



PURCHASING GUIDELINES AND PROCEDURES

Purchasing Division

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Table of Contents

SECTION 1: OVERVIEW

Introduction.....	3
Role of the Purchasing Department.....	3
Purchasing Values and Principles.....	4
Purpose of the Purchasing Manual.....	4
Goal.....	4 - 5
Why Policies and Procedures Matter.....	5
Code of Ethics.....	6 - 7
Conflict of Interest.....	7
Gratuities.....	7
Definitions and Terms.....	7 – 16

SECTION 2: POLICIES

Policy Definition.....	16
The Purpose of Policies.....	16
What Makes a Good Policy.....	16
Purchasing Policy.....	17 – 41
Purchasing Card Policy (P-Card).....	42 – 52
Travel Authority and Expense Reimbursement.....	53 - 61

SECTION 3: PROCEDURES

Procedure Definition.....	62
The Purpose of Procedures.....	62
What Makes a Good Procedure.....	62
Exceptions to the Bidding Process.....	62 - 63
The Purchasing Process.....	64
Telephone Quotes.....	65
Example & Details of a simple quote.....	66
Response Time from Purchasing Agents.....	67
Purchasing Dept. Led Bids.....	68 - 74
Protest Form and Content.....	75
Vendor Setup Instructions.....	76
Purchase Orders (POs).....	76
PO Change Order Process.....	77
Furniture Order Process.....	78
Staples Office Supplies.....	78
Business Registration.....	78
City of San Bernardino Contract Processing Guidelines.....	79 – 87
Justification of Single/Sole Source Request.....	88 - 89
City Clerk DocuSign Process.....	90
How to Calculate Cost Avoidance/Cost Savings.....	91 – 92
Certificate of Insurance (COI).....	93 - 99

SECTION 1: OVERVIEW

Introduction

The Purchasing Division supports the City Manager, Mayor and City Council, City Departments and Agencies of the City of San Bernardino. The Purchasing Division provides quality goods and services in a timely manner and at the best value for the City.

The Role of the Purchasing Division

A Purchasing Division, also called a procurement division, supports operations by serving as the primary buyer of goods and services in a private sector company, government agency, educational institution, or any other type of organization.

The Purchasing Division serves as a compliance division for the purchasing needs of the City. The Purchasing Division serves the needs of internal customers by procuring goods and services in a timely manner. The purchasing staff serves the organization's financial wellness by seeking out and purchasing goods and services at the lowest price and best value.

The Purchasing Division offers procurement services, administers contracts, ensures contract compliance, and manages vendor relationships. Purchasing involves the acquisition of equipment, furnishings, supplies, maintenance services, construction services and contractual services. Purchasing assists departments and/or leads with preparing bid specifications; initiation formal quotes, proposals, and bids, conducting public bid openings, evaluating bids, awarding, and administering contracts until the final completion or termination of a contract.

The values of the Purchasing Division include Customer Services, Partnership, Innovation, Ethical and Fair Conduct, Professional Values and Transparency. These values assist the Division in fulfilling departments' obligations while upholding legal requirements and fiduciary responsibilities to the residents of the City of San Bernardino.



TRANSPARENCY



ACCOUNTABILITY



ETHICS



IMPARTIALITY

Purchasing Values and Principles

- Transparency: Being Open and Honest
- Accountability: taking responsibility of our work
- Ethics: The rules, principles, and standards of deciding what is morally right or wrong when working.
- Impartiality: Acting fairly and equitable in all our dealings

These values and principles influence how suppliers, contractors and vendors interact with the City and they can affect the way in which the press, public, and other government partners view the City. The Purchasing Division acts as a neutral party in purchasing activities. The Purchasing Division doesn't have an interest in who is awarded a bid. The City's Purchasing Division presents the facts that are submitted within bid proposals.

Purpose of the Purchasing Manual

The purpose of the Purchasing Guideline and Procedure Manual is to streamline and detail all Purchasing procedures and guidelines. This Manual will **assist all departments** in following proper procurement procedures and how to have all proper approvals and signature authorities for procuring materials, services, and equipment.

Goal

All purchasing activities are to be conducted in an ethical manner. Department Directors, Division Managers, and all staff members must be aware of their ethical duty as servants of the public trust while spending public funds. The Purchasing Division will provide a purchasing process that implements and maintains the requirements of City Municipal Code 3.04.070.

- A. The Purchasing Division has established a program for all Departments to conduct competitive bidding in the open market that will obtain the greatest advantage for the City of San Bernardino.
- B. The Purchasing Division has established purchasing processes utilizing ethical standards.
- C. The bidding processes established by the Purchasing Division attempts to obtain high quality goods and services at reasonable costs.

- D. In most instances purchases will be awarded to the lowest most responsible and responsive bidder based on the specifications of the sourcing effort. All services and materials that are released to the public for bidding purposes will adhere to the City of San Bernardino requirements.
- E. The established bidding/purchasing processes promote and maintain good relationships with vendors. All City of San Bernardino staff shall conduct themselves in a professional manner, while promoting equal opportunity, fairness and courtesy in vendor relations.



Why Do Policies and Procedures Matter to the City?

- Together, policies and procedures guide our city and reduce risk of liability. They promote consistency across the organization, both for employees and for customers.
- Consistency builds a healthy reputation for our city over time, especially regarding employee touchpoints with customers. Another term for this is branding. Consistency builds and protects the City's brand. Policies and procedures promote Consistency across our City, which builds and protects our city's brand over time.
- Policies can only positively impact our city if they're followed. The responsibility is twofold:
 - Leadership must communicate policies effectively.
 - Employees must follow them.

Code of Ethics

- A. Avoid Unfair Practices:** By granting all competitive suppliers' equal consideration in so far as State, Federal and City regulations require.
- B. Conduct business in good faith:** Demanding honesty and ethical practices from all participants in the purchasing process.
- C. Decline personal gifts or gratuities:** from present or potential suppliers since this can influence or appear to influence procurement decisions.
- D. Avoid preferential treatment of certain vendors:** Favoritism is the presence of bias or partiality for one vendor over another, or actions that may cause this perception.
- E. Promote positive supplier/contractor relationships:** By providing vendors with courteous, fair, and equal treatment.
- F. Avoid controversy:** make every reasonable effort to negotiate equitable and mutually agreeable settlements of controversies with supplier(s).
- G. Avoid conflicts of interest:** avoid involvement in any transaction/activities that could be considered to be a conflict between personal interest and the interests of the City.
- H. Know and obey the letter and the spirit of the law:** governing the purchasing function and remain alert to the legal ramifications of purchasing decisions.
- I. Enhance proficiency:** by acquiring and maintaining current technical knowledge and pursuing related educational opportunities and professional growth.
- J. Do not engage in auctioning of bids or quotes:** The disclosure of one vendor's price to another to obtain a lower price is illegal. Prices and other information provided in the purchasing process must not be divulged until made public.
- K. Do not engage in back door buying or selling:** Unofficial, irregular, devious buying or selling, usually resulting from undue efforts to induce preference for a particular vendor with the intent of limiting competition. Also, evasive actions taken by the seller to circumvent the Purchasing Division and/or City rules/regulations by trying to influence or sell directly to the City's internal user/customer department.
- L. Avoid false information:** Employees must take care to avoid providing inaccurate information to vendors during a solicitation process and must not conceal relationships with vendors or other inappropriate purchasing activity.
- M. Do not help a bidder with a proposal:** Coaching or providing solutions to prepare or improve a proposal is unethical.
- N. Avoid leveling:** A form of fraud in which a contract is promised to a specific vendor, even though a public solicitation is being pursued for the sake of appearances by asking other vendors to submit a bid. This form of collusion is illegal and is a form of price fixing. Procurement professionals and other employees who use leveling will be subject to applicable disciplinary processes and any other investigation by law enforcement agencies.
- O. Proper award of contracts and/or purchase orders:** Awards should be made to the vendor who receives the highest rating meeting the solicitation requirements (best value). Formal solicitations should state the criteria upon which the evaluation will be based. Criteria may include ability to meet the City's needs, past performance, references, warranties, services costs, or other measurable specifications that will

eliminate the appearance of an arbitrary or capricious award. Evaluations must be conducted in accordance with criteria established in the solicitation document.

Conflict of Interest

No employee or officer shall purchase goods or services for the City if they have a financial interest in connection to the purchase. No officer or employee shall participate in procurement or make evaluations concerning the purchase of a good or service if they have a relationship or a financial interest concerning the individual or Business seeking a contract from the City. This action would violate Government Code 1090.

Gratuities

All staff and employees are prohibited from accepting gifts, money, kickbacks, rebated goods, or anything that may be construed as an unlawful consideration from individuals or businesses currently engaged in a contract or may be awarded a contract in the future. The offer of such gratuity will result in declaring the individual or business an irresponsible bidder and will prevent the individual or business from bidding.

*****PLEASE NOTE***** It is important to keep in mind that, even when no unethical behavior is evident, the appearance of unethical behavior must be avoided. Such behavior erodes public trust and the reputation of the employees, their department, and the city.

Definitions and Terms:

Amendment: An agreed addition to, deletion from, correction, or modification of a document or contract

Annual Purchase Order:

- Annual purchase orders are used for repetitively purchasing from the same vendor for items that are under the \$10,000 threshold.
- If an item is purchased that is \$10,001 and \$40,000, the annual purchase order cannot be used. Three quotes must be obtained.
- The proper procurement process must be followed while using an annual purchase order.

Best and Final Offer (BFOA): This procedure is utilized during the evaluation process after the invitation to negotiate is released and negotiations and presentations have taken place. Vendors are asked to submit a best and final offer based off this negotiation. Best and final offers, as the name suggest, are a vendor's final proposal submittal. Typically, best and final offers may include price adjustments, modification to a vendor's proposed solution and contract terms that differ from standard City contractual language.

"Best Value" Procurement Procedure: A procurement method that emphasizes value over price. 2. An assessment of the return that can be achieved over the useful life of the item, e.g., the best combination of quality, service, time, and price.

For specialized goods, nonprofessional services, and non-public improvement work, the Purchasing Division may approve the use of the “Best Value” method.

The “Best Value” Method takes into consideration the lowest cost, qualified bidder with the quantity and scope needed. This method utilizes the request for proposal solicitation which includes specifications and evaluation criteria and allows the vendor to determine the way in which they will best meet the City’s needs. “Best Value” Procurement must be approved by the Purchasing Division prior to the solicitation of any proposals.

Quality and performance considerations will also be given, as well as price of goods, services, or non-public project implementations.

Criteria for “Best Value” Performance shall include but not be limited to the following:

- a. Ability, Capacity, and skill of the vendor to provide the required goods and services of the City within the time period required.
- b. Character, integrity, reputation, judgement, experience, and efficiency of the proposer.
- c. Quality of performance of work performed by the vendor from previous purchases.
- d. Ability of the proposer to provide future maintenance, repairs parts and services for the use of goods and services.
- e. Performance of the vendor under past contracts with the City.
- f. Possession of required licenses and insurance documents, and endorsements for the City as needed to supply goods and services.

Bid: The response submitted by a bidder to an invitation for Bids (IFB).

Bid Bond: An insurance agreement, accompanied by a monetary commitment, by which a third party (the surety) accepts liability and guarantees that the bidder will not withdraw the bid.

- **Please Note:** The purchasing agent may require a bid bond to accompany a bid. A bid bond should be no more than 10% of the total bid. The City Manager shall establish standards for determining under what circumstances a bid bond is required. City Council and the City Manager have the authority to require a performance bond if they find it necessary in order to protect the City and its interest.

Certificate of Insurance (COI): is a document from an insurer to show you have business insurance. This is also called a certificate of liability insurance or proof of insurance. With a COI, your clients can make sure you have the right insurance before they start working with you.

- **Please Note:** Sample COI located at the end of Purchasing Guidelines and Procedures.

Change Order: A written modification or amendment to a contract. You can also look at phrases such as: Amendment, Modification, Authorized Deviation, Change Order Authority, Contract Modification.

Change Order Authority: The power of right of a public entity to unilaterally modify a contract without the express consent of the contractor.

Commodity: Something useful that can be turned into a commercial advantage; anything that can be purchased, processed, or resold. Examples – paper, furniture, fasteners.

Completion or Performance Bond: An instrument executed, subsequent to award, by successful bidder that protects that public entity from loss due to the bidder's inability to complete the contract as agreed. A risk mechanism that secures the fulfillment of all contract requirements. May be referred to as a completion bond.

Consultant: A person or company that possesses unique qualifications that allow them to perform specialized advisory services usually for a fee.

Consultant Services Agreement (CSA) or Vendor Service Agreement (VSA): A written contract between the City and a vendor, stating all terms and conditions of a proposed transaction or service.

Contract: 1. An obligation, such as an accepted offer, between competent parties upon a legal consideration, to do or abstain from doing some act. The essential elements of a contract are an offer and an acceptance of that offer; the capacity of the parties to contract; consideration to support the contract; a mutual identity of consent; legality of purpose; and definiteness. 2. A legally binding promise, enforceable by law. 3. An agreement between parties with binding legal and moral force, usually exchanging goods or services for money or other considerations.

Cost Avoidance: Action that avoids incurring costs in the future, also known as “soft savings” and, therefore, not reflected in financial statements.

Cost Savings: A realized and measurable reduction in material, resource, or labor expense(s) associated with the production and delivery of an item or service. Primarily associated in the manufacturing of an item; interchangeably used to indicate a lower price paid by the buyer from what was previously paid.

Cooperative Procurement (Purchasing): 1. The action taken when two or more entities combine their requirements to obtain the advantages of volume purchases, including administrative savings and other benefits. 2. A variety of arrangements, whereby two or more public procurement entities purchase from the same supplier or multiple suppliers using a single Invitation for Bids (IFB) or Request for Proposals (RFP). Cooperative procurement efforts may result in contracts that other entities may “piggyback.”

Department of Industrial Relations (DIR): A department of the State of California, which is a regulatory agency for various functions, including enforceability of SB854, which now requires public works contractors subject to prevailing wage requirements to register annually with the Department of Industrial Relations and pay an annual fee. Beginning effective September 1, 2021, the City of San Bernardino will accept public works bids from only those contractors and subcontractors who have complied with this requirement. Please refer to the DIR website:

<https://www.dir.ca.gov/Public-Works/Contractor-Registration.html>

Disadvantage Business Enterprise (DBE): For profit small business concerns where socially and economically disadvantaged individuals own at least a 51% interest and also control management and daily business operations. Usually is certified as a DBE entity in the United States by the government of the State in which it is located.

Emergency: A sudden, unexpected occurrence that poses a clear and imminent danger, requiring immediate action to prevent or mitigate the loss or impairment of life, health, property, or essential public services as defined by California Public Contract Code Section 1102.

Emergency Purchase: A purchase made as the result of an unexpected and urgent request in which health and safety, or the conservation of public resources is at risk. Usually, formal competitive bidding procedures are waived, modified, or simplified. The City's Municipal Code allows for Emergency Purchases under §3.04.070.

Encumbrance: The appropriation of funds to purchase an item or service. To encumber funds means to set aside or commit funds for specified future expenditure.

"Environmentally Preferable" (Per Calrecycle): the Procurement of goods and services that have a reduced impact on human health and the environment compared to competing products serving the same purpose. It is an essential part of the search for high quality products and services at competitive prices.

Formal Bid: A bid that must be submitted in a sealed format and in conformance with a prescribed format to be opened in public at a specified date and time.

- This type of format is generally used in the Public Sector for Public Works bid projects, usually called a Request for Bid (RFB)

General Services: furnishing of labor, time, or effort by a contractor for non-professional services as the city may, from time to time, find necessary and proper for the functioning of the City. Examples include, but are not limited to, janitorial, uniform cleaning, maintenance and other services which do not require any unique skill, special background, or training.

Goods: any and all supplies, materials, articles, equipment, apparatus, vehicles, things, or property, other than real property, furnished to be used by the City.

Informal Bid/Proposal: A competitive bid, price quotation, or proposal for supplies or services that is conveyed by a letter, fax, e-mail, or other manner that does not require a formal sealed bid or proposal, public opening, or other formalities. Generally relegated to requirements that may be considered low value or fall under a stipulated price/cost threshold.

- **Please Note:** For the City, most bids conducted in this manner would be considered “Formal” as long as the actual proposal(s) are not viewed until the bid deadline date and time.

Key Performance Indicators (KPIs): Refer to a set of quantifiable measurements used to gauge a company’s overall long-term performance. KPIs specifically help determine a company’s strategic, financial, and operational achievements, especially compared to those of other businesses within the same sector.

Local Vendor: According to the City’s Municipal Code §3.04.100 Local Bidders, “local” is defined as having “(1) fixed facilities with employees within the City of San Bernardino’s jurisdiction (a PO Box or residential address is insufficient unless it is a home-based business, in which case the residential address may be used) and (2) an appropriate City of San Bernardino Business License.”

Lowest Responsive and Responsible Bidder: The Bidder who fully complied with all of the bid requirements and whose past performance, reputation, and financial capability is deemed acceptable, and who has offered the most advantageous pricing or cost benefit, based on the criteria stipulated in the bid documents.

Local Vendor Preference: Any formal or informal bid submitted by a local bidder for goods or materials, shall receive a five percent (5%) credit for comparison purposes with other bidders. A five percent (5%) credit for comparison purposes shall be used for bidders of services. Municipal Code §3.04.100

Maintenance Services: The furnishing of labor, time, or effort by a contractor, including but not limited to:

- Routine, recurring, and usual work for the preservation or protection of a publicly owned, or publicly operated facility for intended purposes.
- Minor repainting.
- Resurfacing streets and highways at less than one inch.
- Landscape maintenance, including mowing, watering, trimming, pruning, planting, replacement of plants, and servicing of irrigation and sprinkler systems; and
- Other similar services that are generally classified as maintenance and not public projects.

Penalty Charge: A clause in a contract specifying the sum of money to be paid if the contractor defaults on the terms of the contract, particularly with respect to time.

Penalty Clause: Punitive language inserted in a competitive solicitation that details what action will be taken if the contractor does not perform in a satisfactory manner. (ISM, 2000)

Pre-Bid/Pre-Proposal Conference (Meeting): A meeting held by the buyer with potential bidders/proposers prior to the opening of the solicitation for the purpose of answering questions, clarifying any ambiguities, and responding to general issues to establish a common basis for understanding all of the requirements of the solicitation. May result in the issuance of an addendum to all potential providers. In certain situations, a mandatory conference may be advisable.

Pre-Solicitation Conference (Bidders or Suppliers Conference): An informal, typically non-mandatory, meeting inviting comments and suggestions from a representative group of suppliers on the draft of a proposed solicitation; this conference provides useful market analysis information to the buyer; **usually used for solicitation involving high technology or complex services.**

Prevailing Wage: the average wage paid to similarly employed workers in a specific occupation in the area of intended employment.

- Per www.dir.ca.gov. When the Director of the California Department of Industrial Relations determines that the general prevailing rate of per diem wages for a particular craft, classification, or type of work is uniform throughout an area, the director issues a determination enumerated county by county, but covering the entire area. General determinations are issued twice a year, February 22 and August 22nd.

Price: 1. A value placed on an object or service provided by a seller to a buyer. 2. The money value of a unit of a good, service, or resource. 3. The total amount, in money or other consideration, to be paid or charged for a commodity normally includes all costs (direct labor, overhead, materials) a profit or fee.

Piggy-back (Piggyback Cooperatives Contracts or Government Contracts): A form of intergovernmental cooperative purchasing in which an entity will be extended the pricing and terms of a contract entered into by a larger entity. Generally, a larger entity will competitively award a contract that will include language allowing for other entities to utilize the contract which may be to their advantage in terms of pricing, thereby gaining economies of scale that they normally would not receive if they competed on their own.

Professional Service: A service rendered by member(s) of a recognized profession or possessing a special skill. Such a service is generally acquired to obtain information, advice, training, or direct assistance. See also: Nonprofessional Service.

Public Works (PW): According to Labor Code 1720, construction, alteration, demolition, installation, or repair work done under contract and paid for the whole or in part out of public funds, except work done directly by any public utility company pursuant to order of the Public Utilities Commission or other public authority. For purposes of this paragraph, “construction”

includes work performed during the design and preconstruction 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 modular and/or affixed modular office systems.

Protest: A written objection by an interested party to a solicitation or award of a contract with the intention of receiving a remedial result.

Purchasing Agent: Individual who acts on behalf of any entity, such as a corporation, partnership, or any level of government as that entity conducts business. See also: Law of Agency, Principal, Buyer, General Agent, Special Agent.

Purchase Order: A purchaser's written document to a supplier formalizing all terms and conditions of a proposed transaction (e.g., description of the requested items, cost of items being purchased, delivery schedule, terms of payment, transportation).

A purchaser's written document to a supplier formalizing all the terms and conditions of a proposed "single" transaction, such as a description of the requested items, cost of items being purchased, delivery, schedule, terms of payment, and transportation. Purchase orders are only to be made by the Purchasing Division, except in the case of small purchases or in the case of an emergency. No employee is to request the delivery of goods or services without the issuance of a purchase order.

- Please note that a small purchase is a purchase that is less than or equal to \$10,000.

