators, software engineers, value-added resellers and web designers. While not limited to those holding professional licenses, the services are considered "professional" and the contract may run to partnerships, firms, or corporations as well as to individuals.

Purchase Order (PO): The document that obligates the purchase of goods or maintenance services and is above the limit for procurement as a direct vendor payment.

Purchase Requisition: The document used by departments to request goods or maintenance services and is above the limit for procurement as a direct vendor payment.

Quality: The extent to which the actual minimum needs of the end-users are satisfied.

Recovered Organic Waste Products: Products made from California, landfill-diverted recovered Organic Waste, processed at a permitted or otherwise authorized operation or facility, or as otherwise defined in 14 CCR Section 18982(a)(60). Products that can be used to meet the Annual Recovered Organic Waste Product Procurement Target shall include Compost, SB 1383 Eligible Mulch, Renewable Gas from an in-vessel digestion facility, and Electricity Procured from Biomass Conversion as described herein and provided that such products meet the requirements

of 14 CCR, Division 7, Chapter 12, Article 12.

Recyclability: The Paper Products and Printing and Writing Paper offered or sold to the City are eligible to be labeled with an unqualified recyclable label as defined in 16 Code of Federal Regulations Section 260.12 (2013).

Recycled-Content Paper Products and Recycled-Content Printing and Writing Paper: Products that consist of at least thirty percent (30%), by fiber weight, post-consumer fiber, consistent with the requirements of Sections 22150 to 22154 and Sections 12200 and 12209 of the Public Contract Code, and as amended.

Renewable Gas: Gas derived from Organic Waste that has been diverted from a landfill and processed at an in-vessel digestion facility that is permitted or otherwise authorized by 14 CCR to recover Organic Waste, or as otherwise defined in 14 CCR Section 18982(a)(62).

Request for Proposal (RFP): Used to request information and pricing from contractors or suppliers. Typically, RFPs are utilized for non-commodity-type items where the expertise of the contractor is vital criterion in the selection process. While price/cost is an important component of the selection process, it is not the only factor in the selection process.

SB 1383: Senate Bill 1383 of 2016 was approved by the Governor on September 19, 2016, which added Sections 39730.5, 39730.6, 39730.7, and 39730.8 to the Health and Safety Code, and added Chapter 13.1 (commencing with Section 42652) to Part 3 of Division 30 of the Public Resources Code, establishing methane emissions reduction targets in a statewide effort to reduce emissions of short-lived climate pollutants, as amended, supplemented, superseded, and replaced from time to time.

SB 1383 Regulations or SB 1383 Regulatory: Refers to, for the purposes of this policy, the Short-Lived Climate Pollutants (SLCP): Organic Waste Reductions regulations developed by CalRecycle and adopted in 2020 that created Chapter 12 of 14 CCR, Division 7 and amended portions of regulations of 14 CCR and 27 CCR.

SB 1383 Eligible Mulch: Mulch is eligible to meet the Annual Recovered Organic Waste Product Procurement Target, pursuant to 14 CCR Chapter 12 of Division 7. This SB 1383 Eligible Mulch shall meet the following conditions for the duration of the applicable procurement compliance year, as specified by 14 CCR Section 18993.1(f)(4):

1. Produced at one of the following facilities:
 - i. A compostable material handling operation or facility as defined in 14 CCR Section 17852(a)(12), that is permitted or authorized under 14 CCR Division 7, other than a chipping and grinding operation or facility as defined in 14 CCR Section 17852(a)(10);
 - ii. A transfer/processing facility or transfer/processing operation as defined in 14 CCR Sections 17402(a)(30) and (31), respectively, that is permitted or authorized under 14 CCR Division 7; or,
 - iii. A solid waste landfill as defined in Public Resources Code Section 40195.1 that is permitted under 27 CCR Division 2.

Service Contract: A service contract means a contract that directly engages the time and effort of a contractor whose primary purpose is to perform an identifiable task rather than to solely

furnish an end item of supply. A service contract may cover services performed by either professional or non-professional personnel whether on an individual or organizational basis.

Sole Source Purchase: One where there is only a single vendor capable of providing an item or service, and therefore it is not possible to obtain competitive bids.

Specifications: A complete and accurate statement or set of statements covering the physical, functional, or technical characteristics of goods or services needed, a description of any requirements for inspecting or testing, and performance standards for items sought. It may also include provisions that govern various aspects of parties to the contract and any special conditions or pre-conditions that exist relative to any goods or services being solicited.

Maintenance Services: Services typically deal with operational maintenance, supplies, and equipment support, rather than specialized professional services described above.

Vendor: A person or company who provides goods or services. A vendor can also be referred to as a supplier or direct service provider.