

**PURCHASING AND CONTRACTING GUIDELINES
FOR
THE CITY OF STANTON**

EFFECTIVE
JANUARY 10, 2023

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1. INTRODUCTION AND GENERAL INFORMATION

1.1 Purpose, Applicability, and Authorization.

The Purchasing and Contracting Guidelines (“Guidelines”) document the procedures and associated roles and responsibilities for contracting with consultants, contractors, or vendors (collectively referred to as “vendor” or “vendors”) for the purchase of Goods, Services, and Public Projects used for the operation of the City of Stanton (“City”). These Guidelines are intended to establish a system of internal controls and decision-making processes for the efficient use and expenditure of public funds. They have been developed to facilitate standardization across all departments, clarify roles and responsibilities, and serve as a tool for employee training and development.

The City’s purchasing philosophy is to ensure fiscal stability and efficiency in governance through the procurement of Goods, Services, and Public Projects at the best quality and value in an open and competitive market. The City strongly encourages broad participation in the procurement process. Opportunities are advertised regularly through the City’s website and other means to encourage a wide range of respondents.

The City Manager may delegate the authority to coordinate and manage the procurement of Goods, Services, and Public Projects on behalf of the City within the limits of, and as may be authorized by the City’s Purchasing Ordinance. The City Manager, or their designee, is responsible for enforcement of the terms of these Guidelines. All City employees are responsible for abiding by these Guidelines.

These Guidelines are subordinate to the requirements contained within the City’s Charter and Purchasing Ordinance, codified as Chapter 2.56 of the Stanton Municipal Code, as they may be amended from time to time. These Guidelines are compliant with Title 2 of the Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. More restrictive procurement methods shall be used, and more restrictive provisions followed 1) if required by Federal, State, and/or County law; 2) where Federal, State, and/or County funds are involved for the purchase; or 3) when the City Council or City Manager determines it is in the best interests of the City.

The City is considered a “state and local government” agency, and therefore, any City procurements using Federal, State, or County grant monies must follow the regulations as set forth by the funding agency. When procuring supplies and equipment, general services, maintenance work, professional services or public projects under a Federal Award, the City shall comply with all applicable policies and procedures.

1.2 Ethics in Procurement.

In all procurement activities, City employees, officers, and agents must abide by the *City’s Conflict of Interest Code*, *City’s Personnel Rules*, *City Council Ethics Policy*, and the *Fair Political Practices Commission & Political Reform Act*.

Any City employee, officer, or agent that violates these standards of conduct shall be subject to disciplinary action, up to and including termination. Such violations may also result in criminal prosecution.

Conflict of Interest.

Employees must follow applicable laws, rules, and regulations regarding 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.

Disclosure of Political Contributions.

For Requests for Bids/Requests for Proposals, included in the bid/proposal documents shall be a Conflict of Interest form to be submitted by the bidding/proposing vendor. The form shall require the vendor to submit a written disclosure to the City declaring any political contributions of money, in-kind services, or loans made to any member of the City Council. If a vendor declines to submit the written disclosure, they will be considered non-responsive.

Vendor Gifts and Gratuities.

The receiving of gifts and/or other symbols of appreciation may compromise the integrity of professional relationships and can lead to inappropriate business practices. Subject to guidelines in the California Code of Regulations, no employee, officer, or agent, shall receive or agree to receive, directly or indirectly, any compensation, reward, or gift from any source except from his or her appointing authority or employer, for any action related to the conduct of the City's business.

Provided the City has not adopted more stringent standards, the Political Reform Act imposes limits on gifts, payments, and gratuities received by elected officials and designated employees. A non-exhaustive summary of these limitations is as follows:

- Officers and designated employees may not accept gifts from any single source **totaling more than \$520** (effective January 1, 2021 - December 31, 2022) in a calendar year. The gift limit is adjusted biennially to reflect changes in the Consumer Price Index; and
- Gifts from a single source aggregating to **\$50 or more** must be disclosed on a Statement of Economic Interests (FPPC Form 700).

Contracts with Employees or Organizations Owned by Them.

Employees shall not knowingly award a Contract or Agreement to a City employee or to a business concern owned or substantially owned/controlled by one or more City employees.

Personal Purchases from Suppliers, Vendors, or Contractors.