Purchase Order (Stand Alone): This type of transaction **is not** connected to a contract in any way. Stand Alone POs are created for one-time purchases, usually for equipment and materials. Stand Alone POs have their own terms and conditions. Once signed by the recipient it is a legally binding contract.

Purchase Order (Assigned to a Contract): This type of transaction **is** connected to a contract. The terms and conditions along with the expiration date of the contract extend to the Purchase Order. Purchase Orders that are contract specific/related should not be drafted beyond the expiration date of the contract that it is attached to. If the contract is extended, then the PO can be extended. If the contract expires, the PO cannot be extended beyond the expiration date of the contract.

Purchase Requisition (PR): A document created by a requestor authorizing the commencement of purchasing transaction. This typically will include a description of the need and other information that is relative to the transaction. A requisition may be submitted in hard copy or via eProcurement software.

Quote: An informal purchasing process which solicits pricing information from several sources. A price quote in general delivers a fixed price for a product or service. It is given to a customer by a supplier and can be either written or verbal. The quoted price is only valid for a certain period of time and can't be changed once the client accepts it.

- **What isn't a price quote:**

- A screen print from a vendor's website.
- A price taken from a newspaper or magazine advertisement.
- A price paid from a previous product. Pricing changes over time. It mustn't be assumed that the price of the product is the same as previously quoted.
- A verbal price given without written confirmation and/or follow-up.

Requisition: An internal document by which a using agency sends details of supplies, services, or materials required to the Purchasing Division.

Request for Comments (RFC): A document generated prior to an authorized procurement in order to request feedback from the contracting community or potential Proposers/Bidders, to seek information about a product or service in order to assist in the finalization of technical specifications, design specifications, or a statement of work.

Request for Information (RFI): A non-binding method whereby a jurisdiction publishes via newspaper, internet, or direct mail its need for input from interested parties for an upcoming solicitation. A procurement practice used to obtain comments, feedback, or reactions from potential responders (suppliers, contractors) prior to the issuing of a solicitation. Generally, price or cost is not required. Feedback may include best practices, industry standards, technology issues, etc.

Request for Proposal (RFP): The document used to solicit proposals from potential providers (Proposers) for goods and services. Price is usually not a primary evaluation factor. Provides for the negotiation of all terms, including price, prior to contract award. May include a provision for the negotiation of best of final offers. May be a single or multi-step process. This format of bidding was introduced in the Armed Services Procurement Act of 1962 as well as by the Competition in Contracting Act of 1984.

Request for Qualification (RFQual): A document that is issued by a procurement entity to obtain statements of the qualifications of potential responders (development teams or consultants) to gauge potential competition in the marketplace, prior to issuing the solicitation.

Request for Quotation (RFQ): Purchasing method generally used for small orders under a certain dollar threshold. A request is sent to suppliers along with a description of the commodity or services needed and the supplier is asked to respond with price and other

information by predetermined date. Evaluation and recommendation for award should be based on the quotation that best meets price, quality, delivery, service, past performance, and reliability.

Single Source: A Single Source is a procurement decision whereby purchases are directed to one source because of standardization, warranty, or other factors, even though other competitive sources may be available. A department must demonstrate in writing, to the Purchasing Agent that the purchase can only be obtained from a single source. The Purchasing Agent is satisfied with the price and the terms and conditions negotiated, for single source goods and services greater than \$10,000 and less than or equal to \$100,000; this will require approval by the Purchasing Agent. Approval for a single source procurement in excess of \$100,000 requires approval by the City Council.

Sole Source: Sole Source is used only when there is only one qualified company that has developed a patented or copyright product or service; when the product or service is required immediately due to a pressing emergency; or it is not in the public's interest to hold a competition. Examples would be (rights to data, copyrights, or patents, proprietary interest, or secret processes) to the manufacturing of the good or service. The word "sole" means only one. A sole source must meet certain requirements:

- a) Is the commodity or good or service the only of its kind?
- b) The commodity is available from one, and only one source.

Specifications: A precise description of the physical characteristics, quality, or desired outcomes of a commodity to be procured, which a supplier must be able to produce or deliver to be considered for award of a contract.

Splitting Purchases: To divide a purchase into two or more parts in order to avoid the requirements of the Purchasing Policy in Municipal Code 3.04. This action is strictly prohibited by the Code. Municipal Code § 3.04.090: It shall be unlawful to split or separate into smaller purchases, a purchase so as to bring the purchase within the provisions of any exemption or less stringent procedure provided herein.

For example, procurement cards may be used to make single purchases without quotes for up to \$10,000. An employee makes three purchases of \$9,000 on their p-card for materials for an event, rather than getting bids. Their total spend is \$27,000. When the Finance Department later audits p-card charges, they identify these charges as a split purchase that not only violated City Policy and Municipal Code but is illegal.

Surplus: 1. An overstock situation that occurs when the quantity of goods on hand exceeds the quantity of goods needed. The overstocked goods may be returned to the supplier, sold at

auction, or disposed of in a method acceptable to the entity. 2. The goods or materials that are obsolete or no longer needed by the agency and are designated for disposal. Surplus becomes available for disposal outside of the entity due to an unforeseen situation that affects the use of the item (for example, chairs or desks that have been replaced with new items). Disposal of surplus is governed by Municipal Code § 3.04.080.

SECTION 2: POLICIES

Policy

A set of general guidelines that are outlined by the City for talking about certain situations/issues.

The Purpose of Policies

To communicate city values, philosophy, and culture. Effective policies also lay the foundation for a healthy work culture. Maybe you've seen firsthand how policies influence culture, communicate expectations to employees, and guide day-to-day operations. Also, maybe you've seen the adverse effect of neglected policies.

What makes a good policy?

- Clear, concise, and simple language
- Policy explains the rule, not how to implement the rule (That is what Procedures are for and that is what the purchasing manual does.)
- Policies easily accessible by staff at all times.
- Represents a consistent, logical framework.



City of San Bernardino

City of San Bernardino Administrative Policy Purchasing Policy and Procedures Guide

Subject: Purchasing Policy and Procedures Guide

Purpose:

To set forth the policies governing procurement and contracting and to establish certain procedures concerning authorization, documentation, and expenditure for Agencies, Departments, and the City Manager of the City of San Bernardino. The City of San Bernardino has a goal of ethical and fair procurement, and open competition. This Purchasing Policy and Procedures Guide outlines procedures in compliance with Chapter 3.04 of the San Bernardino Municipal Code.

Authority: Resolution No. 2023-020

Scope:

Unless otherwise stipulated herein, this policy applies to all City Employees and Elected Officials making purchases on behalf of the City of San Bernardino. All such employees and officials shall comply with the provisions outlined in this policy. The purpose of any required documentation is to ensure transparency and provide sufficient evidence to anyone who reviews bids, proposals, and/or other purchasing materials that public funds were expended in compliance with this Purchasing Policy and Procedures Guide, San Bernardino Municipal Code, and applicable State and Federal law.

Exemption from Scope

None

TABLE OF CONTENTS

Section	Page
I. Introduction	3
II. Purchasing Expenditure and Approval Thresholds	6
III. Informal Procurement	7
IV. Competitive Procurement	7
V. Exemptions	8
VI. Protest Procedures	9
VII. Federal Emergency and Grant Procurement Procedures	10
VIII. Contracting	19
IX. Surplus Supplies and Equipment	20
X. Ethical Standards and Fair Processes	21
Exhibit A – Expenditure and Authorization Threshold Reference	24
Exhibit B – Contracting Guide	25

I. INTRODUCTION

(a) Purpose

Chapter 3.04 of the San Bernardino Municipal Code provides for the administration of the City's procurement processes, including the establishment of Purchasing Policy and Procedures Guide ("Policy"). The purposes and objectives of this Policy are:

1. To ensure compliance with all current laws and regulations
2. To promote transparency of the City's procurement activities
3. To establish standardized, cost-effective, and efficient purchasing methods
4. To ensure continuity of City operations
5. To promote fair competitive processes
6. To maintain integrity and fairness
7. To support the City's mission and serve the best interest of the public

This Policy shall not apply to the procurement of Public Works Projects. Procurement procedures for Public Works Projects are defined in Chapters 12.20, 12.21 and 12.24 of the San Bernadino Municipal Code.

(b) Definitions

In construing the provisions of this Policy, the following definitions shall apply:

Cooperative Purchasing – Cooperative purchasing is an arrangement in which multiple entities combine their buying requirements onto a single contract and aggregate volume to enhance their purchasing power.

Emergency – A sudden, unexpected occurrence that poses a clear and imminent danger, requiring immediate action to prevent or mitigate the loss or impairment of life, health, property, or essential public services as defined by California Public Contract Code Section 1102.

Emergency Purchase – A purchase or procurement of supplies, equipment or services made during an emergency as defined under Section VI(A) and MC 3.04.070.

General Services - furnishing of labor, time, or effort by a contractor for non-professional services as the City may, from time to time, find necessary and proper for the functioning of the City. Examples include, but are not limited to, janitorial, uniform cleaning, maintenance and other services which do not require any unique skill, special background or training.

Goods - any and all supplies, materials, articles, equipment, apparatus, vehicles, things, or property, other than real property, furnished to be used by the City.

Local Business – The vendor (i) has fixed facilities with employees located at a business address within the City of San Bernardino city limits (a PO box or residence is insufficient); and (ii) has an appropriate City business license/permit, pursuant to MC 3.04.100.

Lowest Responsive, Responsible Bid – A bid from a responsible bidder, defined as a bidder qualified to do the solicited work, that conforms in all materials respects to the solicitation, and is the lowest price among qualified, responsive bids.

Maintenance Services - the furnishing of labor, time or effort by a contractor, including but not limited to:

- Routine, recurring, and usual work for the preservation or protection of a publicly owned, or publicly operated facility for intended purposes;
- Minor repainting;
- Resurfacing streets and highways at less than one inch;
- Landscape maintenance, including mowing, watering, trimming, pruning, planting, replacement of plants, and servicing of irrigation and sprinkler systems; and
- Other similar services that are generally classified as maintenance and not public projects.

Piggyback – (See Cooperative Purchasing).

Professional Services - services provided by a person, company, corporation, or firm engaged in a profession based on a generally recognized special knowledge, skill, license, and/or certification to perform the work including, but not limited to, the professions of accountant, attorney, artist, architect, landscape architect, construction manager, engineer, environmental consultant, dentist, physician, training or educational consultant, or land surveyor, and whose services are considered distinct and unique.

Protest – A protest is a challenge to the award or proposed award of a contract for the procurement of goods and/or services, or a challenge to the terms of a solicitation for such a contract.

Purchase Order (PO) – A purchase order, or PO, is an official document issued by the City committing to pay a vendor for the sale of specific products or services to be delivered in the future.

Purchasing Agent – An employee who purchases materials and supplies and solicits bids on behalf of the City.

Request for proposal (RFP) – A request for proposal (RFP) is a document that solicits firms to submit a proposal to perform the scope of work associated with a proposed project. Cost is not the sole basis for selection in an RFP; other qualifications including experience, turnaround time and approach to work are important factors when evaluating proposals. RFPs are project specific, and preparation requires general knowledge of the project. It is expected that interested parties would do a limited amount of work to develop a quality proposal.

Request for Qualification (RFQual) – A request for qualifications (RFQual) is a document that solicits firms to submit information about their qualification and capabilities to perform the type of work associated with a proposed project. The preparation of an RFQual generally does not require specific project knowledge or scope. An RFQual may be used as a pre-qualification step to engaging a service provider. If an RFQual is required, only those candidates who successfully respond to it and meet the qualification criteria will be included in the subsequent RFP process. An RFQual will contain specific reference to selection criteria.

Request for Quote (RFQ) – A formal or informal solicitation of price quotes.

Services - either general services, maintenance services, or professional services.

Sole Source – A sole source purchase means that only one supplier, to the best of the requester's knowledge and belief, based upon thorough research, can provide the required product or service.

Surplus Supplies and/or Equipment – City owned materials, supplies and/or equipment deemed to be no longer useful or otherwise obsolete. See MC Section 3.04.080.

(c) **Organization**

The Purchasing Division is part of the Finance Department, which is responsible for carrying out written administrative procedures adopted by the City Council related to procurement (M.C. § 3.04.020).

(i) Purchasing Division.

The Purchasing Division is responsible for the oversight and internal control related to procurement and purchasing including, but not limited to:

- i. Ensuring compliance with Chapter 3.04 of the San Bernardino Municipal Code and this Policy.
- ii. Developing technical review matrices for proposals
- iii. Carrying out the initial review of Bids/Proposals
- iv. Verifying that all legal and other required internal reviews are completed
- v. Ensuring that departments are using the correct contract templates
- vi. Opening sealed bids
- vii. Certification of Sole Source Procurements
- viii. Managing the City's Disadvantaged Business Enterprise (DBE) and Small Business Enterprise (SBE) Program and reporting results to City Management and the Mayor and City Council.

(ii) Purchasing Division Manager ("Purchasing Manager").

The Purchasing Manager is a critical internal control position. While not empowered to make purchases directly, the Purchasing Manager ensures that the City complies with applicable procurement law, grant funding requirements, the San Bernardino Municipal Code and this Policy. The Purchasing Manager is responsible for internal control and compliance related items including, but not limited to:

- i. Reviewing selection of vendors for compliance with open and fair competition
- ii. Responding to any bid protests
- iii. Reviewing the DBE and SBE program including verifying affirmative steps and auditing results
- iv. Reviewing contracts before they are submitted for final signatures

- v. Periodic audits for compliance with applicable law, the San Bernardino Municipal Code and the Policy

II. PURCHASING EXPENDITURE AND APPROVAL THRESHOLDS

(a) Purchasing Requirements by Expenditure Threshold

(i) Purchases up to \$10,000 (Micro-Purchases):

1. Purchases up to \$10,000 may be purchased using a Procurement -Card ("P-Card") or through a check request.
2. No formal bids or quotes are required.
3. Purchases of \$10,001 and over shall not be divided into multiple smaller purchases or invoices to circumvent required procedures. This is "split purchasing" and is unlawful and a violation of the Policy and the San Bernardino Municipal Code. (M.C. § 3.04.090).

(ii) Purchases Between \$10,001 and \$40,000 (Small Purchases):

1. Purchases in this category are processed informally through the simplified process outlined in Section III of this Policy and may be processed directly by the department making the purchase.
2. Competitive Bidding may be used for purchases under \$40,000 at the discretion of the Agency or Department Director.

(iii) Purchases Above \$40,000:

1. Purchases in this category are subject to competitive bidding or competitive selection outlined in Section IV of this Policy, depending on the type of purchase (formal procurement procedures).
2. Reporting. All contracts in this category signed by the City Manager, Agency Directors, Directors and/or their designees shall be reported (in list form) to the Mayor and City Council at each Regular City Council meeting during the City Manager Update.

(b) Purchasing Authority by Expenditure Threshold

(i) Purchases up to \$50,000:

1. Purchases in this category may be authorized and signed by Agency/Department Directors and/or the City Manager or their designee.

(ii) Purchases between \$50,001 and \$100,000:

1. Purchases in this category may only be authorized and signed by the City Manager or the Assistant City Manager with prior written authorization from the City Manager in the City Manager's absence.

(iii) Purchases over \$100,000:

1. Purchases in this category may only be authorized by the Mayor and

City Council.

III. INFORMAL (SIMPLIFIED) PROCUREMENT PROCESS

Purchases for goods, services, and materials that are subject to the informal procurement process may be processed through vendor quotations as follows:

- (a) Three (3) written quotes should be obtained.
- (b) Departments shall strive to obtain written price quotes from three or more potential contractors or suppliers and accept the quote which is determined to be in the best interests of the City. Written price quotes shall be retained and provided as backup for the purchase requisition. If unable to obtain a minimum of three (3) price quotes, staff shall document that reasonable efforts were made to obtain price quotes or proposals including, that there were no other vendors to solicit price quotes or proposals from or that they solicited to other vendors and one or more declined to provide a quote or proposal.
- (c) Award shall be made to the best qualified vendor presenting a quote or proposal that is in the City's best interests. For purchases subject to the informal procurement process, criteria other than price may be used. For example, delivery time, quality, and vendor experience may impact the selection of quotes. If using criteria other than price, the criteria should be stated somewhere on the quote documentation for audit purposes.
- (d) Contracts for the purchase of professional services shall be awarded to the best qualified vendor on the basis of demonstrated competence and professional qualifications. While a reasonable price is always a consideration in selecting a vendor, it cannot be the sole factor in selecting a vendor for professional services.

IV. FORMAL PROCUREMENT PROCESS

- (a) Purchases for goods, services, and materials that are subject to the formal procurement process shall be processed utilizing an RFP, RFQual or RFQ process as described in this Section. The RFP, RFQual or RFQ process shall be utilized to engage services on the basis of demonstrated competence and qualifications for the types of services to be performed and at fair and reasonable prices to the City. The following minimum guidelines and procedures shall be implemented.
 - (i) Notice Inviting RFQs or RFPs. At a minimum, the notice inviting RFQs, RFQuals or RFPs shall: (1) describe the project; (2) state how to obtain more detailed information about the project; (3) state the date, time and place for the submission of qualifications or proposals; (4) describe general parameters for evaluation and selection; and (5) include any other information required by state or local law.
 - (ii) Published Notice. City staff shall solicit RFQs, RFQuals or RFPs via published notice in a newspaper of general circulation and/or the City's website at least ten

(10) calendar days before the date for receiving qualifications or proposals, unless exigent circumstances call for a shorter time.

- (iii) Review of Qualifications or Proposals. The City will receive qualifications or proposals at the date, time and place of submission on the notice inviting RFQs/RFQuals/RFPs. Any proposals received after the proposal opening time will be time/date stamped and returned unopened to the proposer. The City will review and evaluate qualifications or proposals based on the evaluation and selection criteria in the RFQs/RFQuals/RFPs and rank proposals based on factors listed in the RFQ/RFQual/RFP.
- (iv) Negotiation. Once proposals are ranked, the City may negotiate a contract with the highest ranked proposer only, may negotiate with multiple proposers, or may attempt to reach an agreement with the highest ranked proposer before negotiating with other proposers in order of ranking. The City may also dispense with negotiations and recommend an award based on the proposals.
- (v) Award. Award for professional services contracts shall be to the best qualified vendor who will best serve the City's interests taking into account the demonstrated competence, professional qualifications and suitability for the project. Award for other contracts shall to the vendor offering the best value to the City, in the City's sole and absolute discretion.
- (vi) Rejection of Bids. The City Council may, in its sole and absolute discretion, reject all proposals presented and re-advertise.

V. EXEMPTIONS

Exemptions from the procurement process may be requested under the following circumstances:

- (a) **Emergency Purchases.** An exemption may be granted in case of an emergency, which is so urgent as to preclude advance action by the Mayor and Common Council and which requires purchase of supplies, materials, equipment, and contractual service.
 - (i) In such a case, the City Manager shall have the authority to authorize the Purchasing Division to secure in the open market such supplies, materials, equipment, or contractual services as deemed necessary.
 - (ii) This emergency authority shall extend to all purchases; irrespective of the fact that amount might exceed the City Manager's authorization threshold. In such instances a full explanation of the emergency circumstances shall be filed with the Mayor and City Council (MC § 3.04.070).
 - (iii) If emergency work is performed, the Purchasing Division should be notified by the next business day, or as soon as practical. This will allow the Purchasing Division to properly ratify purchase orders.

- (iv) An emergency includes the following: (1) a public calamity; (2) an immediate need to prepare for national or local defense; (3) the breakdown of machinery or equipment causing a service impediment requiring immediate resolution; (4) a hazard to public health or welfare; and (5) situation in which the City will be unable to perform services for the public.
- (b) **Cooperative Purchases.** The City may engage in cooperative purchasing for goods or services as a third-party agency "piggybacking" on another agency's competitively bid agreement. Cooperative purchasing reduces administrative expenses and secure prices and other benefits of a large volume purchase. Caution must be exercised to ensure that the City is in compliance with all applicable federal, state, and local laws as well as the Policy. The Purchasing Division must be consulted prior to any department engaging in cooperative purchasing.
- (c) **Sole Source.** When a department determines that the goods, services or public project can only be obtained from a sole source. For example, only one manufactured makes an item that meets the required specifications or only one item is compatible with existing equipment. Price cannot be used in a determination of sole source. This is an indication of competition in the marketplace.

A sole source purchase is a method of acquisition; it shall not be used to avoid competition. A sole source justification memo is required for any sole source purchase over \$10,000. The sole source justification memo must be approved by the Purchasing Manager before the purchase is completed.
- (d) **Public Works Projects.** This Policy shall not apply to the procurement of Public Works Projects. Procurement procedures for Public Works Projects are defined in Chapters 12.20, 12.21 and 12.24 of the San Bernadino Municipal Code.
- (e) **Purchases Approved by Mayor and City Council.** A purchase that is otherwise approved by the action of the Mayor and City Council in a public meeting is exempt from this Policy.
- (f) **Federal/Grant-Funded Procurement.** Federal/grant-funded procurements shall be exempt from this Policy if such funding requires compliance with an alternative set of procurement rules not in compliance with this Policy. This is more particularly described in Section VII(c) of this Policy.
- (g) **Exemptions Authorized by San Bernardino Municipal Code Section 3.04.010(D)(1).** Items listed in San Bernardino Municipal Code section 3.04.010(D)(1) shall be exempt from this Policy. This includes, but is not limited to, purchases/sales from other governmental agencies.
- (h) **Inadequate Competition.** Inadequate competitive is defined as when, after solicitation from a number of sources (which must be documented for audit purposes), competition is determined to be inadequate. Inadequate competition includes the lack of receipt of responsive bids.

