

Chapter 3.04 PURCHASING SYSTEM¹

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3.04.010 Adoption of Purchasing System

- A. In order to establish efficient procedures for the purchase of supplies, materials and equipment, and contracted services, to secure for all departments or agencies of the City excepting the Municipal Water Department and the Free Public Library, supplies, materials, equipment, and services at the lowest possible cost commensurate with the quality needed, to exercise positive financial control over purchases, to clearly define authority for the purchasing functions and to assure that quality of purchases, a centralized purchasing system is adopted. Except as specified herein, there shall be no exemption from centralized purchasing and no agency or department shall be authorized to purchase, or contract for the purchase of supplies, services or equipment independently of the administrative office. The Board of Water Commissioners and the Board of the Free Public Library shall employ procedures substantially in compliance with the provisions of this Chapter as such may be applicable.

¹ For Charter provisions on purchases see Charter § 140; for statutory provisions requiring local agencies to adopt policies and procedures governing purchases of supplies and equipment, see Gov. Code §5402.



B. Exemptions. This Chapter shall not apply to the following:

1. Purchases from, or sales to a government or governmental agency, or through any advantageous governmental contract approved by the Council, or to the purchase of election supplies, or to purchases and/or services or service contracts relating to litigation or prosecution or investigations thereof, or to purchases and/or services or service contracts relating to fire and police investigations, or to the purchases and/or services or service contracts relating to board up or demolition of buildings or structures.
2. Purchases from a vendor or manufacturer which, through the City's bidding procedure, or other California government or governmental agency's bidding procedure, has established a price at which such a vendor or manufacturer is willing to sell to the City. During such a bid procedure more than one responsive bid must have been received, and the bid award must have occurred within one year at the City's issuance of a purchase order.
3. Purchases approved by the Mayor and Common Council.
4. Purchases for less than \$500.00.

(Ord. MC-983, 9-24-96; Ord. MC-858, 1-12-93; Ord. MC-608, 9-22-87;
Ord. MC-513, 4-22-86; Ord. MC-431, 1-25-85; Ord. 2588, 6-23-64)

3.04.020 Purchasing Officer

The purchase and sale of all supplies, materials and equipment and services, shall be the responsibility of the purchasing agent under the direction and supervision of the administrative officer.

(Ord. MC-858, 1-12-93 ; Ord. 2588, 6-23-64)

3.04.030 Estimates of requirements

All using departments and agencies shall file detailed estimates of their requirements for supplies, materials and equipment in such manner, at such time, and for such future periods as the City Administrative office shall prescribe.

(Ord. 2588, 6-23-64)

3.04.040 Requisitions

Using departments and agencies shall submit requests for supplies, materials and equipment to the Purchasing Agent by standard requisition forms.

(Ord. 2588, 6-23-64)

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3.04.050 Purchase orders

Purchase of supplies, materials, and equipment shall be made only by purchase order, and signed by the Purchasing Agent or administrative officer or his or her designee.

(Ord. MC-858, 1-12-93; Ord. 2588, 6-23-64)

3.04.060 Encumbrance of funds

The Purchasing Agent shall not issue any purchase order for supplies, materials or equipment unless there exists an unencumbered appropriation in the account against which the purchase is to be charged, and until the same has been approved by the finance division of the administrative office.

(Ord. 2588, 6-23-64)

3.04.070 Formal contract procedure

Except as otherwise provided in this Chapter, purchases and contracts for supplies, materials and equipment of a value greater than fifty thousand dollars shall be by a written contract with the lowest possible and best bidder, pursuant to the procedures described in this section.

- A. Notice Inviting Bids. Notices inviting bids shall include a general description of the articles to be purchased, shall state where bid blanks and specifications may be secured, and the time and place for opening bids.
- B. Notice, Publication and Mailing. Notice inviting bids shall be published at least ten days before the opening of bids in a newspaper of general circulation printed and published in the City.