Employees or their immediate relatives are NOT to utilize the employee's position with the City to solicit or utilize discounts, promotions, or other concessions from City suppliers, vendors, or

contractors to purchase supplies, equipment, tools, etc. Employees or their immediate relatives are, however, permitted to utilize discounts, promotions, etc. offered to the general public by City suppliers, vendors, or contractors.

Ethical Procurement Practices.

The City strives to maintain good working relationships with its vendors and suppliers, as well as the business community at large. Every employee has the ability to influence the opinions of others through daily interaction with the business community. In personal contacts with vendors and suppliers, employees shall represent the best interests of the City by conducting business in a fair, equitable, and ethical manner. The City subscribes to the following Principles and Standards of Ethical Supply Management Conduct:

- Avoid the intent and appearance of unethical or compromising practice in relationships, actions, and communications (including, but not limited to, biased withholding/disclosure of information and willful misleading in regard to the Good(s), Service(s), or Public Project(s) being solicited).
- Avoid any personal business or professional activity that would create a conflict between personal interests and the interests of the City.
- Avoid soliciting or accepting money, loans, credits, preferential discounts, gifts, entertainment, favors, or services from present or potential suppliers that might influence, or appear to influence, procurement decisions.
- Handle confidential or proprietary information with due care and proper consideration of ethical and legal ramifications and governmental regulations.
- Conduct procurement activities in accordance with state and federal laws, City policies and practices, and these ethical principles and standards of conduct.

If at any time it shall be found that the person to whom a Contract or Agreement has been awarded has, in presenting any bid(s), proposal(s), or quote(s), colluded with any other party or parties for the purpose of preventing any other bid or quote being made, then the Contract or Agreement awarded shall be null and void.

1.3 Stakeholder Responsibilities During Procurement.

Department Responsibilities.

Each department procuring Goods, Services, and Public Projects must participate in, and has responsibilities for, the procurement process. These include, but are not limited to, the following tasks:

- Budget accountability resides with the Department Heads who are responsible for ensuring their budgets stay within authorized funding levels;

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- Determine your funding source. If funds come from outside the City, determine any requirements that the funding source places on the procurement. In particular, federal funding has a multitude of additional requirements that must be complied with;
- Create detailed specifications to ensure the successful vendor provides the City with acceptable Goods, Services, or Public Projects;
- Determine if the resulting Services or Public Projects will require the vendor to pay prevailing wages. If applicable, ensure the vendor is registered with the Department of Industrial Relations (DIR) and has the required contractor's license. (See Appendix A for DIR requirements);
- Contact the Finance Department to ensure the vendor has a current City business license and W-9 on file;
- Review insurance matrix (see supplemental staff resource guidance) to determine if requested insurance limits are appropriate prior to soliciting quotes, issuing a contract, or issuing an RFB/RFP. For consultation, contact the Human Resources/Risk Management Division who may coordinate with the City Attorney's Office and/or the California Joint Powers Insurance Authority (CJPIA); and
- Prepare requisitions according to instructions to minimize processing time.

Risk Management Responsibilities.

The City contracts with the CJPIA for the provision of professional risk management services. In consultation and coordination with City staff and the City Attorney, Risk Management determines the appropriate insurance limits required for different procurements.

Finance Department Responsibilities.

The Finance Department supports procurements by assisting the requesting department in complying with these Guidelines. The Finance Department shall also:

- Supervise and be responsible for the disbursement of all monies and have control of all expenditures to ensure that budget appropriations are not exceeded;
- Audit all Purchase Orders before issuance; and
- Audit and approve before payment, all bills, invoices, payrolls, demands or charges against the City and, with the advice of the City Attorney, when necessary, determine the regularity, legality, and correctness of such claims, demands, or charges.

1.4 Budget Review and Application.

- 1 To facilitate the development and production of the Annual Operating Budget, on an annual basis each Department Head shall furnish to the City Manager and Finance Director estimates of revenues

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and expenditures for the respective department. The City Manager and Finance Director shall each review, and may revise, the estimates.