VI. PROTEST PROCEDURES

- (a) **Right to Protest.** Prior to making the award, any responsible bidder in connection with

the award of a contract may protest the award. A subcontractor of a bidder or proposer may not submit a protest. This Section shall apply to all contracts awarded by the City Council through a formal competitive process, including but not limited to a formal bid or formal request for proposal process. The protest procedure does not apply to contracts that are awarded at the staff level or through a non-competitive process (e.g., by sole source). The protest procedure is solely to serve the public interest and obtain finality of City contract awards.

- (b) **Procedure.** The protest must:
 - (i) Be filed in writing within five (5) calendar days after the bid opening date relating to any Bid. Any protest relating to a City determination or recommendation regarding the bidder's bid must be submitted within five (5) calendar days after the City makes the determination or recommendation
 - (ii) Clearly identify the specific irregularity or accusation;
 - (iii) Clearly identify the specific City staff determination or recommendation being protested, if applicable;
 - (iv) Specify in detail the legal grounds for protest and the facts supporting the protest; and
 - (v) Include all relevant, supporting documentation with the protest at time of filing.
- (c) **City Response.** Any grounds not raised in the written protest are deemed waived by the protesting bidder. If the protest does not comply with each of these requirements, the City may reject the protest without further review. If the protest is timely and complies with the above requirements, the City shall review the protest, any response from the challenged bidder(s), and all other relevant information. The City will provide a written decision to the protestor in a reasonable amount of time.
- (d) **Effect of Failure to Comply with Protest Procedures.** The procedure and time limits set forth are mandatory and are the sole and exclusive remedy in the event of a bid protest. Failure to comply with these procedures shall constitute a failure to exhaust administrative remedies and a waiver of any right to further pursue the bid protest, including filing a Government Code Claim or legal proceeding.
- (e) **Conflicts.** The protest procedure contained in this Section shall not apply if a particular procurement solicitation contains a different protest procedure.

VII. FEDERAL EMERGENCY AND GRANT PROCUREMENT PROCEDURES

- (a) **Purpose.** The purpose of these Federal Emergency and Grant Procurement Procedures is to define the practices and policies governing the procurement of services, and goods (i) in preparation of, during, and after an emergency that may be subject to federal funding or reimbursement; (ii) when using federal grant funds subject to the regulations set forth in the following sentence. These Federal Emergency and Grant Procurement Procedures are compliant with Title 2 of the Code of Federal Regulations Part 200,

Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards ("Uniform Guidance").

(b) **Federally Declared Emergencies and Federal Grants; Procurement and Contracting Requirements**

- (i) In the event of an emergency declared by the President of the United States, the City must comply with Federal procurement standards as a condition of receiving public assistance funding from the Federal Emergency Management Agency (FEMA) for contract costs for eligible work. FEMA funding is governed by the Uniform Guidance.
- (ii) In addition, most federal grant funding is also subject to the Uniform Guidance. Federal grant compliance requires the grantee to conduct procurements in accordance with written procurement policies and procedures that comply with the requirements set forth in the Uniform Guidance. These procurement procedures shall be complied with in connection with utilization of federal grant funding by the City, in addition to any other specific grant requirements.
- (iii) These procedures are in addition to and are not intended to replace or supersede the City's other procurement requirements in this Policy or state law. In the case of a conflict between these procedures, the more stringent requirement shall govern, provided that the more stringent requirement would not violate a federal procurement requirement. In such case, for federally funded contracts, the federal requirement shall govern.

(c) **Conflicts of Interest**

- (i) Standards of Conduct for Conflicts of Interest. No employee, officer or agent of the City shall participate in selection, or in the award or administration of a contract supported by federal funds if a conflict of interest, real or apparent, would be involved. Such a conflict would arise when: The employee, officer or agent; any member of his immediate family; his or her partner; or an organization which employs, or is about to employ, any of the above, has a financial or other interest in the firm selected for award. The City's officers, employees or agents will neither solicit nor accept gratuities, favors or anything of monetary value from contractors, potential contractors, or parties to sub-agreements. Such a conflict will not arise where the financial interest is not substantial, or the gift is an unsolicited item of nominal intrinsic value. Employees must follow applicable laws, rules, and regulations in regard to conflicts of interest including, but not limited to, the Political Reform Act, the prohibition against contractual conflicts of interest, and guidelines in the California Code of Regulations regarding acceptance of gifts.
- (ii) Violations. Disciplinary actions to be applied for violations of the above standards are as follows.
 - (1) The violation of these Standards of Conduct by City employees will subject the violator to any disciplinary proceedings or action deemed

appropriate by the City Manager. Employees may correct a violation in any manner provided for under the Political Reform Act, and its implementing regulations.

- (2) The violation of any of these Standards of Conduct by City officers will require correction of the violation in any manner provided for under the Political Reform Act, and its implementing regulations.
- (3) Contractors or subcontractors that violate these Standards of Conduct as relates to an active federally funded procurement may be prohibited from bidding on the procurement, or may be subject to other action as deemed appropriate by the City Manager.
- (4) Agents of the City that violate these Standards of Conduct as relates to federally funded procurements may be prohibited from participation on behalf of the City on federally funded projects, or subject to other action as deemed appropriate by the City Manager.

(d) **Procurement Standards**

- (i) Oversight. The City shall maintain administrative oversight of contractors to ensure that contractors perform in accordance with the terms, conditions and specifications of their contracts or purchase orders.
- (ii) Economical Approach. The City must avoid acquisition of unnecessary or duplicative items. Consideration should be given to consolidating or breaking out procurements to obtain a more economical purchase. Where appropriate, an analysis will be made of lease versus purchase alternatives, and any other appropriate analysis to determine the most economical approach. The City will enter into state and local intergovernmental agreements or inter-entity agreements where appropriate for procurement or use of common or shared goods and services. If feasible and it reduces project costs, the City will explore using federal excess and surplus property in lieu of purchasing new equipment and property. When appropriate, the City will investigate using value engineering clauses in contracts for construction projects of sufficient size to offer reasonable opportunities for cost reductions.
- (iii) Detailed Records. The City shall maintain records sufficient to detail the history of each procurement. These records will include but are not necessarily limited to the following: rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price.
- (iv) Procurement Issues. The City alone shall be responsible, in accordance with good administrative practice and sound business judgment, for the settlement of all contractual and administrative issues arising out of procurements. These issues include, but are not limited to, source evaluation, protests, disputes and claims. Protest procedures or information on obtaining the procedures shall be included in the procurement documents.

(e) **Competition**

- (i) Full and Open Competition. In order to ensure objective contractor performance and eliminate unfair competitive advantage, contractors that develop or draft specifications, requirements, statements of work, or invitations for bids or requests for proposals must be excluded from competing for such procurements. Some of the situations considered to be restrictive of competition include but are not limited to:
 - (1) Placing unreasonable requirements on firms in order for them to qualify to do business;
 - (2) Requiring unnecessary experience and excessive bonding;
 - (3) Noncompetitive pricing practices between firms or between affiliated companies;
 - (4) Noncompetitive contracts to consultants that are on retainer contracts;
 - (5) Organizational conflicts of interest, as further detailed herein;
 - (6) Specifying only a “brand name” product instead of allowing “an equal” product to be offered and describing the performance or other relevant requirements of the procurement; and
 - (7) Any arbitrary action in the procurement process.
- (ii) Organizational Conflicts of Interest. An unfair competitive advantage could result if a contractor were allowed to submit a bid or proposal for work described in a specification or statement of work that the contractor itself developed. For the purpose of eliminating a potential unfair competitive advantage, and in compliance with applicable state and federal laws and regulations, a contractor that develops or assists in developing specifications, requirements, statements of work, invitation for bids, and/or request for proposals for City procurement is excluded from competing for the resultant procurement, unless an appropriate waiver is issued by the City. All waivers will be assessed by the City on a case-by-case basis.
- (iii) Geographical Preference. The City shall conduct procurements in a manner that prohibits the use of statutorily or administratively imposed in-state or local geographical preferences in the evaluation of bids or proposals, except in those cases where applicable federal statutes expressly mandate or encourage geographic preference. When contracting for architectural and engineering (A/E) services, geographic location may be a selection criterion provided its application leaves an appropriate number of qualified firms, given the nature and size of the project, to compete for the contract.
- (iv) Procurement Transactions. The City shall require the following information for procurement transactions:

- (1) A clear and accurate description of the technical requirements for the material, product, or service to be procured. Such description shall not, in competitive procurements, contain features which unduly restrict competition. The description may include a statement of the qualitative nature of the material, product or service to be procured, and when necessary, shall set forth those minimum essential characteristics and standards to which it must conform if it is to satisfy its intended use. Detailed product specifications should be avoided if at all possible. When it is impractical or uneconomical to make a clear and accurate description of the technical requirements, a brand name or equal description may be used as a means to define the performance or other salient requirements of procurement. The specific features of the named brand which must be met by offerors shall be clearly stated; and
- (2) All requirements which the offerors must fulfill and all other factors to be used in evaluating bids or proposals.
- (v) Prequalification Lists. The City shall ensure that all prequalified lists, if used, of persons, firms or products which are used in acquiring goods and services are current and include enough qualified sources to ensure maximum open and free competition. The City shall not preclude potential bidders from qualifying during the solicitation period.

(f) **Procurement Procedures**

The thresholds below are federal thresholds. If City thresholds are lower, the more restrictive requirement shall govern, notwithstanding the provisions herein.

- (i) Micro-Purchases. Purchases within the micro-purchase threshold (e.g., currently set at purchases of \$10,000 or less but periodically adjusted for inflation) may be awarded without soliciting competitive quotations if the City considers the price to be reasonable. To the extent practicable, the City must distribute micro-purchases equitably among qualified suppliers.
- (ii) Small Purchases. Purchases within the simplified acquisition threshold (e.g., currently set at purchases of \$40,000 or less) shall not be required to be formally bid. Price quotations must be received from no less than three (3) sources.
- (iii) Formal, Sealed Bidding.
 - (1) Bids are publicly solicited and a firm-fixed-price contract (lump sum or unit price) is awarded to the responsible bidder whose bid, conforming to all the material terms and conditions of the invitation for bids, is the lowest in price. Formal, sealed bidding is required for purchases greater than the simplified acquisition threshold, which is currently set at \$40,000, or as may be adjusted by the Federal Acquisition Regulation, pursuant to 48 CFR § 2.101.

- (2) This is the preferred method for procuring construction, if a complete, adequate, and realistic specification or purchase description is available; two or more responsible bidders are willing and able to compete effectively and for the business; and the procurement lends itself to a firm-fixed-price contract and the selection of the successful bidder can be made principally on the basis of price.
- (3) The City must publicly advertise the Invitation for Bids and publicly open all bids at the time and place prescribed in the invitation.
- (4) Any contracts awarded pursuant to this procedure shall be to the lowest responsible bidder submitting a responsive bid and shall be for a firm fixed price. Any or all bids may be rejected if there is a sound documented reason.

(iv) Competitive Proposals.

- (1) When the nature of a procurement does not lend itself to formal, sealed bidding, the City may solicit competitive proposals. The technique of competitive proposals is normally conducted with more than one source submitting an offer, and either a fixed-price or cost-reimbursement type contract is awarded.
- (2) A request for proposals (RFP) must be publicly advertised, and the City must solicit proposals from an adequate number of sources. The RFP must identify all evaluation factors and their relative importance; however, the numerical or percentage ratings or weights need not be disclosed.
- (3) Evaluation factors that will be considered in evaluating proposals shall be tailored to each procurement and shall include only those factors that will have an impact on the selection decision.
 - a. The City's procurement officer shall establish a formal evaluation committee, of at least two persons. The size of an evaluation committee should be based on the size and complexity of the goods or services being procured and well balanced and represented by individuals involved with the procurement and/or affected by the goods or services being procured.
 - b. The evaluation committee will be charged with responsibility for evaluating proposals in accordance with the evaluation criteria in the solicitation, short listing firms, establishing a competitive range, and/or recommending a firm or firms for contract award.
- (4) Any contract awarded based on the competitive proposal procurement process cannot be based exclusively on price or price-related factors.

- (5) If a contract is awarded, it shall be to the responsible firm whose proposal is most advantageous to the City (“best value”), with price and other factors considered.
- (v) Competitive Proposals for A&E Services. The competitive proposal procedures above may be used for procurement of architect and engineering (A&E) services, provided that proposers must be evaluated based on competence and qualifications, without regard to price. For A&E procurements, price will not be used as a selection factor. The City will rank proposers based on qualifications only, and attempt to negotiate fair and reasonable compensation with the highest ranked proposer. If negotiations with the highest ranked proposer are unsuccessful, such negotiations will be terminated and the City will commence negotiations with the next highest ranked proposer. This process shall be continued with successive qualified proposers until agreement is reached that is determined to be fair and reasonable.
- (vi) Noncompetitive Procurements.
 - (1) Contracts may be procured through a noncompetitive proposal only when:
 - a. The item is only available from a single source;
 - b. The public exigency or emergency for the requirement will not permit a delay resulting from competitive solicitation;
 - c. The Federal awarding agency or pass-through entity expressly authorizes noncompetitive proposals in response to a written request from the City; or
 - d. Competition is deemed inadequate after the solicitation of a number of sources.
- (vii) Public Projects. Public projects shall be procured by the City’s formal contract bid procedures, if any, and the formal, sealed bidding in this section. If there is conflict between the foregoing, the more restrictive requirements shall apply.
- (viii) Award.
 - (1) Responsible Contractor. The City shall award contracts only to responsible contractors possessing the ability to perform successfully under the terms and conditions of a proposed procurement. Consideration will be given to such matters as contractor integrity, compliance with public policy, record of past performance, and financial and technical resources.
 - (2) Debarment and Suspension. In accordance with 2 CFR 200.213, in connection with the responsibility determination, a check of debarment and suspension using the System for Award Management (SAM),

www.sam.gov, must be performed and documented in the procurement records prior to award.

(g) **Contracting with Small and Minority Firms, Women's Business Enterprises, and Labor Area Surplus Firms**

- (i) The City must take all necessary affirmative steps to ensure the use of minority businesses, women's business enterprises, and labor surplus area firms when possible, as set forth at 2 CFR § 200.321 and detailed below. The City shall:
 - (1) Place qualified small and minority businesses and women's business enterprises on solicitation lists;
 - (2) Assure that small and minority businesses, and women's business enterprises are solicited whenever they are potential sources;
 - (3) Divide total requirements, when economically feasible, into smaller tasks or quantities to permit maximum participation by small and minority businesses, and women's business enterprises;
 - (4) Establish delivery schedules, where the requirement permits, which encourage participation by small and minority businesses, and women's business enterprises;
 - (5) Use the services and assistance, as appropriate, of such organizations as the Small Business Administration and the Minority Business Development Agency of the Department of Commerce; and
 - (6) Require the prime contractor, if subcontracts are to be let, to take the affirmative steps listed in paragraphs (1) through (5) of this section.
- (ii) The City shall document the steps above, and any relevant findings applicable to any of the steps above in its procurement file.

(h) **Cost and Price**

- (i) Cost or Price Analysis. The City shall perform a cost or price analysis in connection with every procurement action, including contract modifications, in excess of the simplified acquisition threshold. While the method and degree of analysis depend on the facts surrounding the particular procurement situation, the City must, at a minimum, make independent estimates before receiving bids or proposals.
- (ii) Profit. The City shall negotiate profit as a separate element of the price for each contract in which there is no price competition and in all cases where a cost analysis is performed as required by 2 CFR § 200.323(b).

- (iii) Estimated Costs. Costs or prices based on estimated costs for contracts are allowable only to the extent that costs incurred or cost estimates included in negotiated prices would be allowable for the City under 2 CFR 200.400 et seq.

(i) **Payment Procedures**

- (i) Method of Contracting. Contracts entered into pursuant to these procedures shall utilize only fixed-price, cost-reimbursement, or, to a limited extent, time and materials payment methods.
- (ii) Prohibited Methods of Contracting. The City shall not use the cost plus a percentage of cost or percentage of construction cost methods of contracting for any work for which federal reimbursement will be sought.
- (iii) Time and Materials ("T&M") Contracts
 - (1) T&M contracts should be used rarely, and the use of T&M contracts should be limited to a reasonable time period (e.g., no more than 70 hours) based on circumstances during which the City cannot define a clear scope of work.
 - (2) The City shall only enter into a time and materials contract if all of the following apply:
 - a. The City has determined and documented in the project file that no other contract is suitable;
 - b. The contract has a guaranteed maximum price that the contractor exceeds at its own risk; and
 - c. The City provides a high degree of oversight to obtain reasonable assurance that the contractor is using efficient methods and effective cost controls.
 - (3) The City must define the scope of work as soon as possible to enable procurement of a more acceptable type of contract (i.e., non-T&M).
- (iv) Separate Invoicing. All purchases made during a proclaimed emergency shall require separate invoicing from routine (i.e., non-emergency related) purchases. All invoices shall state the goods, services, or equipment provided and shall specify where the goods or services were delivered. All invoices shall specify the location(s) where the goods or services were used, if possible. Any invoice which fails to properly identify the emergency nature of the purchase and provide details as to the date(s) and location(s), as appropriate, shall not be paid until such errors are corrected by the vendor and re-submitted in correct form.
- (v) Auditing of Invoices for Debris Removal. All invoices for debris clearance and removal shall be audited prior to payment to the contractor. Contractors shall be notified of this requirement prior to the award 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.

(j) **Bonding Requirements**

- (i) Bonding. For construction or facility improvement contracts or subcontracts exceeding the simplified acquisition threshold (See 2 CFR 200.88), the City shall require at a minimum:
- (1) A bid guarantee from each bidder equivalent to five percent of the bid price.
 - (2) A performance bond on the part of the contractor for 100 percent of the contract price.
 - (3) A payment bond on the part of the contractor for 100 percent of the contract price.

(k) **Procurement of Recovered Materials**

- (i) For procurements covered under these procedures, the City and its contractors must comply with section 6002 of the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act. In accordance with these requirements, the City shall only procure items designated in the guidelines of the Environmental Protection Agency (EPA) at 40 CFR part 247 that contain the highest percentage of recovered materials practicable, consistent with maintaining a satisfactory level of competition; procuring solid waste management services in a manner that maximizes energy and resource recovery; and establishing an affirmative procurement program for procurement of recovered materials identified in the EPA guidelines.
- (ii) This requirement applies to purchases of items when the purchase price of the item exceeds \$10,000, or the value of the quantity acquired during the preceding fiscal year exceeded \$10,000.

- (l) **Contract Provisions.** The City's contracts shall contain the applicable provisions described in Appendix II to Part 200 – Contract Provisions for Non-Federal Entity Contracts Under Federal Awards.

VIII. CONTRACTING

- (a) Standard Contract Templates. The City utilizes written contracts to document each party's obligation and to minimize the City's risks during the performance of services or supply of goods. Contracts include standard terms and conditions that serve as the framework and a statement of work that serves as the substance, of the contract. During the course of the relationship between the parties, the contract serves as a point of reference which may quickly resolve any misunderstanding.

- (i) The contract templates include forms for: professional and consulting services, maintenance services, software licensing, and the purchase of goods. The type of contract used for a particular procurement is determined by the nature of the transaction. The City has a set of contract templates that can be found on the City's Intranet.
 - (ii) The Purchasing Division can aid departments in determining which type of contract is needed. Exhibit B provides a brief explanation when certain contract templates should be used.
 - (iii) Questions regarding contract terms should be directed to the City Attorney's Office. Under no circumstances should contract terms and conditions be adjusted, changed, or deleted by anyone other than a representative of the City Attorney's Office.
- (b) Non-Standard Contracts. In some cases, vendor services or products are specialized, and a department may wish to use the vendor contract. However, doing so requires specialized legal review. It is important to note that this can add anywhere from two (2) to four (4) weeks to the contracting process. This additional time must be allowed for to ensure that the City's interests are protected.
- (c) Contracts NOT Required. Neither a contract, nor a purchase order is required for the following: payroll-related expenses such as insurance or retirement payments as approved by City Council through the budget, other insurance premiums, petty cash, travel advances or reimbursements, utility payments, membership dues, subscriptions, debt service, various "pass-through" payments, or other mandated expenditures. Claim forms should be used to pay these items.