The Purchasing Agent may establish and maintain a list of prospective bidders. The prospective bidders shall be listed on said list according to the service or product provided as indicated by the prospective bidder. It shall not be the responsibility of the Purchasing Agent to ensure that the list contains current information in respect to the address, service or product of the prospective bidder. The Purchasing Agent is authorized to mail invitations to bid directly to appropriate prospective bidders appearing on said list and to other prospective bidders.

- C. Bidder's Security. Each bid or proposal may be required by the Purchasing Agent to be accompanied by a bidder's bond, certified or cashier's check, or cash in an amount not more than ten percent of the total bid. The City Administrator shall establish standards for determining under what circumstances a bidder's security shall be required in order to protect the interests of the City. When deemed necessary by the City Manager, bidder's security may be

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prescribed in the public notices inviting bids. When bid security is required, bidders shall be entitled to return of bid security, provided that a successful bidder shall forfeit his bid security upon refusal or failure to execute the contract within ten days after the notice of award has been mailed, unless and to the extent the City is responsible for the delay. The Common Council may, on refusal or failure of the successful bidder to execute the contract, award it to the next lowest and best bidder. If the Common Council awards the contract to the next lowest and best bidder, the amount of the lowest bidder's required security shall be applied by the City to the difference between the low bid and the second lowest bid, and the surplus, if any, shall be returned to the lowest bidder

- D. Bid Opening Procedure. Sealed bids shall be submitted to the Purchasing Agent and shall be identified as bids on the envelope. Bids shall be opened in public at the time and place stated in the public notices. A record of the bids received shall be available for public inspection after bids have been opened, indicating the amounts bid by the various bidders and the basis for awarding the contract or purchase order if other than the lowest bidder. Such list shall be available for thirty days after the award has been made.
- E. Rejection of Bids. At its discretion, the Mayor and Common Council shall have the power to reject any and all bids presented and readvertise for bids.
- F. Award of Contracts. Contracts shall be awarded by the Mayor and City Council, by resolution or minute action, to the lowest and best bidder except as otherwise provided herein..
- G. Tie Bids. If two or more bids received are for the same total amount or unit price, quality and service being equal and if the public interest will not permit the delay of readvertising for bids, the Mayor and Common Council may accept the one it chooses or accept the lowest bid made by negotiation with the tie bidders at the time of the bid opening
- H. Performance Bonds. The Mayor and Common Council shall have authority to require a performance bond before executing a contract in such amount as it shall find reasonably necessary to protect the best interests of the City. If the Mayor and Common Council require a performance bond, the form and amount of the bond shall be described in the notice inviting bids.
- I. Negotiated Purchases. At the discretion of the City Manager, the Purchasing Agent may authorize the purchase of technical or specialized supplies and equipment by competitive negotiation when such a method of purchase would be more advantageous to the City, and any one of the following conditions exists:



1. The supplies or equipment are such that suitable technical or performance specifications are not readily available;
2. The City is not able to develop descriptive specifications; or,
3. The quality of the supplies and equipment cannot be accurately determined by reference to their specifications alone.

At the completion of such a negotiated purchase a written report thereon shall be made to the City Administrator.

(Ord. MC-1569, 2-02-22; Ord. MC-1413, 4-06-15; Ord. MC-858, 1-12-93;
Ord. MC-646, 12-07-88; Ord. MC-602, 6-02-87; Ord. MC-491, 1-22-86; Ord. MC-183, 7-07-82;
Ord. 3893, 1-09-80; Ord. 3723, 5-04-78; Ord. 3514, 8-06-75; Ord. 2588, 6-23-64)

3.04.075 Emergency purchases

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 or contractual services, the City Administrator shall have the authority to authorize the Purchasing Agent to secure in the open market at the lowest obtainable price 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 limitation for open market purchases. In all instances a full explanation of the emergency circumstances shall be filed with the Mayor and Common Council.