- 2 At least thirty (30) calendar days prior to the beginning of each fiscal year, the City Manager shall submit to the City Council the proposed budget. The City Council shall hold a public hearing before the start of the fiscal year, noticed not less than ten (10) calendar days prior to the hearing date. Copies of the proposed budget shall be available for inspection by the public at City Hall at least 72 hours prior to said hearing.
- 3 After the conclusion of the public hearing, the City Council shall make any revisions of the proposed budget as it may deem appropriate. On or before the first date of the fiscal year, the City Council shall adopt the budget for that fiscal year by resolution.
- 4 From the effective date of the budget, the amounts stated therein as proposed expenditures shall be appropriated to the departments for the respective objectives and purposes stated. Some appropriations shall lapse at the end of the fiscal year, to the extent that they shall not have been expended or lawfully encumbered. Appropriations for Public Projects or other activities with contract terms extending beyond the end of the fiscal year will be carried over into the next fiscal year and reported to the City Council no later than six months after the end of fiscal year.

2. TYPES OF PURCHASES

2.1 Goods. “Goods” means any and all supplies, materials, equipment, vehicles, articles, things, or property, other than Real Property, furnished to be used by the City. Examples include fuel, sand, paint, office supplies, furniture, and mechanical parts. Unless only one brand of a certain Good is acceptable due to compatibility or other restrictive requirements, any brand name used in procurement specifications will be used only for the purpose of establishing descriptive information and will not be used to restrict competitive bidding. The purchase for Goods can be “one time” or ongoing within the fiscal year (Open Purchase Order).

2.2 Real Property. “Real Property” means land or improvements to land that is permanently attached to said land, including, but not limited to, inherently permanent structures such as buildings. Real Property also includes water and air space superjacent to the land and natural products and deposits that are unsevered from the land.

2.3 Services. “Services” means Non-Professional Services and Professional Services.

“Non-Professional Services” refers to the furnishing of labor, time, or effort by a vendor. These are routine, recurring, and usual work for the preservation or protection of a publicly owned, or publicly operated facility for intended purposes. The purchase of Services can be one-time (Purchase Order) or ongoing (Open Purchase Order, Annual Contract, Multi-year Contract). One-time Purchase Orders for services are typically minor repairs such as painting, plumbing, or special cleaning.

“Professional Services” refers to 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, materials tester, inspector, engineer, environmental consultant, training/educational consultant, or land surveyor, and whose services are considered distinct and unique.

Per California law, the procurement of Professional Services must be selected on the basis of qualifications, or Qualifications Based Selection (QBS) in accordance with Public Law 92-582. The procurement of Professional Services can be one-time or multi-year. Professional services contracts have provisions for specific terms, compensation amounts, and scopes of services. Professional services contracts are typically rolled over at the end of the fiscal year in accordance with the contract term, contingent upon budget availability, unless the service has been deemed complete and all invoices are paid and final. Budget availability will be confirmed as part of the year-end closing process and surplus review.

2.4 Public Projects.

“Public Projects” are Capital Improvement projects and programs for the purpose of constructing or rehabilitating public infrastructure. Public Projects include, but are not limited to:

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- Street, alley, and roadway improvements including traffic signals, pavement, striping, gutters, curb ramps, driveway approaches, sidewalks, concrete flatwork, medians, and related landscaping and irrigation;
- Drainage improvements including pipelines, catch basins, culverts, and detention/retention ponds;
- Sewer system improvements including pipelines, manholes, and lift stations;
- Park improvements including trails, sport courts, tot lots, open space, public art, and restrooms; and
- Building improvements including the Family Resource Center, Corporate Yard, and Community Center/Civic Center.

Contracting for Public Projects must comply with the California Public Contracting Code and the Stanton Municipal Code (SMC). Any public project that utilizes Federal, State, and/or County funding must comply with the applicable Federal, State, and/or County procurement rules to maintain funding eligibility. Federal and State programs such as the Active Transportation Program (ATP), Safe Routes to School or Highway Safety Improvements Program (HSIP), and others have unique procurement requirements stated within Local Assistance Procedure Manual (LAPM) and Local Assistance Procedure Guidelines (LAPG) that are subject to change. Sample agreements provided by such programs shall be reviewed by the department and City Attorney for general conformance prior to application to obtain funds, as the requirements for the granting agency may take precedence over the City's purchasing policy (i.e., the City's Purchasing Policy may not apply in these circumstances).

The management of Public Projects, including preliminary concept, design, and construction, is typically governed by standardized Public Works plans, specifications, and operational procedures. Therefore, Public Works will manage all Public Projects on behalf of all City departments. Department Heads will consult with the Public Works Director to advance their public infrastructure needs through the City's capital improvement program.