IX. SURPLUS SUPPLIES AND EQUIPMENT

- (a) Submitting Reports. The applicable Department Head or their designee(s) will notify the Purchasing Division in writing of surplus supplies and/or equipment and request disposal. This notification shall list each item, acquisition date or estimated age, acquisition price (if known), condition, and any known defect not readily apparent through visual inspection.
- (b) Review. The Purchasing Division shall review the surplus items and determine if any other City department has a use for the property.
- (c) Disposing of Surplus. If the Purchasing Division determines that the surplus items are not functionally or economically suitable for further City use, they shall dispose of the items by using a public auction, sealed bids or through negotiated sale for items valued at more than \$10,000. For recyclable items equal to or less than \$10,000, Purchasing may dispose of those items through a scrap metal or a recycling vendor if the cost to do so does not outweigh the value received in return.
- (d) Donation. Surplus items valued less than \$10,000, for which the City no longer has an identified use, may be donated to 501(c)3 organizations operating within the city limits of the City of San Bernardino.
- (e) Prohibitions. City employees and/or elected official of the City and their immediate

families shall not be eligible to purchase such surplus materials, supplies, and equipment.

X. ETHICAL STANDARDS AND FAIR PROCESSES

- (a) **Ethical Standards for Purchasing.** When placing City business with the business community, it is every employee's responsibility to follow good business and ethical practices and to adhere to the City's applicable law, policies, and procedures. This is a responsibility that should not be taken lightly as it is a duty under the law. All vendors shall be treated equally and fairly at all times by City personnel, with equal information given to each vendor who participates in a competitive situation. City employees must discharge their duties under this Policy in an impartial manner to foster the integrity of the City's purchasing function and to assure fair and open competition for City business and the selection of competent, responsible vendors.
- (b) **Conflicts of Interest.**
 - (i) No employee, officer, or agent of the City may participate in the selection, award, or administration of a contract pursuant to this Policy he or she has a real or apparent conflict of interest. A conflict of interest would arise when the City employee, officer, or agent, any member of his or her immediate family, his or her partner, or an organization which employs or is about to employ any of the parties indicated herein, has a financial or other interest in or a material benefit from a vendor considered for a contract. The officers, employees, and agents of the City may neither solicit nor accept gratuities, favors, or anything of monetary value from contractors or parties to subcontracts, subject to any applicable standards for determining whether a financial interest is not substantial, or a gift is an unsolicited item of nominal value.
 - (ii) California Government Code § 1090 prohibits City officers and employees from having a financial interest in any contract "made" by them or by any board or body of which they are members. Virtually all City Council members, officers, employees, and consultants of a public entity are considered public officials under Government Code §1090. In a case where a consultant is developing a scope of work for a future project, creation of that scope of work is considered part of the "making" of the contract and defined by Section 1090. As such the consultant would be prohibited from submitting a proposal and/or being awarded a contract for the work.
- (c) **Communications Related to Solicitations.**
 - (i) Bidders, proposers, and other potential vendors shall not contact City officials outside of the solicitation process and shall not make any efforts to unduly influence City decision-making or otherwise gain an unfair advantage outside of the solicitation process. Improper contacts or attempts to influence the selection process shall be grounds for automatic rejection.
 - (ii) To the maximum extent feasible, City representatives shall provide each vendor with the same information related to the solicitation. For formal bids, RFP's and

RFQ's, such information shall be provided in the form of an addendum to the solicitation.

(d) **Confidentiality and Transparency.**

- (i) Negotiations related to any solicitation shall be maintained with strict confidentiality. No City official or employee with knowledge of the City's bargaining position, or of the non-public position of other bidders or proposers, shall disclose such information for purposes of aiding a particular vendor, giving an advantage to a particular vendor over other bidders or proposers, or otherwise corrupting or frustrating the City's procurement efforts. This Section does not prevent the City's designated representative from engaging in negotiating tactics to obtain the best value to the City.
- (ii) All bids, proposals, quotes, and any related documents, including communications such as e-mails related to solicitations, are public records and shall be made available to the public upon request. However, public records may be withheld from disclosure while negotiations are pending, in accordance with applicable law.
- (iii) To the extent a solicitation involves proprietary information or trade secrets, vendors should mark the proprietary information as confidential. Information that is not proprietary or a trade secret shall not be marked confidential. Unless a law specifically and expressly allows price information to be confidential, all price proposals and other financial terms shall be public.
- (iv) City Council decisions on all contract awards shall strictly comply with the Ralph M. Brown Act (Government Code sections 54950, et seq.). City Council members and staff should not engage in any series of communications that result in a majority of the City Council deliberating on a proposed contract award outside of a properly noticed City Council meeting.

(e) **Disclosures.**

- (i) Solicitations should require that bidders, proposers and other potential vendors disclose: (1) any ex parte contacts made by the vendors or made by City officials to the vendors outside of the official procurement process, (2) any gifts, loans or other benefits (other than campaign contributions) made to City officials within the 12 months preceding the solicitations, (3) whether the vendor has knowledge that a City official will be financially interested in the contract. Vendors shall promptly notify the City if any City official requests any payment, contribution or any other quid pro quo in exchange for award of a contract.
- (ii) Vendors may be required by the Political Reform Act, and/or the Fair Political Practices Commission to disclose financial interests on the Form 700. Such vendors shall comply with all disclosure requirements.

(f) **Discipline/Censure.** Violations of the ethical and fair process requirements contained in this Section may be grounds for discipline (if by an employee) or censure (if by an elected official). Criminal violations, such as willful violations of Government Code section 1090, may be reported to the San Bernardino County District Attorney.

EXHIBIT A

EXPENDITURE AND AUTHORIZATION THRESHOLDS REFERENCE

Purchasing Requirements by Expenditure Threshold

Purchases up to \$10,000 (Micro-Purchases):

- Purchases up to \$10,000 may be purchased using a Procurement Card (“P Card”) or through a check request.
- No formal bids or quotes are required.
- Purchases of \$10,001 and over shall not be divided into multiple smaller purchases or invoices to circumvent required procedures. This is “split purchasing” and is unlawful and a violation of the Policy and the San Bernardino Municipal Code. (M.C. § 3.04.090).

Purchases Between \$10,001 and \$40,000 (Small Purchases):

- Purchases in this category are processed informally through the simplified process outlined in Section III of this Policy and may be processed directly by the department making the purchase.
- Competitive Bidding may be used for purchases under \$40,000 at the discretion of the Agency or Department Director.

Purchases Above \$40,000:

- Purchases in this category are subject to competitive bidding or competitive selection outlined in Section IV of this Policy, depending on the type of purchase (formal procurement procedures).

Purchasing Authority

Purchases up to \$50,000:

- Purchases in this category may be authorized and signed by Agency/Department Directors and/or the City Manager and/or their designee.

Purchases between \$50,001 and \$100,000:

- Purchases in this category may only be authorized by the City Manager or their designee.

Purchases over \$100,000:

- Purchases in this category may only be authorized by the Mayor and City Council.

EXHIBIT B

CONTRACTING GUIDE

Under this Policy, certain contract types are likely to arise for the purchase of goods and services. Here is a brief description of an appropriate situation to use each template.

Goods Purchase Agreement – To be used when the City desires to purchase goods totaling above \$5,000.

Maintenance Services Agreement - To be used for routine maintenance/repair work of a non-professional nature, such as: landscape, traffic signals, electrical, street sweeping, HVAC, and plumbing.

Nuisance Abatement Services Agreement – To be used when the City desires to engage a third party to take action to remove a public nuisance.

On-Call Professional Services Agreement - To be used when the City desires to engage a professional to engage in certain services on an as-needed basis.

Professional Services Agreement – To be used for professional consultant work, such as non–design engineering, economic, accounting, legal, financial, and administrative work.

Professional Services Agreement (Federal) – To be used for professional consultant work that also involves the use of Federal funds.

Professional Software Services Agreement – To be used for the purchase of software services.

Request for Proposals – To be used when the City desires to solicit services or purchase goods which either require bidding or for which bidding is appropriate. Please note that requests for proposals that relate to state or federal funded projects may require additional terms in accordance with grant agreements.

Request for Qualification (RFQual) – To be used when the City desires to solicit firms to submit information about their qualification and capabilities to perform the type of work associated with a proposed project. An RFQual may be used as a pre-qualification step to engaging a service provider. If an

RFQual is required, only those candidates who successfully respond to it and meet the qualification criteria will be included in the subsequent procurement process. An RFQual will contain specific reference to selection criteria.

Request for Quote (RFQ) – To be used when the City desires to solicit firms to submit pricing for products or services where the requirements are standardized or produced in repetitive quantities.

Short Form Services Agreement – To be used for low risk or uncomplicated services that do not require formal bidding. Should not be used for public works projects.

Vendor Services Agreement – To be used when the City desires to solicit services other than Professional, Design, or Construction Services.

City of San Bernardino Procurement Card (P-Card) Policy (Approved Resolution 2021-213)

Purpose:

To establish a methodology for and to define the appropriate use of the City of San Bernardino's Procurement Cards provided to authorized personnel to purchase non-restricted goods and/or services for official use by the City of San Bernardino

Scope:

This Policy is applicable to all employees and elected officials who are issued a Procurement Card.

Exemption from Scope

This policy shall not apply to employees or elected officials to whom P-Cards are not issued and does not apply to the use of an employee or elected official's personal credit card(s). The use of personal funds to make purchases on behalf of the City is covered under the City of San Bernardino Expense Reimbursement Policy.

Policy:

3.1 Abbreviations

- 3.1.1** P-Card: A Procurement Card.
- 3.1.2** City: City of San Bernardino.
- 3.1.3** Bank: Financial Institution that manages the City's P-Card Program.
- 3.1.4** GL: General Ledger, the official record of all financial transactions made by and on behalf of the City.
- 3.1.5** MCC: Merchant Category Code

3.2 Definitions

- 3.2.1** P-Card: A credit card to be utilized in the procurement of authorized non-restricted goods and/or services for official use by the City.
- 3.2.2** Vendor: A Company from which the City is purchasing goods and/or services under the provision of this policy.
- 3.2.3** Merchant Category Code (MCC): Codes by which individual P-Cards can be restricted in their purchasing authority to merchants (vendors) in specific categories.
- 3.2.4** Cardholder: City personnel who has been issued a P-Card and who is authorized to make purchases in accordance with this policy and in accordance with the City's Procurement, Purchasing and Contracting Policy.
- 3.2.5** Reconciler: Departmental Coordinator who collects receipts for P-Card purchases from the Cardholder, codes transactions to the appropriate GL account(s), and releases transactions for approval.

- 3.2.6 Approver:** Cardholder's manager or designee who reviews and approves Cardholder's transactions.
- 3.2.7 Transaction:** A single purchase made with a P-Card
- 3.2.8 Purchase Limits:** Dollar limits assigned to each P-Card consisting of a Single Transaction Limit, a Daily Purchase Limit, and a Monthly Credit Limit.
- 3.2.9 P-Card Administrator:** An individual authorized by the City to manage the P-Card program to include communicating with the Bank, adding and deleting P-Cards, and changing permanent and temporary purchase limits.

4.0 Responsibilities

- 4.1** The Finance Department, under the direction of the Finance Director, shall be responsible for the implementation and enforcement of this policy.
- 4.2** All City personnel and elected officials issued a P-Card shall be responsible for the card and its use in accordance with this policy.

1.0 Overview of P-Card Program

- 1.1** The goal if this program is to provide a more rapid turnaround of requisitions for low dollar goods (less than \$5,000) with no credit card fees and to reduce paperwork and handling costs while maintaining good internal control of the disbursement of City funds.
- 1.2** City personnel and elected officials who have been issued P-Cards may initiate transactions in-person, by telephone, or over the internet within the limits of this policy and in accordance with the City's Procurement, Purchasing and Contracting Policy.
- 1.3** The Finance Department with make settlements for P-Card purchases with the Bank.
- 1.4** Department Directors may request that City personnel be issued a P-Card if it is deemed necessary for their role. The request should recommend purchase limits as well as the default GL account code to which transactions will be charged. Requests should be forwarded to the P-Card Administrator for Finance Department approval.
- 1.5** Depending on the employee or official receiving the P-Card, the P-Card may be restricted to specific Merchant Category Codes.
- 1.6** Non-City personnel, temporary/seasonal employees, and interns are not eligible for a P-Card.
- 1.7** Upon review and approval by the Finance Department, the P-Card Administrator will notify the Bank to issue the P-Card.
- 1.8** All approved Cardholders must attend a training class on Policy and proper use of the P-Card prior to receiving their card.
 - 1.8.1** The approved Cardholder will be issued a copy of this P-Card Program Policy and the P-Card Procedures Manual and be required to sign an agreement to indicate that the Cardholder understands these policies and procedures.
 - 1.8.2** The Finance Department shall maintain records of all Procurement Card Request Forms.

1.9 Changes to P-Card Information

1.9.1 Once a P-Card is issued, it is the Cardholder's responsibility to notify the P-Card Administrator of any change in the Cardholder's information.

1.9.2 It is the department's responsibility to notify the P-Card Administrator of any changes to a Cardholder's assigned Reconciler or Approver.

1.9.3 Purchase Limits may be temporarily changed for a limited amount and duration with the approval of the Department Director and Finance Director or their designee. Permanent changes may only be approved after review by the Finance Director.

1.10 Cardholder Termination/Transfer

1.10.1 If a Cardholder is no longer employed by the City or if a Department Director decides a Cardholder no longer needs a P-Card, it is the department's responsibility to collect the Cardholder's P-Card and complete the appropriate documentation. The P-Card will be immediately cut in half, and both the destroyed P-Card and documentation will be forwarded to the P-Card Administrator, who will notify the Bank to delete the P-Card.

1.10.2 Prior to transferring to another department of the City, the Cardholder is to return their P-Card to the issuing department. The P-Card will be cut in half and the appropriate documentation completed by the department. Both the destroyed P-Card and documentation will be forwarded to the P-Card Administrator, who will notify the Bank to delete the P-Card. The Cardholder's new department may request a new P-Card be issued if necessary for the employee's role.

1.11 Authorized P-Card Use

1.11.1 Each P-Card issued will be embossed with the Cardholder's name and should **ONLY** be used by the Cardholder. **NO OTHER PERSON IS AUTHORIZED** to use the card. The Cardholder may make transactions on behalf of others in their department/division. However, the Cardholder is responsible for **ALL** purchases charged to their card.

1.11.2 The total value of a transaction will not exceed a Cardholder's single purchase limit. Payment for a purchase SHALL NOT be split into multiple transaction to stay within the single purchase limit. Limits may be permanently or temporarily changed with proper approval. (See 5.9.3)

1.11.3 The Cardholder must obtain ITEMIZED vendor receipts, documentation of telephone orders, and/or copies of mail orders.

1.12 Prohibited P-Card Use

1.12.1 The P-Card **MAY NOT BE USED** for the following:

- a. Personal purchases or for personal identification.
- b. A single purchase that exceeds the Cardholder's single purchase limit.
- c. Automotive Fuel unless authorized (see the City's Travel Policy).
- d. Meals with limited exceptions (See Section 7.0)
- e. Gift Cards.
- f. Cash Advances.
- g. Any City Fines or Fees.
- h. Alcoholic Beverages.

- i. Flowers, unless authorized by the City Manager and Finance Director.
Catering, unless the food is being dropped off for an approved City event.
- j. Payments under a City contract; these payments must be made through the regular Accounts Payable process, or the contract and Purchase Order will not be properly charged.

1.12.2 Accidental Use of P-Card. Any cardholder who accidentally charges a personal item to a City P-Card instead of their personal credit card must immediately notify their supervisor and the P-Card administrator. They must submit the receipt and repayment to the City via the Purchasing Division within ten (10) business days. A second accidental charge will result in a review by the Department Director and the Finance Director. Following review, the Finance Director may take action up to and including suspension or revocation of the Cardholder's City P-Card privileges.

1.12.3 Unauthorized Purchases and Careless Use. Cardholders who make unauthorized purchases or carelessly use their P-Card will be liable to the City for the total dollar amount of such purchases. Misuse of a City P-Card will result in the Cardholder's City P-Card privileges being revoked and may be subject to disciplinary action up to and including dismissal.

1.12.4 Intentional Misuse. The intentional use of a City P-Card to acquire or purchase goods and/or services for other than official use of the City is fraudulent. An employee guilty of fraudulent use of a City P-Card may be dismissed and may be subject to legal action.

1.13 Card Security

1.13.1 It is the Cardholder's responsibility to safeguard their P-Card to the same degree that the Cardholder safeguards their personal credit information.

1.13.2 The Cardholder must not allow anyone to use their card. A violation of this trust will result in the Cardholder's P-Card privileges being revoked as well as potential disciplinary action.

1.14 Lost or Stolen Cards and Fraud

1.14.1 Cardholders MUST immediately report a lost or stolen P-Card directly to the Bank and the P-Card Administrator. The Bank will inactivate the existing card and issue a new card that will be mailed to the P-Card Administrator.

1.14.2 If the original card is later found or recovered by the Cardholder after being reported lost or stolen, the card will be cut in half and given to the P-Card Administrator.

1.14.3 If a cardholder suspects fraud and has not already been contacted by the bank via telephone or email, the cardholder and/or reconciler MUST immediately contact the bank by calling the 1-800 number on the back of the cardholder's card to report the suspected fraud. The cardholder and/or reconciler must then inform the P-Card Administrator of the fraud and what actions were executed by the bank to safeguard the card.

1.15 Recordkeeping/Reconciliation

- 1.15.1 Itemized Receipts.** It is the Cardholder's responsibility to obtain an ITEMIZED receipt whenever a P-Card purchase is made – either in-person by telephone, or over the internet and check the receipt for accuracy. A summary receipt is not acceptable.
- 1.15.2 Sales Tax.** If sales tax has not been charged on taxable tangible goods, the Cardholder should notify the Finance Department and make a note on the receipt so that the Finance Department can pay the appropriate tax.
- 1.15.3 Providing Receipts to Reconciler.** If a Reconciler is used to reconcile a Cardholder's transaction, the Cardholder will provide receipts for transactions to the Reconciler on a timely on-going basis, not to exceed five (5) business days after the charge is made, or after the Cardholder returns from travel on City Business in order to give the Reconciler time to reconcile receipts and meet required deadlines.
- 1.15.4 No Itemized Receipt.** If the Cardholder does not have an ITEMIZED receipt for a transaction, he/she will provide a memo stating that they were unable to obtain or that they lost the original itemized receipt. The memo shall include details of the transaction including the vendor's name, date of purchase, description of the item(s) purchased, and the purpose of the purchase. The Cardholder must also include the reason for the missing receipt. The Cardholder must obtain the Department Director's signature on the memo and submit the signed memo in lieu of the actual receipt to their reconciler or attach to the transaction in the financial system. Also, the words "No Itemized Receipt" need to be a part of the transaction's charge description.
- 1.15.5 Missing Receipt.** If a Cardholder does not provide an itemized receipt OR a missing receipt memo for a transaction, the Cardholder may be financially responsible for the purchase amount of the transaction.
- 1.15.6 General Ledger Import and Reconciliation.** P-Card transaction will be imported into the GL each month. It is the Cardholder and/or Reconciler's responsibility to review these transactions on a timely basis, code the purchase to the appropriate GL account, make any necessary adjustment, and scan and attach the supporting receipts and documentation into the banking system for backup. The transaction will then be released for approval. If no adjustment is made, the entire transaction will be charged to be default GL code established upon issue of the card (see Section 5.4). All transactions must be reviewed, reconciled and released for approval within the first five (5) calendar days of the month (see Section 5.16.3).
- 1.15.7 Approval.** Once a monthly statement has been released for approval by the Cardholder or Reconciler, it will be approved by the Approver. By approving the statement, the Approver is attesting to the appropriate purchase of the goods and/or services for official use by the City. If the transaction is not in compliance with the P-Card Policy, the matter will be brought to the

attention of the P-Card administrator, the Department Director, and the Finance Director to be resolved in a manner consistent with this Policy.

1.15.8 Returns. If a Cardholder returns an item, it is their responsibility to ensure that a credit is issued back to their P-Card. If a Reconciler reconciles the Cardholder's transaction, the Reconciler should be made aware of the credit and follow up if the credit is not received.

1.15.9 Unauthorized Charges. If a Cardholder does not recognize a transaction, they must first contact the vendor to find out what was purchased and attempt to resolve the charge with the vendor before disputing it with the bank. If the transaction needs to be disputed after contacting the vendor, it is the Cardholder's and/or Reconciler's responsibility to complete appropriate documentation and submit to the P-Card Administrator. It is also the Cardholder's and/or Reconciler's responsibility to track the progress of the dispute until it is resolved. The P-Card Administrator will keep the Cardholder or Reconciler, if applicable, informed of any information received from the bank regarding the dispute.

5.16 Deadlines

5.16.1 P-Card transactions will post to the Bank 1-3 business days following the transaction.

5.16.2 It is the Cardholder and/or Reconciler's responsibility to review and reconcile the P-Card transaction on a timely on-going basis.

5.16.3 Receipts should be reconciled no less frequently than every two weeks. Finance staff will send reminder emails to Cardholders and Reconcilers with outstanding transactions.

5.16.4 Monthly Statements are to be reviewed, reconciled, and released for approval within the first five (5) calendar days of the following month.

5.16.5 Once released, P-Card transaction must be approved by the Approver within the first seven (7) calendar days of the Cardholder review.

5.16.6 All P-Card transactions for the previous month must be approved and posted by Finance before the 15th of the following month.

6.0 Compliance

6.1 Finance staff will conduct audits of P-Card transactions both randomly and selectively to ensure purchases are made in accordance with the Policy.