(Ord. 3893, 1-09-80; Ord. 2588, 6-23-64)

3.04.080 Open market procedure

Purchase of supplies, materials, and equipment of a value in the amount of fifty thousand dollars or less may be made by the Purchasing Agent in the open market, in accordance with the following procedure:

- A. Minimum Number of Bids. Open market purchases shall wherever possible, be based on at least three bids, and shall be awarded to the lowest and best bidder.
- B. Notice inviting bids. The Purchasing Agent shall solicit bids by written requests or by telephone to prospective vendors.
- C. Written Bids. Sealed written bids shall be submitted to the Purchasing Agent who shall keep a record of all open market orders and bids for the required period of time after the submission of bids or the placing of orders. This record while so kept shall be open to public inspection.

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- D. Open Market Purchases For Which No Bids Are Required. For open market purchases not exceeding twenty-five hundred dollars, the Purchasing Agent shall have the authority to select a specific vendor and place an order without obtaining additional competitive bids.

(Ord. MC-1413, 4-06-15; Ord. MC-858, 1-12-93; Ord. MC-646, 12-07-88;
Ord. MC-602, 6-02-87; Ord. MC-183, 7-07-82; Ord. 3893, 1-09-80;
Ord. 3531, 10-07-75; Ord. 2588, 6-23-64)

3.04.085 Services

- A. The Purchasing Agent may contract for services of a value of fifty thousand dollars or less in accordance with the following procedure:
1. Minimum Number of Proposals. Contracts for services shall, whenever possible, be based on at least three proposals, and shall be awarded to the provider who can best meet the needs of the City. Although cost shall be considered by the Purchasing Agent in entering into such contracts, it shall not be the sole determining factor.
 2. Request For Proposals (RFP). The Purchasing Agent shall solicit proposals by written requests or by telephone to prospective providers.
 3. Written Proposals. Sealed written proposals shall be submitted to the Purchasing Agent who shall keep a record of all such proposals for not less than 180 days. This record while kept shall be open to public inspection.
 4. Contractual Services For Which No Proposals Are Required. For contractual services not exceeding twenty-five hundred dollars in value, the Purchasing Agent shall have the authority to select a specific provider and enter into a contract without obtaining additional proposals.
- B. Contractual services with a value in excess of fifty thousand dollars must be approved by the Mayor and Common Council pursuant to Requests For Proposals as authorized by the Mayor and Common Council.
- C. The provisions of Subsection A above shall not apply to contracts for special counsel services which are provided for pursuant to Chapter 2.20 of this Code.

(Ord. MC-1413, 4-06-15; Ord. MC-858, 1-12-93)



3.04.090 Annual Audit

An annual audit of the accounts established by the Purchasing Agent pursuant to the authority granted under this Chapter shall be performed annually by the Finance Department. A report of such audit shall be presented to the Mayor.

(Ord. MC-646, 12-07-88; Ord. 2588, 6-23-64)

3.04.100 Surplus supplies and equipment

- A. All using agencies and departments shall submit to the purchasing agent, at such times and in such form as he shall prescribe, reports showing all supplies, materials and equipment which are no longer used or usable or which may have become obsolete, unsuitable or worn out. The purchasing agent shall have authority to sell said supplies, materials and equipment, or to exchange the same for, or trade in the same on, new supplies, materials and equipment. Such sales, exchanges or trade-ins shall be made to the highest and best bidder pursuant to the procedures of Section 3.04.070 or 3.04.080, whichever is applicable, or shall be made at a public auction as hereinafter set forth. The Purchasing Agent, when directed by the Mayor and Common Council, shall restrict the sale of surplus supplies, materials and equipment of a value in an amount of three thousand dollars or less to local nonprofit tax exempt corporations, associations or organizations pursuant to Section 3.04.080, or shall negotiate and consummate a sale to a governmental agency, including any domestic or foreign sister City. Each restricted or negotiated sale under this Chapter shall be consummated at the fair market value of the surplus supplies or equipment.
- B. Public Auction. A notice describing the property in sufficient detail for its identification shall be prepared by the City administrator and shall be given at least five days before the time fixed therefore by publication once in a newspaper of general circulation published in the City.
- C. City officers shall not be purchasers at any such public auction authorized, conducted or administered by them in their official capacity, nor shall any City officer or employee directly or indirectly submit a bid at the auction if he has participated in the preparation or conduct of the auction in his official capacity.
- D. The property so offered for sale shall be sold to the highest bidder for cash, provided that the City administrator may, at his discretion, fix a minimum sale price and may refuse to sell unless the minimum price is offered, and may further refuse to sell unless a deposit of security is immediately made.