Public Projects delivery may be sought by methods allowable in the Public Contract Code, the SMC or other State codes, as authorized by the City Council.

3. METHODS OF PURCHASING

3.1 Purchasing Cycle and Overview.

The purchasing cycle establishes the proper steps for department staff to follow when requisitioning Goods, Services, and Public Projects.

1. Budget the expenditure. The budget authorizes the City Manager and designees to purchase the Goods, Services, and Public Projects in the line-item budget document.
2. Identify and utilize the appropriate procurement procedure based on purchase type and dollar value.
3. Select/recommend a vendor and execute appropriate agreement.
4. Payment authorization will proceed based upon the type of purchase.

3.2 Payment. One-time purchases for goods and services will be processed upon completion or receipt of goods or services. Payment authorizations for public projects, professional services, and ongoing service contracts will be on a “Net 45” monthly basis throughout the term of the Contract or Purchase Order, unless the City and vendor have agreed to alternate terms. “Net 45” means that a check must be issued to the vendor no later than forty-five (45) calendar days after the invoice is received.

3.3 CAL-Card.

CAL-Card is the registered name of the State of California’s Purchase Card Program. CAL-Card is a VISA purchase card provided by a State of California leveraged procurement agreement (LPA) and offered to participating state and local government agencies. CAL-Card provides a flexible payment mechanism for the acquisition of goods and services with flexible spending limits and merchant category codes (MCC) for each card. Cards are issued in the name of the cardholder and billed to the agency.

The City utilizes CAL-Cards to promote administrative convenience and efficiency. However, the use of a CAL-Card should not be used to circumvent the Accounts Payable cycle or the Business License Ordinance. A City-issued CAL-Card is the personal responsibility of the employee to whom the card is issued and can only be used in accordance with the City’s *Purchasing Card Policy and Procedures Program Guide* (see supplemental staff resource guidance) for official City business.

3.4 Payable Voucher.

A payable voucher is required under all circumstances.

3.5 Purchase Order.

A Purchase Order (PO) is generated in response to a requisition as a written confirmation of an order and as a contract between the supplier and the City. A PO submitted by an authorized person becomes

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a legally binding contract. Unauthorized purchases are void and not considered an obligation of the City. A PO is required for any of the following circumstances:

- All Goods purchased at **\$5,000 or more**, except for emergencies as defined herein;
- The provider of goods requests that a PO be issued;
- The purchase of services; or
- Any purchase associated with a Capital Improvement project or program that is approved by the City Council.

Notwithstanding the above conditions, a PO shall NOT be required for the purchase and payment of routine, consistent expenses, such as, but not limited to: payroll taxes and related expenses, payments on previously approved leases, contract services, utility bills, or similar expenses. Such purchases shall be made through payable vouchers in accordance with accepted accounting standards.

Open Purchase Orders (OPOs) for services are typically used for multiple on-call repairs or ongoing issues such as drain cleaning and pest control. Open Purchase Orders are typically not rolled over into the following fiscal year unless invoicing and payment extend beyond the end of fiscal year.

POs and OPOs shall not be issued or authorized unless there exists an unencumbered appropriation in the fund account against which such purchase is to be charged. POs/OPOs shall be issued to a vendor prior to ordering or procurement, and not “after the fact” for work already done or materials already ordered. The requesting Department Head shall also retain a copy of the PO/OPO.

The PO/OPO requisition process is as follows:

1. Department staff enters requisition request into City system;
2. Department Head reviews and approves request;
3. Finance staff reviews request and routes for approval based on purchasing authority limits;
4. Finance staff issues PO to department staff.

3.6 Contract.

Contracts will typically be used when procuring Services, Public Projects, and Real Property and may also be preferable when procuring unique or custom manufactured Goods, especially when acquired by means of lease, rental, or installment purchase. When preparing solicitation documents, the appropriate contract template should be included (see Section 5.1, “Standard Contracts,” of these Guidelines). A Standard Contract is NOT required under the following circumstances:

- For Non-Professional Services where a Purchase Order for **less than \$40,000** has been bid out or informally negotiated to cover said services.
- For Real Property acquired pursuant to the power of eminent domain and entry of a decree by the court.
- For Real Property acquired as a result of filings and recording of a map or plat, as required by California Code.