6.2 Failure to comply with this Policy may result in the Cardholder's P-Card privileges being revoked and/or disciplinary action up to and including dismissal.

7.0 Meal Exceptions

7.1 Business Purpose Meals. Business purpose meals are meals purchased by a City employee or elected official for official city business.

7.1.1 Documentation. Documentation is required for a business purpose meal:

a. An ITEMIZED receipt.

b. A description of the business purpose of the meal. The description should be thorough enough to pass audit scrutiny. For example: "Development

meeting to discuss vacant properties” is acceptable. “Business Meeting,” “Development Meeting,” or other descriptions that do not provide the actual purpose of the meeting are not acceptable.

- c. A list of all attendees of the meeting, first and last name. The list should either be written on the receipt (legibly) or attached.

7.2 Meals with Traveling. Meals while traveling on City business are paid based on per-diem rates as indicated in the City’s Travel Policy. Meals while traveling charged to a P-Card in excess of the per diem amount must be reimbursed to the City within ten (10) business days of the completed reconciliation.

7.3 Tipping. Tips added to meals on a P-Card should not be more than 20% Any amount more than 20% must be reimbursed to the City by the Cardholder within ten (10) business days of the charge posting to the City’s financial system.

7.4 Prohibited Meals.

7.4.1 Meals for Personal Consumption. It is expressly prohibited for employees or elected officials to purchase any meal: breakfast, lunch, dinner, or any other food for personal consumption on their City P-Card unless they are traveling overnight on City Business.

The IRS deems meals that are paid for by an employer while not “traveling away from home” to taxable wages. IRS Publication 5137 (Rev. 2-2020)

8.0 Exceptions

These general policies are not expected to address every issue, exception, or contingency that may arise in the use of the City P-Card. Accordingly, the basic standard that should always prevail in dealing with exceptions is the exercise of good judgement in the use and stewardship of the City’s resources. Unless otherwise specified herein, exceptions for employees will require the approval of the City Manager, the Assistant City Manager, or the Finance Director; exceptions for elected officials will require approval of City Council at a regular meeting of the Mayor and City Council.

Responsibilities:

The Department Director shall be responsible for determining which staff members can be issued a P-Card. The business need for obtaining a card should be carefully considered to limit the number of cards issued.

Card limits should be as low as possible while still accomplishing business needs. Pursuant to the Cardholder Agreement, each individual cardholder is ultimately responsible for their purchases.

The following is a chart showing the City's standard card dollar limits for a single transaction and monthly dollar limits; however, consideration may be given for other card limits if required for special circumstances:

Standard Card Limits

Single Purchase Transaction	Monthly Dollar Limit
\$500	\$2,500
\$1,000	\$5,000
\$1,500	\$5,000
\$2,500	\$10,000

Card Limits for emergency and disaster purchasing by the Finance Department and/or Emergency Management Operations personnel will be determined on an individual basis, based on FEMA best practices and guidelines.

To avoid confusing a P-Card with personal credit cards, each Cardholder will be provided a P-Card embossed with both the Cardholder's name and the "City of San Bernardino," along with the City's logo.

ANY USE OF THE P-CARD IS RESTRICTED TO THE CARDHOLDER. THE USE OF THE P-CARD FOR ANY PURPOSE OTHER THAN OFFICIAL CITY BUSINESS EXPENSES IS PROHIBITED AND IS GROUNDS FOR DISCIPLINE UP TO AND INCLUDING TERMINATION. IN ADDITION TO DISCIPLINE, AND POTENTIAL CRIMINAL CHARGES, THE CARDHOLDER MUST REIMBURSE THE CITY FOR UNAUTHORIZED CHARGES. THIS CARD MAY NOT BE USED FOR PERSONAL PURCHASES - NO EXCEPTIONS.

The Cardholder must attend training and carefully review the training documents provided with the P-Card. Cardholders must sign and abide by the City of San Bernardino Cardholder Agreement and comply with the guidelines of this Policy.

Each P-Card will be assigned specific categories of purchases, as well as single transaction and monthly dollar limits. Each Department's overall P-Card exposure will also be verified against its annual approved Operating Budget.

P-Card Procedures:

To apply for a P-Card, departments must complete the following forms:

1. Cardholder Agreement
2. Cardholder Account Set-up
3. Approving Official Account Set-up form
 - a. If the P-Card Agreement is a new approving official, which indicates the maximum dollar amount for each single transaction and a total monthly dollar amount.

All P-Card forms are available on InsideSB, the employee intranet site under the section "Forms and Publications" of the Finance Department. The PSM will review the Cardholder application documents and will approve or reject, the applicant based on Policy guidelines.

To request an increase or modification to the P-Card limits, the Department Director must first approve the City's Purchase Card Modification/Increase form.

The Policy is a supplement to the procurement process. As with other procurement methods, the following conditions must be met when using the P-Card:

The P-Card should be used whenever possible in-lieu of petty cash, emergency purchase orders, or purchase requisitions when the item or group of items is under the transaction limit. Items should always be purchased at the lowest cost that meets the Departments basic needs. Normal purchasing procedures must be followed if a purchase will exceed a limit established.

Each transaction may be comprised of multiple items, but the total, including tax and shipping, cannot exceed the single transaction dollar limit on the P-Card; nor exceed the monthly dollar limit. If either of these limits is exceeded, the transaction will be declined by the card issuing bank.

All charges must be supported by receipts or some written documentation. A Purchasing Card Receipt Detail form must be used to document all Meals, Travel, Meetings, and Event transactions made using a P-Card. All of the following information must be provided before Finance will approve a business expense.

CITY OF SAN BERNARDINO ALLOWABLE PURCHASES

Please use the following list as a guideline for allowable P-Card purchases.

PURCHASE TYPE	DESCRIPTION	CATEGORY
ASSOCIATION DUES, PROFESSIONAL OR INDUSTRY MEMBERSHIPS	Dues may be charged if related to City business and with approval from Supervisor/Manager or Director.	ALLOWABLE
CITY BUSINESS MEALS	Purchase of food for business requirements. Receipts including the names and affiliations for all members of the party whose meals are paid for using the purchasing card, and then state the business purpose for the expense. You must include an itemized receipt showing food and beverage items purchased, rather than the receipt showing only the total. The use of the P-Card for catering services is generally prohibited, as it is considered a service, unless the food is only dropped off.	ALLOWABLE
CITY BUSINESS TRAVEL	City travel related purchases including airline tickets, hotel accommodations, car rentals, business meals, etc. Employee shall use their own credit card for any personal expenses, such as personal phone calls, video rentals, upgrades, etc.	ALLOWABLE
COMPUTER AND TELEPHONE ACCESSORIES	Information technology and telephone consumable items for City Business: flash drives, toner cartridges, diskettes, zip disks, COs, DVDs, tape cartridges, mouse, keyboards, USB peripherals, telephone headsets and paper DO NOT require Information Technology Department (IT) pre-approval.	ALLOWABLE
CITY SPONSORED EVENTS	Items necessary to conduct a City sponsored event.	ALLOWABLE
GENERAL SUPPLIES	Items for City business not prohibited or in conflict with negotiated discounts such as Staples. Use Staples card or on-line ordering system.	ALLOWABLE
ON-LINE AUCTION PURCHASES	On-line auction purchases for City business needs for items not on a City prohibited list may be purchased with approval from Supervisor/Manager or Director.	ALLOWABLE
PROFESSIONAL DEVELOPMENT	Allowable with approval from Supervisor/Manager or Director.	ALLOWABLE
SEMINARS, CONFERENCES WEBINARS, TRAINING	Seminars, training, books, etc., that have been preapproved by the Director or City Manager and budgeted for by the Department.	ALLOWABLE
SUPPLIES FOR CITY MAINTENANCE AND REPAIRS	Maintenance and repair supplies, including maintenance tools and equipment; janitorial supplies and other maintenance-related expenses.	ALLOWABLE

The City at its sole discretion may apply other restrictions and the Purchasing Card Policy shall be updated as needed by the Finance Department.

Acknowledgement

Before being issued a City of San Bernardino purchasing card or online management account authority under this policy, all authorized users shall sign and accept below indicating that such user will use such cards only in accordance with the policies of the city and with the requirements of state law.

Name Printed

Signature

Date

Role

City of San Bernardino Travel Authority and Expense Reimbursement Policy **(Approved Resolution 2021-164)**

Scope: This Policy applies to all employees and Elected Officials requesting reimbursement for expenses incurred on behalf of the City.

Exemption from Scope

None.

Policy:

1.0 DEFINITIONS

1.1 Appropriate Expense

An Expense that is suitable or fitting for a particular valid business purpose

1.2 Allowable Expense

A necessary, reasonable, and appropriate expense incurred for the primary benefit of City business and therefore permitted to be reimbursed or directly charged based on the permission of the City.

1.3 Available Budget

The total amount of funds available in the General Ledger expense line to be charged for the expense incurred by the employee or Elected Official

1.4 Necessary

Minimum purchase or service required to achieve a particular business objective.

1.5 Original Receipt

The original merchant receipt or invoice issued by the supplier or service provider to document and substantiate the business transaction. A digital image of the original receipt is allowable if it is legible, and the paper receipt is destroyed.

1.6 Reasonable

An expense that is ordinary and reflects and prudent decision to incur the expense on behalf of City business. Not extreme or excessive.

1.7 Request

Reimbursement Request or Request for Reimbursement.

1.8 Substantiation

Documentation to support an incurred business expense that includes the original receipt, documentation of business purpose, names of persons in attendance, and appropriate report of the expense for the incurred cost.

2.0 CRITERIA FOR DETERMINING AN ALLOWABLE EXPENSE

2.1 Considerations. To be reimbursed to an individual, a business expense must be:

2.1.1 Necessary to perform a valid business purpose fulfilling the mission of the City.

An expense is necessary if there is a valid business purpose required to fulfill the mission of the City. The primary benefit of a necessary business expense is the City, not the individual. A necessary expense is a minimum of purchase or service required to achieve a valid business objective.

2.1.2 Reasonable in that the expense is not extreme or excessive, and reflects a prudent decision to incur the expense. Reasonable means the amount that normally would be spent in a specific situation. An expense is considered reasonable if it is not extreme or excessive and reflects a prudent decision and action to incur the expense. This Policy does not define precise dollar amounts for what constitutes reasonable, because the reasonableness of an expense depends upon many relevant factors including the business purpose, the context, the source of funds, and the circumstances surrounding the expenditure.

2.1.3 Appropriate in that the expense is suitable and fitting in the context of the valid business purpose. Costs are appropriate if they are suitable or fitting for a particular business purpose. For a cost to be appropriate it is also presumed that there is a valid business purpose, which is normally the responsibility of the department to determine.

The following questions should be considered when determining the appropriateness of costs:

- a. Could the cost be comfortably defended under public scrutiny?
- b. Would you be confident if the cost were selected for audit?
- c. Would you be comfortable reading about it in the newspaper?
- d. Has it been adequately documented?

2.1.4 Allowable according to the terms of any City policy. If a business expense is necessary, reasonable, and appropriate, the City will generally consider it an allowable expense, subject to approval.

2.1.4 (1) Allowable Food and Meals. Meals that meet all the above criteria must also meet IRS rules to be reimbursable and non-taxable to the employee or Elected Official. See Section 4.0 FOOD AND MEALS.

3.0 SUBSTANTIATION OF EXPENSE

For a business expense to be approved and reimbursed, it must be properly substantiated.

3.1 Clear, Complete and Accurate. All City-related business expenses require clear, complete, and accurate supporting documentation. The collective documentation associated with your expenses should answer who, what, where, when, and why of each transaction (as applicable). In your documentation, include:

- a. Who** attended (first and last names);
- b. What** purpose the expenditure served;
- c. Why** the expense was necessary, or how it furthered the City's goals; and
- d. When** and **where** the expense took place.

All documentation should be written in a way that will be understood by anyone who reviews it, whether today or many years from now. This includes a person outside of the City who is unfamiliar with a department's work or jargon.

3.2 Business Purpose Examples.

3.2.1 The following would be considered **incomplete** business purpose descriptions for substantiation:

- a.** Dinner with Marcus G., economic development-PPP; Miyagi Sushi
- b.** Lunch with Echo Group
- c.** Printing-sidewalk vending

3.2.2 The following are examples of **clear, concise, and complete** business purpose descriptions for substantiation:

- a.** Dinner with Marcus Grimm, economic development – Public-Private Partnership; Miyagi Sushi.
- b.** Lunch with Echo Group – Anh Nguyen, Felix Baca, and Ron Watson, re: development in canyon; Jose's Mexican Food.
- c.** Extra copies of sidewalk vending brochures printed for event at Orange Show.

3.2.3 Clear examples are important so that auditors and the public, even years from now, can understand why a purchase was made. For instance, in the examples above, printing services are usually purchased through the normal course of City business. It is only through the normal course of City business. It is only through the business description that clearly states "extra copies" printed for "event" that someone reading the backup material would understand the business need for printing outside a normal business process.

4.0 FOOD AND MEALS

Food and meal purchases are covered under this policy, the City's Procurement Card ("P-Card") Policy and the City's Travel Policy. Because of IRS rules, any City purchase or reimbursement of meals require additional documentation.

4.1 General Eligibility. Purchases of food and meals are eligible for reimbursement if they are part of overnight travel (See Travel Policy), business meetings (Business Meals, Section 4.3) as allowed for Elected Officials or as approved by the City Manager, or to provide meals in the case of all-day meetings or scheduling that requires meetings to be held over a mealtime (Meals Provided During Work, Section 4.4). Any meal reimbursement will be in accordance with IRS rules.

4.2 Meals During Travel. For details about meals during travel for City business, see the City's Travel Policy.

4.3 Business Meals. Meals that are purchased as part of business meeting are allowed for Elected Officials or as approved by the City Manager. These meals are governed under IRS rules (see IRS Pub. 5137) and require specific documentation

4.3.1 IRS Requirements

a. Business Connections. A description of the business purpose of the meal. The description should be thorough enough to pass audit scrutiny. See Section 5.2 for examples

b. Adequate Accounting within a "Reasonable" Period of Time. While the IRS does not specify a length of time for submitting receipts for reimbursement; this policy requires that any request for reimbursement be submitted no later than 60 days after the date of purchase.

c. Excess Reimbursements are Returned within a "Reasonable" Period of Time. If an employee or Elected Official finds that they have been reimbursed more than amount owed; the excess should be remitted to the City within ten (10) business days of discovering the error.

4.3.2 Audit and Transparency Requirements

a. Itemized Receipt. The meal receipt MUST be itemized. Reimbursement will not be provided for summary receipts.

b. Names of Attendees. A list of all attendees of the meeting, first and last name.

4.3.3 Tipping. A maximum of 20% will be reimbursed.

4.4 Meals Provided During Work. The purchase/reimbursement of meals/food for staff during work hours is allowed under the following circumstances:

4.4.1 Working Meals. Working meals must be occasional and require preapproval by the Department Director. In the case of an employee meeting held during mealtime, a good faith attempt should be made by the meeting organizer to schedule the meeting at a time that does not overlap mealtime.

The following criteria must be met for a working meal to be reimbursable:

4.4.1 (1) City Business Purpose. There must be a clearly stated City business purpose for the meeting/working meal.

4.4.1 (2) List of Attendees. A list of all attendees (first and last name), and department, must be included.

4.4.1 (3) Reasonable Cost. As stewards of taxpayer dollars, it is incumbent upon all City employees and Elected Officials to use City funds wisely. Food brought in for working lunches should be reasonably priced. "Reasonable cost" while not defined in this Policy in actual dollar terms, is defined as what would be paid by a prudent person under the same circumstances. Consider the Appropriate Cost questions from Section 2.1.3 when determining reasonable cost:

- Could the cost be comfortably defended under public scrutiny?
- Would you be confident if the cost were selected for audit?
- Would you be comfortable reading about it in the newspaper?

4.4.1 (4) Tipping. No more than a 20% tip will be reimbursed

4.5 Prohibited Meals and Food.

4.5.1 Alcohol. The purchase of alcohol is not eligible for reimbursement.

4.5.2 Taxable Fringe Benefits. Because IRS rules require that they be included in taxable wages as fringe benefits, reimbursements will not be provided for the following categories of meals (See IRS Pub. 5137 for details):

4.5.2 (1) Individual Meals. Meals purchased for or by an individual employee or Elected Official will not be reimbursed (Except for during overnight travel, which is covered under the Travel Policy. NOTE: if an individual meal is purchased, whether by p-card or erroneously reimbursed, and the funds are not returned to the City, the cost of the meal will be

included in the employee or Elected Official's taxable wages as required by the IRS.

4.5.2 (2) Meals while on Day Trips. Meals purchased during day trips for work (not overnight) are not reimbursable, even if the trip extends beyond the regular workday.

5.0 AVAILABLE BUDGET AND PRE-APPROVALS

5.1 Verify Available Budget. It is the responsibility of the employee or the Elected Official to verify that there is adequate available budget for the planned expense before making any purchase on behalf of the City.

5.2 Pre-Approval. Employees purchasing food or tangible goods for a City purpose should have the approval of their immediate supervisor or Department Director *before* expending personal funds whenever possible.

5.2.1 Establishes City Purpose. By obtaining pre-approval, the City purpose of the expense is already established.

5.2.2 Forms of Pre-Approval. Pre-approval is for the protection of the employee making the purchase. By obtaining pre-approval, the employee can be reasonably assured that the personal funds expended for a City business purpose will be reimbursed. As such, it is the interest of the employee to ensure that the pre-approval:

5.2.2 (1) Includes the name of the person making the approval.

5.2.2 (2) Clearly identifies the specific expense that is pre-approved (may not be a "blanket" approval of multiple expenses).

5.2.2 (3) Can be printed or electronically attached to the request for reimbursement.

5.2.3 Verification of allowable Expense. If an employee, supervisor, or Department Director is uncertain regarding the allowability of the expense for reimbursement, they should contract Finance for verification.

5.2.4 Exemption of Pre-Approval Requirement for Elected Officials. Elected Officials are not required to obtain pre-approval for City business-related expenses except in the case of travel (See Travel Policy). However, it is incumbent upon the Elected Official to ensure that there is adequate budget available to cover any expenses before they are incurred.

6.0 APPROVAL AND REIMBURSEMENT

Requests for reimbursements should be submitted with original receipts attached and all appropriate documentation as discussed above to meet IRS, audit, and City transparency standards. Once this is complete, the request may be submitted for approval reimbursement.

6.1 Review and Approval – Employee Request for Reimbursement

6.1.1 Approval. Employees requests for reimbursement will go through approvals in the Department as follows – the employee’s immediate supervisor, and Department Director review and approval. After the Departmental approvals are complete, the Request will be moved to Finance for final approval and reimbursement. If Finance staff questions any expenses, they will escalate the Request to the Finance Director for review and a decision as to the allowability of the expense under the Policy. Once any questions are resolved, the Request will be moved to Accounts Payable for reimbursement.

6.1.1. (1) Finance Director Decision. The Finance Director’s decision as to the allowability of an expense will be final.

- a. Rejected Reimbursement Memo.** If the Finance Director determines that an expense is not reimbursable, they will draft a memo to the employee and the Department Director explaining the reason.
- b. Option to Appeal.** An employee may appeal the decision of the Finance Director to the City Manager.

6.1.1 (2) Appeal to City Manager. If an employee disagrees with the Finance Director’s decision, they may appeal the decision to the City Manager within ten (10) business days of the employee receiving the Rejected Reimbursement Memo.

- a. Appeal Process.** The employees making the appeal must submit a memo to the City Manager detailing why they disagree with the Finance Director’s decision. The memo should include specific references to this policy
- b. Language and Accessibility.** If the employee believes that they require help to write the memo, help will be provided by Human Resources personnel unconnected to this process. The deadline to submit the memo will be extended to accommodate for any scheduling issue delays. The deadline of ten (10) days will be

extended *only* in the case of a language or accessibility issue in completing the memo.

c. City Manager Decision. The City Manager's decision will be final

6.1.1 (3) Taxability. If the City Manager allows reimbursement of an expense that the Finance Director has identified and rejected for reimbursement as a fringe benefit under IRS Pub. 5137 the amount will be reimbursed, and Finance will add the amount of the reimbursement to the employee's taxable wages, as required by IRS rules regarding fringe benefits.

6.1.2 Payment. Accounts Payable will cut a check for reimbursement if there is adequate budget available. If there is not adequate budget, the Request will be rejected and returned to the Department.

6.2 Review and Approval – Elected Official Request for Reimbursement

6.2.1 Approval. Elected Official Requests for Reimbursement will go through approvals as follows – the Council Supervisor/Mayor's Executive Assistant will review the Request, verify available budget, and escalate any questioned expenses to the Finance Director for review and a decision as to the allowability of the expense under this Policy. If there are not questioned expenses, the Council Supervisor/Mayor's Executive Assistant will approve the Request and move it to Finance for final approval and reimbursement. If Finance staff questions any expenses, they may escalate the Request to the Finance Director for further review as to the allowability of the expense under this policy.