- E. Any property sold at public auction shall be delivered to the purchaser upon payment of the purchase price.
- F. The proceeds of the auction sale or sales shall immediately be deposited with the Treasurer of the City and placed in the general fund thereof.

(Ord. 3531, 10-07-75; Ord. 3370, 8-22-73; Ord. 2588, 6-23-64)

3.04.105 Sale of surplus City property

Notwithstanding anything in this Chapter to the contrary, the Purchasing Agent shall select appropriate items with an estimated value of \$1,000 or less, and shall make them available for retail sale by private parties pursuant to written agreements approved by the Mayor and Common Council, or by direct retail sale by the City. Such items need not be sold to the highest bidder, and may be sold at a predetermined price and may be discounted from time to time in keeping with retail practices. Any items not sold within a reasonable time shall be returned to the Purchasing Agent for disposal according to normal procedures as provided in this Chapter. The private party may be authorized to retain a percentage of the sales price in an amount authorized by such written agreements.

(Ord. MC-968, 6-04-96)

3.04.110 Surplus vehicles and equipment

Upon direction by resolution of the Mayor and Common Council, the Purchasing Agent may dispose of surplus vehicles and equipment by sealed bid sale with or without newspaper advertising, but pursuant to the regulations contained in the resolution.

(Ord. MC-608, 9-22-87)

3.04.115 City Manager

Any duty or responsibility given to the Purchasing Agent by this Chapter may likewise be performed or fulfilled by the City Manager or his or her designee.

(Ord. MC-1413, 4-06-15; Ord. MC-858, 1-12-93)

3.04.120 Penalty To Split Purchases

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.

(Ord. MC-858, 1-12-93)

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3.04.125 Local bidders

Any formal or informal bid submitted by a local bidder for goods or materials pursuant to this Chapter shall receive a one percent (1%) credit for comparison purposes with other bidders. For the purpose of this Section, "local bidders" shall be bidders for which the point of sale of the goods or materials shall be within the City of San Bernardino.

(Ord. MC-903, 5-05-94)

Chapter 3.05 BUDGET TRANSFERS

Sections:

- 3.05.010 Approval of Budget Transfer**
- 3.05.020 Exception; Restricted Funds**
- 3.05.030 Exception; Elected Officials**
- 3.05.040 Mayor and Council Approval**
- 3.05.050 Transferring Restricted Funds- Violation**

3.05.010. Approval of Budget Transfer

Following approval of the Final Budget by the Mayor and Common Council, budget transfers within a department budget in an amount not to exceed \$25,000 per transfer shall be approved or disapproved according to established Finance policies and procedures and on forms approved by the Finance Department, and with notice to the Director of Finance, and written notice to the Mayor and Common Council, as long as the total department budget allocation is not increased and as long as no transfers are approved into or out of budget allocations for personnel salary or benefits.

3.05.020. Exception; Restricted Funds

The authority of Section 3.05.010 of this Chapter does not include transfers into or out of funds, the use of which is restricted by law.

3.05.030 Exception; Elected Officials

The authority of Section 3.05.010 of this Chapter does not restrict the discretion of elected officials who may transfer or allocate funds within their departments as they see fit, with notice to the Finance Director.

3.05.040 Mayor and Council Approval

Any other budget transfers must be approved by the Mayor and Common Council.

(Ord. MC-986, 12-11-96)

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