Annual Service Contracts are typically used for regular services such as tree trimming, traffic signal and street light repairs, refuse hauling, janitorial services, street sweeping, bus shelter cleaning, sewer and storm drain cleaning, and sewer repairs. Annual contracts are typically not rolled over into the following fiscal year unless invoicing and payment extend beyond the end of fiscal year.

Multi-Year Service Contracts are typically used for on-call services such as street repair and sidewalk repair. Multi-year on-call service contracts are typically rolled over at the end of the fiscal year in accordance with the contract term, contingent upon budget availability. Budget availability will be confirmed as part of the year-end closing process and surplus review.

Design-Build Contracts may be used for the design and construction of public works projects costing **in excess of \$1,000,000**. Prior to the execution of a design-build contract, the City Council shall evaluate at a public meeting the comparative advantages for the particular project of the traditional design, bid, and build process of construction and the design-build process. No design-build process contract shall be executed unless the City Council makes written findings that use of the design-build process on the project will accomplish one or more of the following objectives: reduction of project costs; expediting project completion; or provision of design features not achievable through the design, bid, and build process.

Franchise Agreements will be used when applicable and in conformance with state and federal law.

3.7 Year-End Purchase Order and Contract Procedures and Carry-Over.

Purchase orders and contracts will be closed out or carried over in accordance with the following:

- One-time Purchase Orders (PO) and Open Purchase Orders (OPO)
 - POs without a listed term, for one-time purchases of goods and services, or open POs that are completed before the end of the fiscal year and have been paid for shall be automatically closed. These POs are typically not rolled over into the following fiscal year unless invoicing and payment extend beyond the end of fiscal year;
 - Open Purchase Orders (OPO) will be sent to each department for review prior to the close of the fiscal year. Departments will identify those OPOs that should remain open. When a PO is carried over to the next fiscal year, Department Heads should ensure these rollover amounts are included in their upcoming fiscal year budget. In the event insufficient funds have been

budgeted, the Department Head may request the unspent funds to be reappropriated as part of the mid-year process; and

- All Open Purchase Orders (OPO) will be closed by the second Tuesday in July, after the last accounts payable batch for the current fiscal year has been completed. If any of the OPOs need to be re-established in the upcoming fiscal year, Department Heads should begin processing the requisition as soon as the adopted budget is loaded in the City's Finance system and the new fiscal year is open.
- Annual Service Contracts are deemed complete at the end of fiscal year. These contracts are not carried over unless invoicing and payment extend beyond end of fiscal year.
- The following types of contracts may span fiscal years and may be carried over in accordance with contract terms and available budget:
 - Capital Improvement Project Contracts;
 - Multi-Year On-Call or Maintenance Service Contracts;
 - Professional Services Contracts; and
 - Public Project Contracts.

4. PROCUREMENT PROCEDURES

4.1 Appropriations Requirement. No contract or purchase shall be made unless there is an unencumbered appropriation in the fund against which such expenditure is to be charged sufficient to cover the amount of purchase or contract, unless in cases of emergency.

4.2 Unauthorized Purchases. No officer or employee of the City shall request a vendor to deliver Goods, Services, or Public Projects to the City without prior authorization by the appropriate purchasing authority. Such purchases are void and not considered an obligation of the City.

4.3 Split Purchases. A split purchase occurs when the quantity or scope of a required Good, Service, or Public Project is known prior to the initial purchase, and is divided into multiple purchases in order to avoid procurement requirements. Split purchases are prohibited and are considered fraud, waste, and/or abuse by auditors and in violation of best practices standards.

4.4 Environmentally Preferable Purchasing.

Environmentally Preferable Purchasing (EPP) is 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. EPP should be utilized when it is practical and economically feasible. In addition, the City shall annually procure for its own use, or to give away to the public or third parties, a quantity of recovered organic waste products that meets or exceeds its annual recovered organic waste product procurement target set under SB 1383.

- Per SB 1383, the City shall procure paper products such as printing and writing paper consistent with the requirements of Sections 22150-22154 of the Public Contract Code. This shall include purchasing paper with at least 30% post-consumer fiber (by fiber weight), consistent with the requirements of CalRecycle. The City shall keep records of vendor names, physical addresses, contact information, quantities purchased, percentage of recycled content (by fiber weight) for each paper product, dates of purchase, and invoices of such purchases as defined in 18993.2 of SB 1383 Regulation for a period of 5 years and shall report annually per reporting requirements noted in SB 1383.
- By January 1, 2025, the City shall also procure 8% per capita tons of organic waste through renewable gas (in the form of transportation fuel, electricity, or heat), mulch and compost, and electricity generated from biomass conversion. The City anticipates meeting this requirement through its trash hauler.