6.2.2 Questioned Costs. If the Finance Director finds that an expense submitted for reimbursement is not reimbursable under this Policy, and the Elected Official disagrees, the Elected Official may bring the expense before the Mayor and City Council during a regular meeting for a final determination of allowability (see Section 6.3.1).

6.2.2 (1) Taxability. If the Mayor and Council vote to allow reimbursement of an expense that the Finance Director has identified and rejected for reimbursement as a fringe benefit under IRS Pub. 5137, the amount will be reimbursed, and Finance will add the amount of the reimbursement to the Elected Official's taxable wages, as required by IRS rules regarding fringe benefits.

6.2.3 Payment. Accounts Payable will cut a check for reimbursement if there is adequate budget available. If there is not adequate budget, the Request will be rejected and returned to the Elected Official.

6.2.3 (1) Insufficient Budget. If there is insufficient budget in the appropriate line item to cover the expense, the Elected Official has two options:

- a. Request that budget be transferred from another line item within the Elected Official's department budget in an amount sufficient to cover the expense, or
- b. Withdraw the Request or Reimbursement.

6.3 Rejected Reimbursement Requests to City Council – Elected Officials Only

6.3.1 Bringing a Rejected Reimbursement Request Before City Council

6.3.1 (1) Documentation. For a Rejected Reimbursement Request to be considered by City Council, the Elected Official must provide in advance of the meeting:

- a. Substantiation of the Expense, see Section 3.0
- b. All written communication (email, etc.) from City staff documenting the reason for rejecting the Request.

6.3.1 (2) Decision. The decision of City Council will be final.

- a. **Abstain.** The Elected Official requesting the reimbursement shall abstain from the vote.
- b. **Tie Vote.** If the vote results in a tie, the Mayor will cast the deciding vote unless it is the Mayor requesting the reimbursement. If the vote results in a tie, the rejection will stand.
- c. **Council Decline.** Council may decline to hear the Reimbursement Request by a majority vote. If Council declines to hear the Request, the rejection will stand.
- d. **Taxability.** See Section 6.2.2 (1)

SECTION 3: PROCEDURES

Procedures:

Explain the “how” of decision making. They provide step-by-step instructions for specific routine tasks. They may include a checklist or process steps to follow. Procedures help guide policies. Procedures give instructions on how to utilize policies.

The Purpose of Procedures:

At the very least, procedures should outline the following information:

- Who is responsible for each task.
- What steps need to be taken.
- Who the responsible party reports to.

What makes a good procedure?

- Clear, concise, and simple language.
- Addresses how to implement policies.
- Takes user insight into account.
- Providing options when feasible, not unnecessarily restrictive.

Exceptions to the Bidding Process

Current Emergency Purchases: 3.04.075

In case of an emergency, which is so urgent as to preclude advance action by the Mayor and Common Council and which requires purchase of supplies, materials, equipment and contractual service, The City Administrator shall have the authority to authorize the Purchasing Agent to secure the open market at the lowest obtainable price and such supplies, materials equipment or contractual services. This emergency authority shall extend to all purchases; irrespective of the fact that amount might exceed the authorized limitation for open market purchases. In all instances a full explanation of the emergency circumstances shall be filed with the Mayor and Common Council.

If emergency work is performed, the Purchasing Division should be notified by the next business day. This will allow the Purchasing Division to properly ratify purchase orders.

What Constitutes as an Emergency:

- A public calamity
- An immediate need to prepare for national or local defense.

- The breakdown of machinery or equipment on service impediment which will require immediate resolution.
- A hazard or peril to public health or welfare
- A situation where the city is unable to perform services for the public.

Steps to take:

- If the emergency occurs during business hours, The Purchasing Division shall be notified the same day.
- If an emergency occurs during non-working hours, purchasing shall be notified during the next business day.
- Purchasing contracts vendor or delegates to department to secure rough order magnitude (ROM) written estimate. Purchasing or delegate notifies vendor to proceed.
- Only licensed and insured vendors can be contracted with, as appropriate.
- A purchasing order with a Not to Exceed Amount (NTE) shall be issued within 5 – 10 days.
- If feasible, a Vendor service Agreement to follow.
- If ROM exceed \$100,000, council approval is required even if after the fact.
- After the emergency is mitigated, if additional work is required, the normal competitive procurement procedure is to be followed.
- Contractors must be registered with DIR prior to the bid opening, to qualify to win the bid.

Municipal Code §3.04.070 Emergency Purchases

In case of an emergency, which is so urgent as to preclude advance action by the Mayor and City Council and which requires purchase of supplies, materials, equipment or contractual services, the City Manager shall have the authority to authorize securing in the open market any such supplies, materials, equipment or contractual services. This emergency authority shall extend to all purchases, irrespective of the fact that the amount might exceed the authorized thresholds outlined in Section 3.05.020 of the Municipal Code. An explanation of the emergency circumstances shall be filed with the Mayor and City Council within forty-eight (48) hours of the emergency purchase.

The Purchasing Process

Department Led Bids for Purchases between \$10,001 and \$40,000:

Please see Section 2: Policies, for Purchasing Expenditure and Approval Thresholds.

1. Department must contact all vendors/contractors/consultants via telephone, teleconference, or email for a quote request.
 - a. Please note if verbal requests for quotes are made, a written confirmation and/or follow-up must be sent to the vendors/contractors/consultants.
2. Department must provide all vendors/contractors/consultants with same SOW and specifications for the services/products/equipment that is needed.
 - a. This for transparency and audit purposes
3. Department must provide all vendors/contractors/consultants with a due date/deadline to return their bid/quote. Please see the definition and detailed example of a valid quote.
 - a. Quote can be electronic in Excel, Word and PDF format.
 - b. The date should be noted on the quote.
4. Departments must evaluate the bids submitted, showing documentation of the cost comparison.
5. Once bid is awarded, Department may process a purchase order for purchases between \$10,001 up to \$40,000. All bid documents must be attached to the PO in New World along with the certificate of insurance (Endorsements and Waivers of Subrogation), and current W9 with date and signature, if services are being provided to the City.
 - a. It is the discretion of the Agency or Department Director to process an agreement for purchases between \$10,001 and \$40,000.
 - i. Agreement templates are available from the Purchasing Division.
 - ii. If an agreement is required, please contact the Purchasing Division for review of the agreement before it is uploaded to DocuSign for signature.

Telephone Quotes

If quotes are requested verbally, they should always be followed up by email, fax, or text, if email is not an option. The only time that a follow-up is not required is under the following unusual conditions:

- Wi-fi servers are inoperable for both parties; therefore, emails can't be received and sent.
- Fax is not available.
- The post office and other delivery courier services are not available.
- Text messages are not an option.

When requesting a phone quote from a vendor, please follow the following instructions:

- Pre-write verbiage or a script in order to be transparent and ask each vendor for the same information.
- Make sure to document the time and date the vendor was contacted.
- Make sure to advise the vendor of the date and time the quotes need to be submitted..
- All vendors need to be contacted within the ten (10) business days to ensure pricing is comparable. Prices obtained months apart are not comparable.
- Make sure to obtain the vendors contact information in order to send a confirmation email.

If you send a follow-up email, you are much more likely to receive the written back-up for the quote that is required for audit purposes. While verbal quotes are quick and easy, sending a follow-up email takes only a few seconds and saves a lot of headaches later during an audit!

Example of an *ideal* simple quote:**Quotation**

Quote Number:	Date: May 7, 2021
Company Name:	Contact Person and Contact Info.:
Project Title/Number:	Total Cost:

Item	Description	Unit Price	Quantity	Price
Office Phone System Instruction Book	Instruction Manual for the NEC Office Phone System	\$XX.XX	40	\$XXX.XXX
			Total Price	\$XXX.XX

Thank You very much for giving us the opportunity to quote. We hope to serve your order soon. If you have any questions, feel free to contact us at _____.

Sincerely,
Contact Title
Contact Name

- A valid quote should contain the following information:
 - Supplier's business details
 - Client details
 - Quote number
 - Date of issue
 - A list of services to be provided
 - What services won't be provided
 - Breakdown of costs
 - Total cost of the project
 - Variations of (extra costs)
 - Timelines and completion dates
 - Factors which may affect the completion date
 - A place for customers to sign their acceptance
 - **Please Note:** City staff should not sign acceptance of a quote. If terms and conditions are attached, the signer may be accepting terms and conditions and obligating the City to terms and conditions that are contrary to the City's usual terms and conditions. Staff members that have been assigned purchasing and signing authority

should be the only individuals signing on behalf of the City. Individuals that have been designated purchasing and signature authority will contact the City's legal Counsel if necessary to obtain legal advice as to signing pricing, quotes and proposals.

- Payment methods, is asking for a deposit

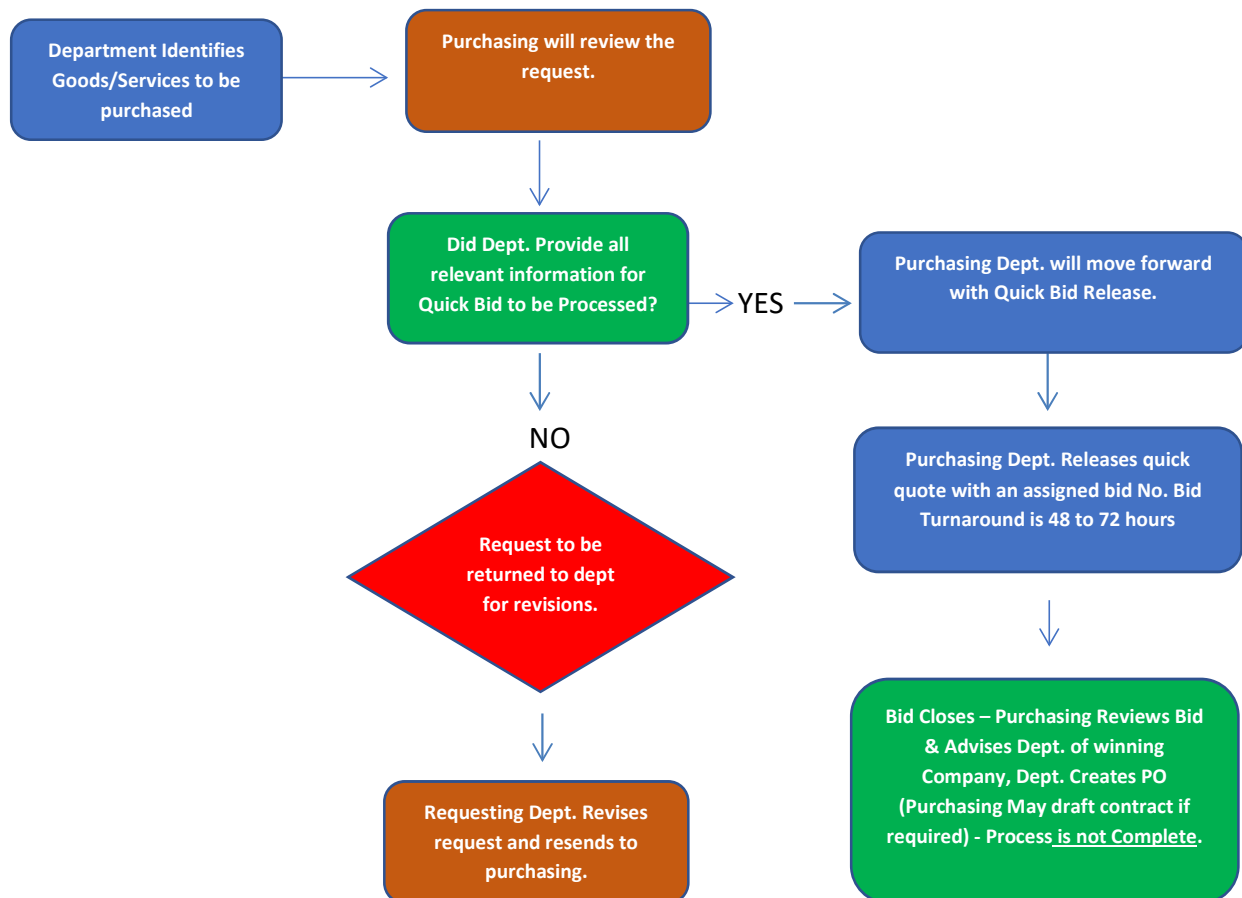
Response Time From Purchasing Agents

1. Please allow at least 72 hours for the Purchasing Division to respond to your requests. Same day inquiries will be reviewed by urgency and/or priority but responses are *not guaranteed* the same day.
2. This is to respect and prioritize all duties/tasks for the purchasing staff and most importantly to be able to address all City departments fairly and timely.
3. For projects, please contact purchasing no less than **6 months, but preferably a year or more before** your project has to be finalized and ready to go.
 - i. Allowing long lead times assists purchasing with identifying the needs for your department, and it assists with the needs for the City overall. Purchasing may be able to assist with your SOW, identifying suppliers/vendors in the marketplace, and with formulating your department's purchasing strategy which will reduce potential risks.
4. Please include the purchasing process/plan and timeline in your project presentation to the City Council.
 - i. This shows the City Council that the departments are collaborating with the Purchasing Division and that citywide staff is accountable for the project. This also gives the City Council more realistic estimated dates and times of when your project can be fully executed.

Purchasing Division Led Bids for all purchases:

1. **Quick Quote via Planet Bids:** Did you know that a quick quote can be utilized via Planet Bids for small purchases up to \$10,000? *Quick Quotes can be released with a bid close date within 48 to 72 hours.*
 - a. The department must provide specifications to the Purchasing Division two (2) business days in advance for review and revisions before they would like the Quick Quote bid to be released.
 - b. Departments should always send a detailed request to City Purchasing - -
A detailed description of what you want to purchase, should include:
 1. Color
 2. Size
 3. Amount/Quantity
 4. Manufacturer Number
 5. Name of Manufacturer, etc.
 - c. Quick Quotes have a turnaround time of 48 to 72 hours.

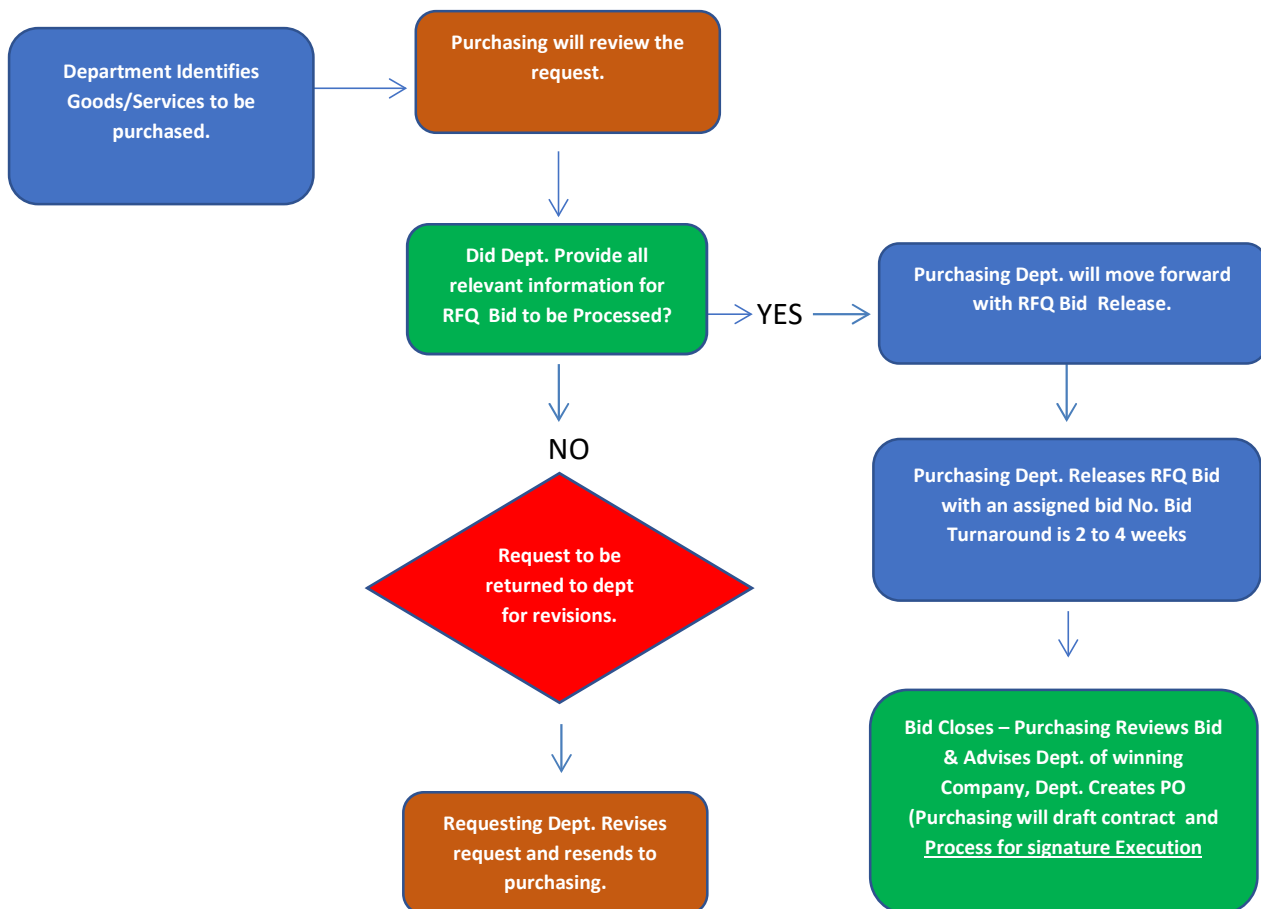
Quick Quote Process Chart



2. **Request for Quotation (RFQ):** RFQ's can be processed for purchases greater than \$10,000.
 - a. Requesting Department must provide RFQ documents to the Purchasing Division seven (7) business days before the requested bid release date, for review and revisions before bid is RFQ is released.
 - b. Departments should always send a detailed request to the Purchasing Division.
 1. A detailed Scope Of Services (SOS)/Scope Of Work (SOW) is to be provided to purchasing. A good, drafted SOS/SOW should answer the questions: What, When, Where, Who, Why & How.
 2. A detailed pricing sheet for the vendor to fill out and submit for the RFQ
 1. **Please Note:** If the RFQ request is sent back to the department due to insufficient information, when the request is returned to purchasing, there will be up to five (5) additional business days for review before the RFQ is released.
 - c. RFQs have a minimum turnaround time of 14 business days (from release to closing).

This does not include the evaluation of the bids, bid protest and award protests.

RFQ Process Chart



3. **Request for Proposal (RFP)**: The document used to solicit proposals from potential providers (proposers) for contractual goods and services. Price is usually not a primary factor. RFPs provide for the negotiation of all terms, including price, prior to contract award. An RFP may include a provision for the negotiation of best of final offers, and may be a single or multi-step process. For the City of San Bernardino, RFPs can be processed for purchases above \$40,000. RFPs are usually solicited for High Value/High Risk projects and services.
1. The Department should be preparing for an RFP month in advance and contacting the Purchasing Division for advanced notification. RFP documents must be provided to the Purchasing Division no less than fourteen (14) business days in advance, before the requested RFP release date. This is for review and revisions before RFP is released.
 2. The Department should always send a detailed request to the City Purchasing Division.
 1. A detailed SOS/SOW is to be provided to purchasing. A good, drafted SOS/SOW should answer the questions: What, When, Where, Who, Why & How.
 2. A detailed pricing sheet for the vendor to fill out and submit for the RFP.

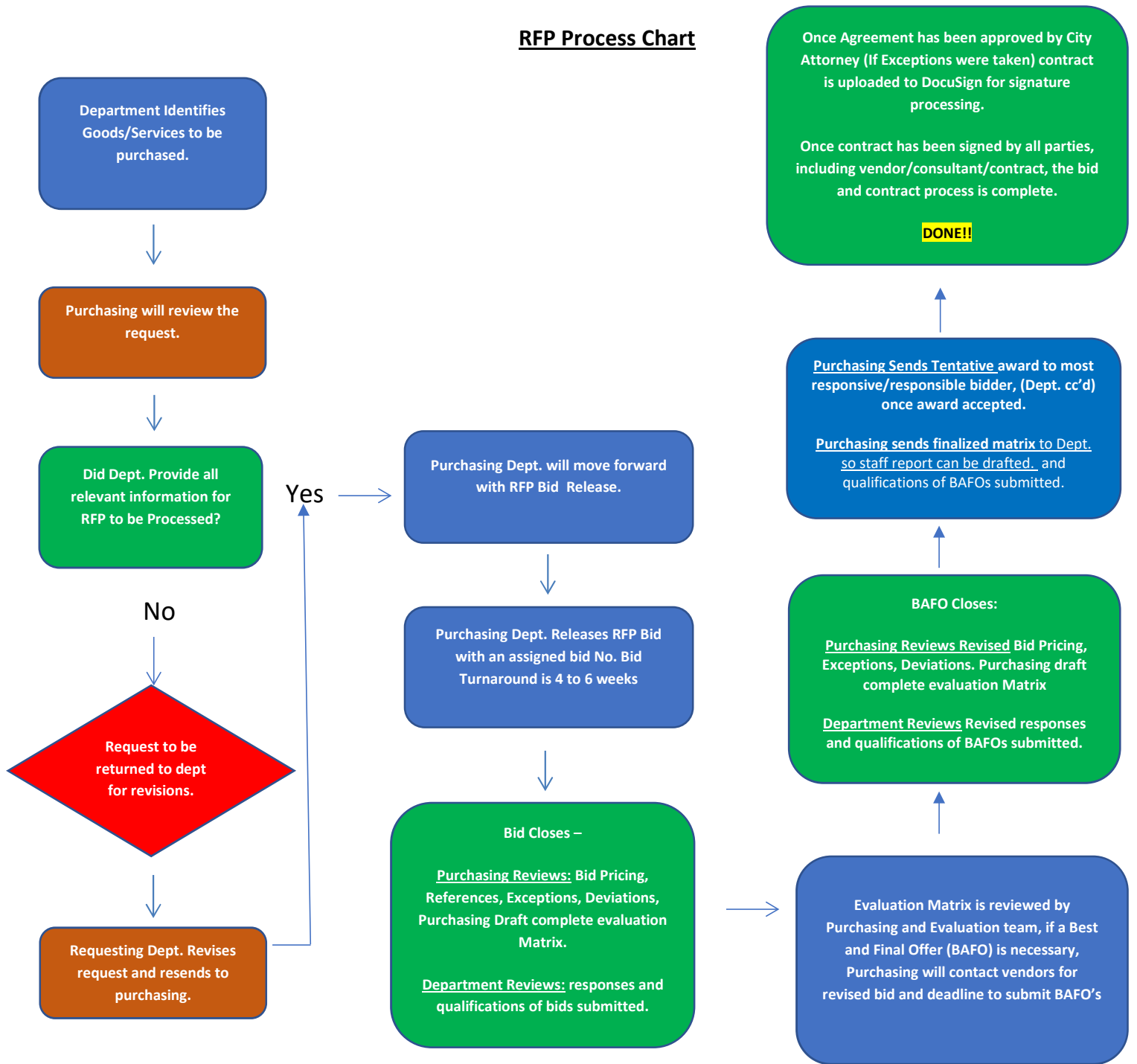
Please Note: If an RFP request is sent back to the department due to insufficient information, when the RFP request is returned to purchasing, there will be up to five (5) additional business days for review before the RFP is released.

- b. Department can require a Bidders Conference (Bid Meeting) to discuss and clarify inquiries from the participating proposers.
- c. RFPs have a minimum turnaround time of 30 calendar days (from release to closing).

This does not include the evaluation of the RFPs, any protest and award protests.

See RFP Process Flow Chart on Next Page

RFP Process Chart

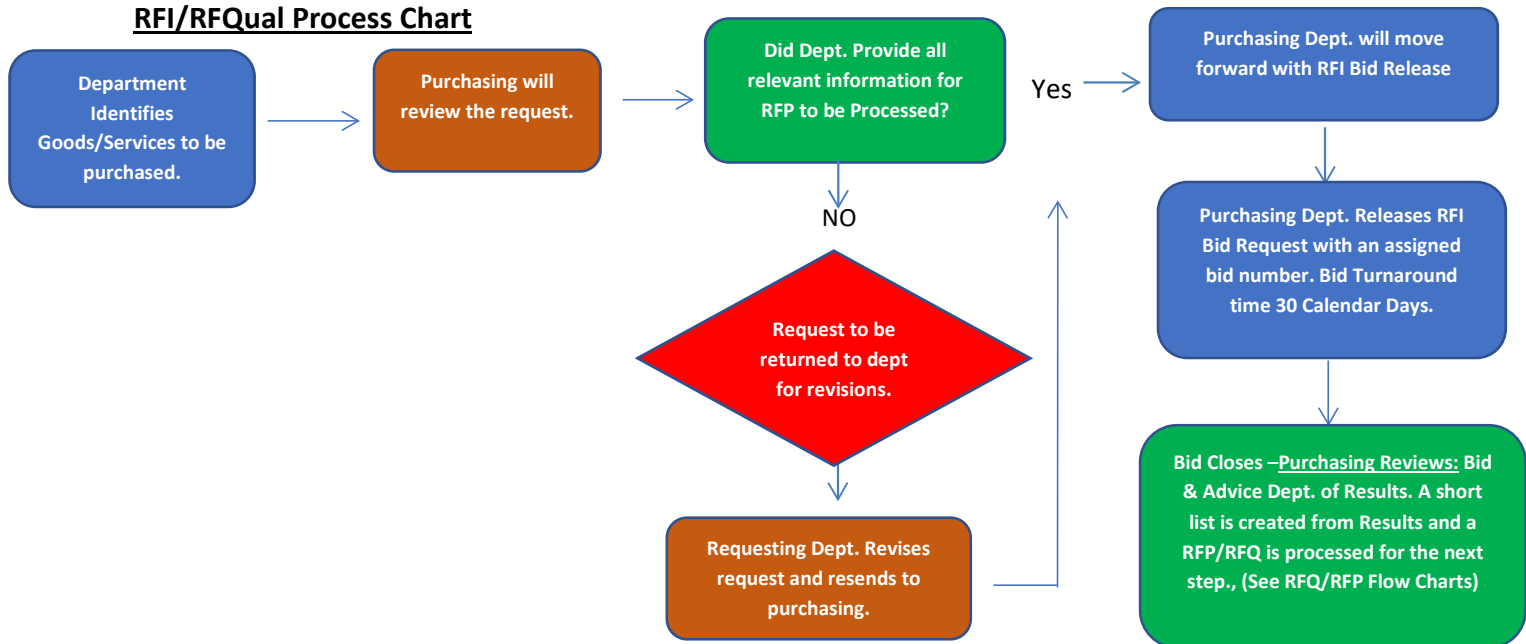


Request for Information (RFI) or Request for Qualification (RFQual): A non-binding method whereby a jurisdiction publishes its need for input from interested parties for an upcoming solicitation. A procurement practice used to obtain comments, feedback, or reactions from potential responders (suppliers, contractors) prior to the issuing of a solicitation. Generally, price or cost is not required. Feedback may include best practices, industry standards, technology issues, etc.

- b. The Department requesting an RFI or RFQual should be preparing for the process months in advance and should contact the Purchasing Division for assistance. The Department must provide RFI/RFQual documents to the Purchasing Division fourteen (14) business days in advance of the requested release date, for review and revisions before the RFI or RFQual is released.
- c. Departments should always send a detailed request to the City Purchasing Division.
- d. A detailed SOS/SOW is to be provided to purchasing.
 - 1. A good, drafted SOS/SOW should answer the questions: What, When, Where, Who, Why & How. A detailed pricing sheet is not required for RFIs/RFQuals
- e. Departments can require a Bidders Conference to discuss and clarify inquiries from the participating respondents.
- f. RFI's/RFQual's have a minimum turnaround time of 30 calendar days (from release to closing)

Please Note: If an RFI/RFQual request is sent back to a department due to insufficient information, when it is returned to purchasing, there will be up to five (5) additional business days for review before the bid is released. **This does not include the evaluation of the RFI/RFQual, any protest and award protests.**

RFI/RFQ Process Chart



PROTEST PROCEDURE

1. Vendors not awarded for a contract have ten (10) business days to formally protest the award. The award should include precise fact and circumstances, and reason for the intent to award to be overturned.
 - a. The protest must be filed before the awarded contract or purchase order has been issued. The Purchasing Division may not act on a bid protest if it hasn't been received in a timely manner. If the protest deadline has expired, the vendor will be notified, and the award process will move forward.
2. If the vendor bid protest is appropriately filed, the Purchasing Division may delay the award of a contract or purchase order until the matter is resolved.
 - a. Please note that situations may occur where the delay of an award may not be in the best interest of the City due to emergency and/or time constraints such as the end of the City's fiscal year or grant funding requirements. In these situations, the City has no obligation to delay or otherwise postpone an award of a purchase order or contract based on a vendor protest. In all cases, the Cities Purchasing Manager reserves the right to make an award when it is determined to be in the best interest of the City of San Bernardino.
 - b. The Purchasing Manager will review the protest and will considered all information submitted with the protest. The purchasing manager will make the final decision in writing by email and will be followed up with a hard copy, or

mail the notice to the protesting bidder within thirty (30) business days of confirmed receipt.

3. The Purchasing Manager may refer a protest of a technical nature to the requesting City Department for further clarification, and will prepare a response to the protesting vendor, advising them of the pending action(s), and when a formal response can be expected.

PROTEST FORM AND CONTENT

All protests shall be in writing and state that the vendor is submitting a formal protest, and the protesting vendor is responsible for ensuring that the protest is received within the protest deadlines. If the City does not receive the protest within the specified deadline, the protest may be rejected. The mailing address for all protests is:

City of San Bernardino
Purchasing Division
Attention: Purchasing Manager
290 North "D" Street
San Bernardino, CA. 92401

Include the following information shall be placed in the protest letter. Failure to provide the following information could result in rejection of vendor's protest:

1. Company name, mailing address, phone number, and name of company individual responsible for submission of the protest
2. Please provide an email address for communication, clarification, and disposition of the pending protest
3. Specify the City Bid Number, bid title, closing date, and proposed award date of the solicitation
4. State the specific action or decision being protested
5. Indicate the basis for the protest
6. Indicate what relief or corrective action vendor believes the City should make
7. Demonstrate that every reasonable effort was made within the schedule provided, for vendor to resolve the basis of the protest during the process, including asking questions, seeking clarification, requesting addenda, and otherwise alerting the City to any perceived problems.
8. Protest letter must be signed by an authorized agent of the company

Vendor Setup

Instruction on how to request a New Vendor set-up and/or make changes to an existing vendor:

- Go to New World (ERP System)
 - Financial Management
 - Purchasing
 - Vendor Change Request
- **All vendors need documentation verifying their mailing address:**
 - W9
 - City refund form
 - Driver's License
 - Asset forfeiture, Memo from PD

Purchase Orders (POs)

1. POs will be reviewed 2 days per week (Mondays and Fridays)
2. POs will be returned if proper documentation is not attached.
 - a. Description must match the GL Account used and scope of work
3. Please be mindful that a PO is necessary “before” services are rendered.
 - a. Example: POs are not rushed due to services being provided outside of an approved PO and/or agreement.
4. If using a Grants Account, please make sure to use a Grants PO.
5. Please make sure to obtain written permission the Grants Division.

PO Change Order Process:

Changes are made via the New World Database. A Detailed comment needs to be entered stating what is being updated.

Changed Purchase Order List

Shopping cart, Globe, Document, Magnifying glass, Printer, Mail, List

Purchase Order Number Vendor

Department Type

Change Process Only ☒

Search Reset

1. Remove the check mark in the change process only
2. Enter either the PO number or Vendor to find the departments PO
3. Hit Search
4. Click on the PO number that needs to be changed
5. Make the changes as needed
6. Click Save, if enough funds aren't available the PO will not validate
7. If you get a GIANT red **X** do not move it forward, you will need to adjust the budget
8. If a GREEN check mark appears **✓**, the PO is validated, then approve to move forward in the approval process
9. Once change order request goes through the approval process and is fully approved, purchasing will post, print and forward a copy of your to your department so you will know the change order is complete.

Furniture Order Process

There are a few things to be considered when you order furniture for new or existing staff.

1. There may be existing furniture that will meet your needs. Before ordering new furniture and/or cubicles, reach out to the Facilities Team. There are desks, credenzas, bookshelves, and cubicles available that are in excellent condition that may suit your needs.
 - a. You are not *required* to use existing office furniture or cubicles. Sometimes the existing furnishings are too large for smaller offices, or the cubes are not suitable for the space.
 - b. Chairs should *always* be ordered new. Using old chairs to save money can cost the City in the long term with potential ergonomic problems that they can cause or exacerbate for health employees.
2. If there is not existing furniture that suits the needs of your department, follow the RFQ Process to initiate the purchase of furniture that meets the needs of your department.
3. It is important to note that if City Facilities staff is unable to install your furniture and/or cubicles, a Public Works bid *must* be released for the installation of the furniture system according to State Law.
 - a. The bid will be released to certified/qualified vendors that have the proper licensing and certifications for the installation and comply with Prevailing Wage.
 - b. Prevailing Wage applies to assembly, disassembly, installation, reconfiguring or securing furniture to walls.
 - c. Prevailing wage does not apply to delivery of furniture, or rearranging/moving chairs, bookcases, filing cabinets, desks, etc. within a space.

Staples Office Supplies

Staples is the city's designated office supplies vendor.

1. To obtain a log-in

- Send an email to your assigned City Representative with your employee's name, email address, phone, department and shipping address.

It is okay to ask for price matches for large, priced items. Please advise City Representative when an employee separates from the city so that their account is removed. Please note Furniture orders can be placed with Staples if a department has the approved specifications and measurements.

Business Registration

According to Municipal Code 5.04.005, a business registration certificate needs to be obtained before any person or business conducts business in the City. Please contact the Business Registration Department for all business certificate, licensing, and fee requirement information.

City of San Bernardino Contract Processing Guidelines

The Purchasing Division wants to ensure to meet the purchasing needs of the city as much as possible. To safeguard that appropriate contract procedures are being properly followed; the following process is being implemented immediately:

- 1. Drafting a Contract.**
 - a. If an individual department processes a bid, the Department can draft the service agreement using the city approved template.
- 2. All Contracts require purchasing review & approval prior to sending to the vendor/consultant for signature.**
 - a. This is to ensure that everything is documented correctly within the agreement.
 - b. The Department shall forward drafted agreement to the Purchasing Division for review and approval.
 - c. Purchasing may have some approved language and/or options to add to the agreement before sending to the vendor/consultant for review.
- 3. Contracts Requiring Purchasing/City Attorney review & approval prior to and after the vendor/consultant has been requested to sign the contract.**
 - a. Drafted templates that will not require City Attorney approval **prior** to sending to the vendor/consultant for signature are:
 - i. The contract is drafted on the City approved template and no exceptions or deviations have been taken on the terms and conditions.
 - b. Drafted templates that will require Purchasing/City Attorney approval **prior** to sending to the vendor/consultant for review/revisions are:
 - i. The contract is above \$40,000.
 - ii. The contract drafted on the City approved template and exceptions/deviations are being requested on the terms and conditions
 - iii. The contract is drafted on the vendor/consultants' contract template.
 - c. Drafted templates that will require City Attorney approval **after** sending to the vendor/consultant for review/revisions are:
 - i. The vendor has taken exceptions to the Terms and Conditions within the City approved agreement template.
 - ii. The vendor is counter-responding to the exceptions the City has taken on the vendor/consultants drafted contract template.
 - d. City Attorney is to be given a minimum of 7 to 10 business days to review contracts or to complete other legal review requests.
- 4. If wet signature is required. All contracts should be signed by the vendor/consultant prior to sending the contract to the Purchasing Manager and/or City Manager for final signature and approval.**
 - a. This is a best practice for the business issuing the contract not to sign a contract until it is accepted by the other party and signed. Once it is accepted and signed by the other

party, the issuer should review the contract again to make sure no terms were changed and then sign it.

- i. This best practice is also used when a vendor gives the City their contract template to review and sign. The city will not sign the contract until the vendor signs the negotiated terms and conditions first.
- b. The City Purchasing Division is to be given a minimum of five (5) business days to review contracts or to complete other purchasing requests.
- c. Sometimes vendors/consultants may change terms and sign contracts without advising that changes have been made on their end.
 - i. We must review and make sure that the same contract that was sent to them is being signed and returned to us.
- d. Purchasing will forward the contract to the City Clerk for the City Attorney's Signature and City Manager's signature, via DocuSign, unless a wet signature is required.
- e. Once signed by the City Manager and finalized, everyone should receive a copy of the sign.

5. Agreement Amendments are generally Processed for the following reasons:

a. Rate Adjustments

- i. Processed when a vendor has requested a rate increase. If rates are increased in a contract, an amendment needs to be processed. The amendment should contain the new rates along with indicating the new percentage of the rate increase.

b. Expiration Date Extensions

- i. If an agreement is needed for a longer period of time, then an amendment needs to be processed. This will include contracts that have options to extend. If the City is going to use the option to extend, an amendment needs to be generated and stated that the City is using the option to extend the agreement.

c. Scope of Work Changes

- i. If the scope of services is being altered or information is being added to the SOW, then an amendment should be processed. Vendors are already obligated to provide the services/materials that are in their executed agreements, they are not obligated to provide more than what is stated in their SOW, this is why an amendment is needed.

d. Services/Delivery Schedule Changes

- i. If a vendor has a set schedule of days and time that are in their contract and they want to make changes to that schedule, then the department needs to agree to that change and process an amendment.

e. Typos and Errors

- i. When there is an error in an agreement it needs to be corrected and an amendment may need to be processed; an error may change the meaning of terms and conditions in a contract. Contact Legal Services for review to determine if the error has a material impact on the agreement or contract.

All completed copies of executed amendments shall be attached to the PO in the Financial System.

6. When purchasing conducts, a bid, purchasing is responsible for drafting the contract. Please provide the Buyer with the Following information:

- a. Annual Cost for the contract
- b. Whether or not it is a multiple year contract
- c. If Council approval is required, please provide the date of the meeting, item number, and annotated page showing approval.

Please do not upload contracts to DocuSign that have been processed by the Purchasing Division, that is Purchasing's responsibility.

7. When using DocuSign, Contract will be uploaded into DocuSign and the contract will go through the internal process for signatures and the vendor's email is added in order to obtain their electronic signature.

City Approved Agreements

Template Title	Purposes	Insurance Requirements	Bonds
Contract Amendment	To amend Terms and Conditions in an executed agreement	Insurance requirements are based on original Agreement	N/A
Contract Extensions	To extend the terms and conditions of an agreement	Insurance requirements are based on original Agreement	N/A
Design Build Agreement	For single projects with turnkey design and construction	Commercial General Liability (CGL) Contract Price Amt of Liability Ins (occ.) \$0 - \$2mil \$2 mil \$2mil - \$5mil \$3 mil \$5mil - \$10mil \$5 mil \$10mil - \$20 mil \$10 mil Automobile \$5 mil per accident Workers Comp. \$1 mil Professional Liability \$2 mil	Performance Bond Payment Bond
Design Services Agreement	For Professional Design Services Only	CGL \$2mil per occ/\$4 mil aggregate Automobile \$1 mil per occ Employers Liability \$1 mil per occ Professional Liability \$2 mil per claim/Aggregate	Performance Bond Payment Bond
Encroachment Agreement	To document City's authorization of the Permittee's encroachment onto City's Property	Insurance Requirements is dependent on Scope of Work contained in the agreement and Permit shall not take effect or become binding on City until Permittee has complied with the insurance requirements.	N/A
Goods Purchase Agreement	Is to purchase all machinery, equipment, supplies, items, parts, materials, labor or other services, including design, engineering and installation services. Delivery Date(s) upon which the goods are to be delivered to the City, ready for approval, testing and/or use.	CGL \$2mil per occ/\$4 mil aggregate Automobile \$1 mil per occ Workers Comp \$1 mil per occ Professional Liability \$2 mil per claim/Aggregate	N/A
Lease Agreement – City as Lessee	For City the pay Lessor rent for a property for a premises, for an extended period of time	Insurance requirements are based on the intended use of the rental property	N/A
Lease Agreement – City as Lessor	For city to rent out city owned property to a Lessee for an extended period of time.	CGL \$2mil per occ/\$4 mil aggregate Automobile \$1 mil per occ Workers Comp \$1 mil per occ	N/A
License Agreement	City owned real property in which a Licensee desires to obtain CITY'S permission to enter onto the Property for a specified period of time.	CGL \$2mil per occ/\$4 mil aggregate Automobile \$1 mil per occ Workers Comp \$1 mil per occ	N/A
Long Form Construction Specifications	Complex/High Risk/High Value Construction Projects	CGL \$5mil per occ/\$10 mil aggregate Automobile \$5 mil per occ Workers Comp \$1 mil per occ Professional Liability \$2 mil per claim/Aggregate	Performance Bond Payment Bond

Template Title	Purposes	Insurance Requirements	Bonds
		Builder's Risk Contractor's Pollution Liability \$1 mil per occ/ \$2 mil aggregate	
Maintenance Services Agreement	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. 5. Work performed to keep, operate, and maintain publicly owned water, power, or waste disposal system, including, but not limited to, dams, reservoirs, powerplants, and electrical transmission lines of 230,000 volts and higher.	CGL: \$2 mil per occ/\$4 mill aggregate. Limits may be increased if work involved Construction \$5mil per occ/\$10 mil aggregate. Automobile \$1 mil per occ Workers Comp \$1 mil per occ Professional Liability \$2 mil per claim/Aggregate Builder's Risk Contractor's Pollution Liability \$1 mil per occ/ \$2 mil aggregate	Performance Bond Payment Bond
Nuisance Abatement Services Agreement	Nuisance abatement is a legal procedure for correcting a situation that is considered a nuisance. Nuisances can take the form of health and safety threats in addition to circumstances that impact quality of life. Thus, issues like poor sanitation, abandoned property, havens for criminal activity, and loud music are all nuisances and can be subjected to nuisance abatement.	CGL \$2mil per occ/\$4 mil aggregate Automobile \$1 mil per occ Workers Comp \$1 mil per occ	Performance Bond Payment Bond
On-Call Professional Services Agreement	For Professional Services for Specialized Services such as Financial, Economic, Accounting, Legal Engineering or Administrative Services	CGL \$2mil per occ/\$4 mil aggregate Automobile \$1 mil per occ Employers Liability \$1 mil per occ Professional Liability \$2 mil per claim/Aggregate	N/A
Professional Services Agreement	A professional services agreement is essentially a form that collects all the relevant information in a professional endeavor between two parties. Its purpose is to aid in preparing a functional contract for said services between the parties. It is typically divided into two sections – the agreement, and the exhibit.	CGL \$2mil per occ/\$4 mil aggregate Automobile \$1 mil per occ Employers Liability \$1 mil per occ Professional Liability \$2 mil per claim/Aggregate	N/A
Professional Software Services Agreement	A professional services agreement is essentially a form that collects all the relevant information in a professional software services endeavor between	CGL \$2mil per occ/\$4 mil aggregate Automobile \$1 mil per occ Employers Liability \$1 mil per occ	N/A