For more information about the City's requirements under SB 1383, see *City's Recovered Organic Waste Product Procurement Policy*.

4.5 Local Vendor Preference.

The City's Local Vendor Preference is intended to benefit local businesses and promote the economic health of the City by keeping dollars and jobs within Stanton. For the purposes of this section, a local

vendor/bidder shall be a business having a valid City Business License and a fixed business location within the incorporated City limits. A Local Vendor Preference shall not be granted for contracts involving Professional Services and Public Projects, or as otherwise prohibited by law.

Minor Purchases. For purchases where the value of goods or services to be purchased total less than \$3,000, every effort to utilize a local vendor shall be exercised. The City must attempt to solicit quotes from local vendors first, but quotes from non-local vendors may not be rejected on the basis of location.

Purchases of Supplies and/or Equipment. Notwithstanding the exceptions outlined below, the local vendor with the lowest local bid shall receive a two percent (2%) preference discount off their bid/quote price. Upon applying the Local Vendor Preference, if the bid/quote from that local vendor becomes the lowest overall responsible bid/quote or becomes tied for the lowest overall responsible bid/quote, the City shall select that local vendor, even though the actual cost to the City would not be the lowest. The expectation is that the City would not face a net loss, due to the collection sales, transactions, and use taxes from the purchase.

This Local Vendor Preference does NOT apply for a local vendor under any of the following circumstances:

- State or Federal statutes or regulations require that the bid/quote be exempted from local preferences and must be awarded to the lowest responsible bidder.
- The bid/quote is part of a cooperative purchase done with other public agencies.
- The local vendor fails to demonstrate that they are a responsible bidder for the bid/quote.
- The bid/quote from the local vendor is already the overall lowest responsible bid/quote without the Local Vendor Preference discount. (In such a case, the local vendor shall be awarded the contract with their bid/quote left as-is.)

4.6 Key Definitions.

Request for Information (RFI). An RFI is a document used to solicit price, delivery, other market information, or capabilities for planning purposes. Responses to the RFI are not offers and cannot be accepted by the City to form a binding contract unless otherwise specified in the solicitation.

Request for Professional Qualifications (RFPQ). An RFPQ is a document which describes the project or services required and solicits qualifications and capabilities from firms for the purposes of refining a project's scope of work.

Request for Proposals (RFP). An 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

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knowledge of the project. An RFP may be used as a pre-qualification step to engage a service provider, screening candidates in advance of a subsequent RFP or bidding process. An RFP will contain reference to qualifying criteria.

Request for Quotes (RFQ). An RFQ is a document that solicits vendors to submit informal cost estimates for the specified Goods or Non-Professional Services required.

Request for Bids (RFB). An RFB is a document that solicits vendors to submit formal (written and signed) cost estimates for the specified Goods or Non-Professional Services required.

Responsive Bid/Proposal. A bid/proposal that conforms to all of the material terms of the bid package and promises to do what the bidding instructions demand. In addition to price, consider the following elements to determine if a bid is responsive:

- A responsive bid is in full conformance with the requirements of the invitation to bid, including specifications and the City's contractual terms and conditions. Conformance may also include providing proof of insurance, completed forms, references, and all other information as requested in the bid document;
- Bidders who substitute terms and conditions or who qualify their bids in such a manner as to nullify or limit their liability shall be considered non-responsive; and
- A bidder may be determined to be non-responsive if the bidder fails to furnish proof of qualifications when required.

Responsible Bidder. A vendor whose bid/proposal demonstrates an ability to satisfactorily perform in full (and in good faith) the contract requirements. A range of factors may be used to determine bidder responsibility, including, but not limited to, performance history, reliable financial information, safety record, bonding and insurance capacity, experience and references, personnel, litigation history, claims, and licensing. A responsible bidder demonstrates the following characteristics, including, but not limited to:

- Can provide product quality, fitness, and capacity for the required usage;
- Has the financial resources and capacity to perform the contract or provide the services required;
- Has demonstrated character, integrity, experience, quality of performance, and efficiency, particularly with reference to past purchases by the City or other public agencies;
- Has the ability to perform within the required time frame and provide future maintenance and service for the use of the subject of the contract; and
- Can meet all insurance and DIR requirements.