Template Title	Purposes	Insurance Requirements	Bonds
	two parties. Its purpose is to aid in preparing a functional contract for said services between the parties. It is typically divided into two sections – the agreement, and the exhibit.	Professional Liability \$2 mil per claim/Aggregate Cyber Liability \$1 mil per claim/Aggregate	
Professional Services Agreement Caltrans – FHWA	A professional services agreement is essentially a form that collects all the relevant information in a professional endeavor between two parties. Its purpose is to aid in preparing a functional contract for said services between the parties. It is typically divided into two sections – the agreement, and the exhibit. Agreement is full funded by Caltrans on behalf of FHWA	CGL \$2mil per occ/\$4 mil aggregate Automobile \$1 mil per occ Employers Liability \$1 mil per occ Professional Liability \$2 mil per claim/Aggregate	N/A
Real Estate Purchase Agreement	Transactional agreement between a Buyer and Seller of Real Estate Property	Buyer maintains and will continue to maintain adequate public liability insurance coverage throughout the term of this Agreement. Buyer's indemnity obligations as set forth herein will survive termination of this Agreement.	N/A
Real Estate Sale Agreement	Transactional agreement between a Buyer and Seller of Real Estate Property	At Close of Escrow (as defined below), Seller will convey good and marketable title to the Property to Buyer as evidenced by an ALTA Non-Extended Form Owners Policy of Title Insurance ("Title Policy"), issued by the Title Company in an amount equal to the Purchase Price, and with endorsements requested and paid for by Buyer, and subject only to the Permitted Exceptions. Seller will assign to Buyer all insurance proceeds and the Purchase Price will be reduced by the amount of any deductible.	N/A
Reimbursement & Indemnification Agreement	Reimbursement: to Reduce or avoid tax. The benefit under a reimbursement agreement can be the payment of money, the transfer to property or an estate, interest, right or power in or over property or the provision of services. An Indemnity Agreement allows the injured party to claim compensation or reimbursement for the losses that are suffered from the party that is liable to make up for these damages	N/A	N/A

Template Title	Purposes	Insurance Requirements	Bonds
Reverse License Agreement	the License Agreement to be entered into by Buyer and Seller at the Closing in the form attached hereto as Exhibit B.	CITY, shall be lawfully self-insured with minimum coverage limits as required by LICENSOR as described in Exhibit "C". Prior to (i) entering the Licensed Property or (ii) performing any work or maintenance on the Facility, CITY shall furnish LICENSOR with the insurance endorsements and certificates in the form and amounts specified in Exhibit "C", evidencing the existence, amounts and coverage of the insurance required to be maintained hereunder. LICENSOR shall not be liable for the payment of any premiums or assessments for insurance required to be maintained by CITY under this Agreement.	N/A
Reverse Right of Entry Agreement	GRANTOR hereby grants to GRANTEE and its agents, employees and contractors the temporary non-exclusive right to enter onto the Property for the Project; provided, however, that GRANTEE's use of the Property permitted hereunder shall not interfere with the reasonable use and enjoyment thereof by GRANTOR or any tenants, occupants or persons claiming through or under GRANTOR; and provided further that all persons who enter upon the Property pursuant to this Right of Entry do so at their own risk and shall comply with any and all instructions and directions of GRANTOR.	N/A	Bond
Right of Entry Agreement	Employees and contractors the temporary non-exclusive right to enter onto Property solely for a project. provided, however, that GRANTEE's use of the Property permitted hereunder shall not interfere with the reasonable use and enjoyment thereof by GRANTOR or any tenants, occupants or persons claiming through or under GRANTOR; and provided further that all persons who enter upon the Property pursuant to this Right of Entry do so at their own risk and shall comply with any and all instructions and directions of GRANTOR.	CGL \$2mil per occ/\$4 mil aggregate Automobile \$1 mil per occ Workers Compensation \$1 mil per occ	N/A
Short Form Construction Contract	A short form agreement is legal document that is used to procure small renovation or construction services from a contractor or construction	CGL \$2mil per occ/\$4 mil aggregate Automobile \$1 mil per occ Workers Compensation \$1 mil per occ Builders'/All Risk	N/A

Template Title	Purposes	Insurance Requirements	Bonds
	company. The contract states who the parties are, what work is to be completed, and by what date the project should be done.	Professional Liability Ins. \$2 mill per occ.	
Short Form Services Agreement	It is intended for use in business-to-business transactions and is not suitable for use in consumer transactions.	CGL \$2mil per occ/\$4 mil aggregate Automobile \$1 mil per occ Workers Compensation \$1 mil per occ Builders'/All Risk Professional Liability Ins. \$2 mill per occ.	N/A
Vendor Services Agreement	<p>A vendor service agreement is used whenever a business owner or an individual hires a person or company to provide services or products. Vendor agreements are used in all sorts of industries, including professional services, technology, marketing, event planning, and much more. A quality vendor service agreement clearly states the product or service the vendor will provide and the expectations of the deal from the beginning. It also lowers the risk of dispute or confusion for everyone involved.</p> <p>A vendor service agreement should be used for all types of events, including farmer's markets, festivals, or fairs, to ensure everyone benefits from the experience. In a vendor agreement, the conditions and expectations of the service or product are clearly laid out.</p>	CGL \$2mil per occ/\$4 mil aggregate Automobile \$1 mil per occ Workers Compensation \$1 mil per occ Builders'/All Risk Professional Liability Ins. \$2 mill per occ.	

Non-City Approved Agreements

<u>Type of Agreement</u>	<u>Definitions</u>
Cooperative Agreements	<p>These are agreements between a government entity and a business, created in order to lower the cost of procuring goods and services that multiple entities commonly need.</p> <ol style="list-style-type: none"> 1. Cal Procure: State Leveraged Procurement Agreements 2. OMNIA Partners 3. Sourcewell 4. NASPO 5. BuyBoard Purchasing Cooperative
Piggybacking	<p>When you use an existing contract to acquire the same commodities or services at the same or lower price from another public entity contract. Subject Matter Comparisons: The product or service acquired through piggybacking must be comparable to what your original acquisition needs, function, and goals are.</p>
Single Source	<p>A procurement decision whereby purchases are directed to one source because of standardization, warranty, or other factors, even though other competitive sources may be available.</p> <p>A department must demonstrate in detailed writing, to the Purchasing Agent that the purchase can only be obtained from a single source.</p> <p>Note: This is a <u>LEGAL</u> requirement, not just an ordinance. This is to protect against any discrimination for ALL bidders, contractors.</p> <p>We are ran by the public for the public.</p>
Sole Source	<p>Is used only when there is only one qualified company that has developed a patent or copyright product or services; when the product or service is required immediately due to a pressing emergency; or it is not in the public's interest to hold a competition.</p>
Please contact purchasing to use the Single/Sole Source Justification Form when requesting to utilize a Single/Sole Source Procurement. See example below	

**City of San Bernardino
Finance Department, Purchasing Division
JUSTIFICATION OF SINGLE/SOLE SOURCE REQUEST**

ITEM Description _____

DATE _____

Select Source:

_____ Sole Source: Item is manufactured and/or only distributed by one vendor.

_____ Single Source: Item is available from several vendors, but item is the only one that will work

Please answer all questions in detail, in order to prevent delays in the evaluation.

Please do not provide one sentence answers. If any additional pages are needed to answer all questions, please attach all pages to this document.

1. Why is the acquisition restricted to this good/service/supplier? (Explain why the acquisition cannot be competitively bid). Please enter answer below

2. Describe the uniqueness of the purchase (why was the good/service/supplier chosen?)
Please enter the answer below

3. What are the consequences of not purchasing the goods/service or contracting with the proposed supplier?

4. What market research was conducted to substantiate the single source, including evaluation of other items considered?
 - a. (Please provide a narrative of your efforts to identify other similar or appropriate goods/services, including a summary of how the department concluded that such alternatives are either inappropriate or unavailable. The names, addresses and phone numbers of suppliers contacted and the reasons for not considering them must be included or an explanation of why the survey or effort to identify other goods/services was not performed.)

5. How was the price offered determined to be fair and reasonable? Explain what the basis was for comparison and include cost analyses as applicable. (I.e., Compared to vendor's previous or current offer to the city or to another agency/company – or any other method of comparison that will substantiate fair and reasonable pricing in the absence of competition)

6. Describe any cost savings realized or costs avoided by acquiring the goods/services from this supplier.

Signature Block Below

Department Head

Date

Approved Not Approved
(Up to \$100,000)
Purchasing Manager

Date

SSJ Justification: _____

Over \$100,000 – must be submitted for City Council Approval with the Purchasing Manager in concurrence.

Please contact the City Clerk's office if you have questions regarding the DocuSign Process for Agreement Signatures:

City Clerk requires: That only Finalized Agreement be uploaded to DocuSign. Before uploading an agreement to DocuSign, please forward the following Documents to your designated Buyer for review via email:

1. Drafted Agreement
2. Quote(s)
3. COI with waivers of Subrogation and Endorsements
4. W9 with wet signature and current date
5. City Business License

How to Calculate Cost Avoidances and Cost Savings for Procurement Projects

Cost Savings vs. Cost Avoidance

- Cost-savings measures any actions that lower current spending, investment, or debt levels. They result in a tangible financial benefit for the organization. The amount of money saved as a result of these measures should always be reflected in the financial statements and next year's budget. Actual cost savings should be visible in the financial statements compared to prior period; planned cost savings should be reflected in the budget. Examples of cost saving measures are:
 - Reduction of overtime hours
 - Elimination of temporary labor employees
 - Negotiation of price decreases for products and services
 - Negotiation of a lower rental fee for facilities and equipment
- Cost avoidance measures are any actions that avoid having to incur costs in the future. They represent potential increases in costs that are averted through specific preemptive actions. These measures will never be reflected in the budget or the financial statements. Some examples of cost avoidance measures are:
 - A reduction of a proposed price increase from a vendor
 - The elimination of the need for additional headcount through process improvements, or a change in maintenance schedules for critical equipment to avoid work stoppages.

Cost Savings	Cost Avoidance
Any action that results in a tangible financial benefit that lowers current spending, investment, or debt levels.	Any action that avoids having to incur costs in the future.
Cost savings measures are reflected in the financial statements and next year's budget.	Cost avoidance measures are <u>never reflected</u> in the financial statements and next year's budget. They will only be reflected in situations where the proposed action is not implemented, resulting in a cost increase.

How to Calculate a Cost Avoidance Example	
Average Cost of Bids Submitted	\$ 1,000,000.00
Winning Bid	\$ 350,000.00
Average Cost of Bids - Subtracted from winning bid = Cost Avoidance	\$ 650,000.00
Divide Cost Avoidance/ Average cost of bids = Percentage of savings/avoidance for project	65%

How to Calculate a Basic Cost Savings Example	
Cost used in previous project/services	\$ 55,000.00
Cost of new winning bid	\$ 46,000.00
Subtract previous cost from - new bid cost = New cost savings	\$ 9,000.00
Divide Cost Savings/ previous project cost = Percentage of new cost savings	16%

Certificate of Insurance (COI):

All vendors are required to provide a COI for the services, materials and equipment that they are providing to the city. Insurance limits vary dependent upon the type of work and services that are being provided. The Current Insurance Limits for 2023 are the following:

Professional Services Agreements, Lessee Agreements & Vendor Agreements

- General Services will usually require a minimum amount such as CGL \$2,000,000 per occ./\$4,000,000 aggregate.
- Professional Liability will usually require No less than \$2,000,000 per occurrence or Claim, \$2,000,000 aggregate.
- Automobile Liability will usually require No less than \$1,000,000 per accident for bodily injury and property damage.
- Worker's Compensation will usually require No less than \$1,000,000 per accident for bodily injury or disease. Not required if consultant provides written verification, it has no employees.

Environmental Contractors and/or Consultants Agreements

- Commercial General Liability (CGL). No less than \$2,000,000 per occ./\$4,000,000 aggregate
- Contractors' Pollution Legal Liability and/or Asbestos Legal Liability and/or Errors and Omissions (if project involves environmental hazards) with limits no less than \$1,000,000 per occurrence or claim, and \$2,000,000 policy aggregate.
- Automobile Liability will usually require No less than \$1,000,000 per accident for bodily injury and property damage.
- Worker's Compensation will usually require No less than \$1,000,000 per accident for bodily injury or disease. Not required if consultant provides written verification, it has no employees.

Construction Services Agreements

- Commercial General Liability (CGL). No less than \$5,000,000 per occ./ \$10,000,000 aggregate.
 - The higher limit is appropriate for general contractors on any new construction or major remodel projects. Subcontractors in areas of higher risk, such as electric, roofing, or plumbing work, should have limits above the standard minimum of \$2 million.
- Automobile Liability. No less than \$5,000,000 per accident for bodily injury and property damage.

- Worker's Compensation will usually require No less than \$1,000,000 per accident for bodily injury or disease. Not required if consultant provides written verification, it has no employees.
- Builder's Risk. (Course of Construction) insurance utilizing an "All Risk" (Special Perils) coverage form, with limits equal to the completed value of the project and no coinsurance penalty provisions.
- Professional Liability. No less than \$2,000,000 per occurrence or Claim, \$2,000,000 aggregate.
- Contractors' Pollution Legal Liability. And/or Asbestos Legal Liability and/or Errors and Omissions (if project involves environmental hazards) with limits no less than \$1,000,000 per occurrence or claim, and \$2,000,000 policy aggregate.
- Aviation and Cyber Liability Insurance (May be required):
 - Unmanned Aerial Systems (UAS) – aka "Drones", has determined that drones are "currently the most dynamic growth sector in Aviation.
 - Amount of Insurance Needed:
 - Typically, liability limits may be purchased on a combined single limit basis at \$500,000, \$1,000,000 and \$2,000,000 and higher depending on insurance company and/or requirement.
- Design/Build Contracts (Professional Liability). For contracts with construction risk, there is added coverage requirements for professional liability. It is necessary for "design/build" contracts where the contractor is expected to provide engineering and architectural services.

Please note that Bonds may be required such as: Surety Bonds, Bid Bonds, Performance Bonds, Payment Bonds, Subdivision or Completion Bonds. Please review the contract template and/or contact the City Attorney to verify if there is a requirement for Bonds.

Professional Software Services Agreements and may be required for other types of agreements.

- General Services will usually require a minimum amount such as CGL \$2,000,000 per occ./\$4,000,000 aggregate.
- Professional Liability will usually require No less than \$2,000,000 per occurrence or Claim, \$2,000,000 aggregate.
- Automobile Liability will usually require No less than \$1,000,000 per accident for bodily injury and property damage.
- Worker's Compensation will usually require No less than \$1,000,000 per accident for bodily injury or disease. Not required if consultant provides written verification, it has no employees.

- Cyber Liability with limits not less than \$2,000,000 per occurrence or claim, \$2,000,000 aggregate
 - Coverage shall be sufficiently broad to respond to the duties and obligations as is undertaken by Vendor/Contractor/Operator in this agreement and shall include, but not be limited to, claims involving infringement of intellectual property, including but not limited to infringement of copyright, trademark, trade dress, invasion of privacy violations, information theft, damage to or destruction electronic information, release of private information, alteration of electronic information, extortion and network security.
 - This policy shall provide coverage for breach response costs as well as regulatory fines and penalties as well as credit expenses with limit sufficient to respond to these obligations.



CERTIFICATE OF LIABILITY INSURANCE

COMMERCIAL

DATE (MM/DD/YYYY)

02/17/2023

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER License # 00000000 00000000 00000000 00000000	CONTACT NAME: PHONE (A/C, No, Ext): (700) 754-0000 FAX (A/C, No, Ext): (700) 754-0000 E-MAIL ADDRESS: ADDRESS: INSURER(S) AFFORDING COVERAGE NAIC # INSURER A: Atlantic Specialty Insurance Company 27454 INSURER B: INSURER C: INSURER D: INSURER E: INSURER F:
INSURED 00000000 Systems Inc. 00000000 00000000 00000000	

COVERAGES CERTIFICATE NUMBER: REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL SUBR INFO	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR <input checked="" type="checkbox"/> 00000000 GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input checked="" type="checkbox"/> LOC OTHER:		244-04-00-00-0001	00000001	00000002	EACH OCCURRENCE \$ 1,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 1,000,000 MED EXP (Any one person) \$ 10,000 PERSONAL & ADV INJURY \$ 1,000,000 GENERAL AGGREGATE \$ 2,000,000 PRODUCTS - COMP/OP AGG \$ 2,000,000
A	<input checked="" type="checkbox"/> AUTOMOBILE LIABILITY <input checked="" type="checkbox"/> ANY AUTO <input type="checkbox"/> OWNED AUTOS ONLY: <input type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS ONLY: <input checked="" type="checkbox"/> NON-OWNED AUTOS ONLY <input checked="" type="checkbox"/>		00000000	00000001	00000002	COMBINED SINGLE LIMIT (Ea accident) \$ 1,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$
A	<input checked="" type="checkbox"/> UMBRELLA LIAB <input checked="" type="checkbox"/> OCCUR <input type="checkbox"/> EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE <input type="checkbox"/> DED <input checked="" type="checkbox"/> RETENTION \$ 0		00000000	00000001	00000002	EACH OCCURRENCE \$ 24,000,000 AGGREGATE \$ 24,000,000
A	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	Y/N N/A	00000000	00000001	00000002	<input checked="" type="checkbox"/> PER STATUTE <input type="checkbox"/> OTH-ER E.L. EACH ACCIDENT \$ 1,000,000 E.L. DISEASE - EA EMPLOYEE \$ 1,000,000 E.L. DISEASE - POLICY LIMIT \$ 1,000,000
A	Technology E&O		00000000	00000001	00000002	Limit 15,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

Technology E&O is not an underlying coverage for the Umbrella.

Workers Compensation Includes coverage for all states except ND, OH, WA and WY

CERTIFICATE HOLDER

SPECIMEN CERTIFICATE (For Insurance Verification Purposes Only)	CANCELLATION SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS. AUTHORIZED REPRESENTATIVE _____ _____
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ACORD 25 (2016/03)

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POLICY NUMBER

COMMERCIAL GENERAL LIABILITY
CG 20 01 07 16

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**ADDITIONAL INSURED – OWNERS, LESSEES OR
CONTRACTORS – SCHEDULED PERSON OR
ORGANIZATION**

This endorsement modifies coverage provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART
SCHEDULE

Name of Additional Insured Person(s) Or Organization(s)	Location(s) of Contract Operations
SAMPLE FORM	

Additional insureds listed in Schedule 1 and operations will be added to the Description.

A. Section 8 – Who Is An Insured is amended to
include as an additional insured the company, or
organization listed in the Schedule, and only
with respect to liability for "bodily injury", "property
damage" or "personal and advertising injury"
caused, in whole or in part, by:

1. Your work or operations, or
2. The sale or installation of those acting as your
agent

in the performance of your ongoing operations to
the additional insured(s) at the location(s) design-
ated above.

**B. With respect to the insurance afforded to third
additional insureds, the following additional condi-
tions apply:**

This insurance does not apply to "work" or "off" or
"bodily damage" resulting after:

1. All work, including installation, testing or repair
work furnished to contractor with work work
on the ground other than service, maintenance
or repair to be performed by or on behalf of
the additional insured(s) at the location of the
contract operations has been completed or
2. That period of "start work" and if which the
equipment or storage entity has been put to its
intended use for any person or organization other
than another contractor or subcontractor em-
ployed or performing operations for a project,
as a part of the above project.

Contract # 123456789

Policy # 123456789

Page 1 of 1

POLICY NUMBER:

COMMERCIAL GENERAL LIABILITY
CG 24 84 85 06

WAIVER OF TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHERS TO US

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

SCHEDULE

Name Of Person Or Organization:
PER WRITTEN CONTRACT
Information required to complete this Schedule. If not shown above, will be shown in Endorsements.

The following is added to Paragraph B, Transfer Of Rights Of Recovery Against Others To Us of Section IV – Conditions:

We waive any right of recovery we may have against the person or organization shown in the Schedule above because of payments we make for injury, damage arising out of your ongoing operations, "your work" done under a contract with that person or organization and included in the "products-completed operations hazard". This waiver applies only to the person or organization shown in the Schedule above.

CG 24 84 85 06

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Page 1 of 1