Best Value. The procurement standard by which selected proposer may be selected in the City's sole and absolute discretion on the basis of objective criteria for evaluating the qualifications of proposers,

with the resulting selection representing the best combination of price and qualifications. Note that the best value may not be the lowest proposed price.

4.7 Open-Market Bid (AKA Informal Bid).

Open-Market Bidding is to be used for the procurement of **Goods and Services** whose **total/cumulative value in excess of \$5,000, but less than or equal to \$40,000**. Open-Market Bidding is also to be used for procurements regarding **Public Projects** whose **total/cumulative value in excess of \$200,000, but less than or equal to \$60,000**.

1. **Prepare Request for Quotes (RFQ) and/or Solicit Quotes.** The requesting department should exercise its discretion to determine whether to ask for the City Manager's approval to pursue such a procurement. After verifying with the Finance Department that an adequate unencumbered appropriation for the planned purchase exists, the requesting department documents a description of Goods or scope of Services to be provided, whether a security deposit is required, and the proposed PO or Contract, with input from Risk Management, as necessary.

Solicit via posted notice, telephone request, email request, website search, or any other reasonable solicitation method, at least three (3) price quotes (with appropriate documentation based on dollar limit – see Appendix B for Quote Documentation Form (QDF)). Adequate time should be allotted to permit a response.

- If unable to obtain a minimum of three (3) price quotes, staff shall document the reasonable efforts that were made (i.e., no other vendors to solicit, vendors declined to provide a bid, etc.).
2. **Rejection of Quotes.** The requesting department may recommend rejection of any or all informal quotes, with or without cause, if it is determined to be in the best interests of the City. If all quotes are rejected, the City may re-solicit quotes or abandon the purchase.
 3. **Award Selection.** Awards should be made to the best qualified vendor presenting a quote that is in the best interests of the City. This typically means the lowest quote that fully meets the requirements or the best qualified proposal.
 4. **Request for Approval.** The requesting department shall submit a requisition or agreement (see Appendix C for Model Agreement Checklist), which includes the recommended vendor, with all supporting documentation to Finance. Supporting documentation shall include a completed QDF (Appendix B), certificates of insurance, and bonds, as applicable. The Finance Director and/or City Manager, depending on the purchase amount, shall review the recommendation and supporting documentation.
 - The City Manager may decide to accept the recommendation, request additional negotiations, request additional quotations, or reject the recommendation.

- If the City Manager chooses to reject the recommendation, the City Manager shall direct the requesting department to either apply competitive bid procedures to the purchase, modify the request for quotes and re-advertise, complete the service in-house, or abandon the procurement effort without further action.

4.8 Request for Proposals (RFP).

Request for Proposals (RFP) is to be used for the procurement of Professional Services whose **total/cumulative value is greater than \$40,000**. Note that proposals for professional services must be evaluated using the quality-based selection (QBS) process in accordance with Public Law 92-582.

1. **Develop Scope of Work and Funding.** The requesting department shall ask for the City Manager's approval to pursue such a procurement.
 - If the required services are particularly specialized and additional information is required to help determine the proper scope of work, an RFI shall be issued.
 - If the qualifications of the available consultants are unknown and the desired scope of work is dependent on such qualifications, an RFPQ may be issued.
2. **Prepare Request for Proposals (RFP).** After verifying with the Finance Department that an adequate unencumbered appropriation for the planned purchase exists, the Department will identify the proposed scope of work and provide background information, as required. The RFP shall also state the proposal requirements (including deadlines and security deposit requirements), evaluation criteria, rules and regulations of the solicitation, rights reserved by the City, and a sample Contract. The RFP shall incorporate input from Risk Management, as necessary.
3. **Solicit Proposals.** The submission window (from the date the RFP is posted to the deadline for proposals to be submitted) shall be a minimum of ten (10) business days. All timely qualifications/proposals received will be retained per the City's *Document Retention Schedule*.
 - If an RFPQ was utilized or a relevant Master Service Agreement (MSA) is on file, only those candidates who successfully respond to the RFPQ or entered into the MSA and meet the qualification criteria will be included in the subsequent RFP or bidding process.
 - If neither an RFPQ nor an MSA can be applied, the requesting department shall publicly advertise the RFP at key locations, which may include City Hall, the Stanton Public Library, the City website, a newspaper of general circulation in Orange County (if applicable), appropriate trade publications (if applicable), and locations required by ordinance (if applicable). Additionally, the department may send the RFP to select professionals/firms.
4. **Rejection of Proposals.** The City may, in its sole and absolute discretion, reject any one or more items in any proposal or waive any irregularities or informalities in the proposals, if deemed to best serve the interests of the City. A department may recommend rejection of any or all proposals, with or without cause, if determined to be in the best interests of the City. If all

proposals are rejected, the City may re-solicit proposals (with or without modification to the request) or abandon the purchase.

5. **Interview Selection and Interviews.** Proposals shall be ranked based upon qualifications and ability to perform the proposed scope of work. The top-ranked proposers shall be invited to interview. During the interviews, staff may negotiate changes to the scopes of work and/or cost proposals.
6. **Background Checks.** Appropriate background and reference checks will be conducted for the vendor with the best qualified proposal.
7. **Award Selection.** Award selection will be based on demonstrated competence and the professional qualifications necessary for the satisfactory performance of the services at fair and reasonable prices.
8. **Contract Negotiation.** During contract negotiations, an agreement must be made on the scope of work as well as the not-to-exceed total contract cost. If an agreement cannot be reached, the City may move to the vendor with the next-best qualified proposal or abandon the procurement process altogether.
9. **Request for Approval.** The requesting department shall submit the contract (approved as to form by the City Attorney), along with certificates of insurance and bonds, where applicable, to the Finance Director and/or City Manager for review and approval.
 - If the City Manager accepts the contract and the contract's total not-to-exceed cost is **greater than \$40,000**, the contract shall be brought to the City Council for review and approval by the Department Head.
 - If either the City Manager or City Council chooses to reject the recommendation, the City Manager shall direct the requesting department to either modify the RFP and re-advertise, complete the service in-house, or abandon the procurement effort without further action.

4.9 Competitive Bid for Procurements Besides Public Projects.

The Competitive Bid procedure described in this section is to be used for the procurement of Goods and Non-Professional Services whose **total/cumulative value is greater than \$40,000**.

1. **Develop Scope of Work.** The Department Head shall prepare a scope of work consistent with the approved budget and project authorization of the City Council.
 - If the required services are particularly specialized and additional information is required to help determine the proper scope of work, an RFI shall be issued.
 - If the qualifications of the available contractors/vendors are unknown and the desired scope of work is dependent on such qualifications, an RFPQ may be issued.

2. **Prepare Request for Bids (RFB).**

- If the scope of work is substantially prescriptive and the major evaluation criteria will be price, an RFB may be issued.
- If the scope of work allows for innovative approaches and the other non-price qualifications will be major evaluation criteria, an RFP may be issued.

The RFB will identify the proposed scope of non-professional services and provide background information for the proposed services, as required. The RFB shall also state the bid requirements (including deadlines and whether a security deposit is required), rules and regulations of the solicitation, rights reserved by the City, and a sample contract containing all other applicable contractual terms and conditions. The RFB shall incorporate input from Risk Management, as necessary.

3. **Solicit Bids.** The requesting department shall publicly advertise the RFB at key locations, which may include City Hall, the Stanton Public Library, the City website, a newspaper of general circulation in Orange County (if applicable), appropriate trade publications (if applicable), and locations required by ordinance (if applicable). Additionally, the department may send the RFB to select vendors. The bidding window (from the date the RFB is posted to the deadline for bids to be submitted) shall be a minimum of ten (10) business days. All timely bids received will be retained per the City's *Document Retention Schedule*. Any bids received after the bidding window will be time/date stamped and returned unopened to the bidder. The RFB shall also designate a date, time, and public place where all timely formal bids will be opened and read.
4. **Rejection of Bids.** The City may, in its sole and absolute discretion, reject any one or more items in any bid, if deemed to best serve the interests of the City. Any bids not in conformance with the City's bid requirements shall be deemed non-responsive and shall be rejected. If all bids are rejected, the City may re-solicit bids (with or without modification to the request) or abandon the purchase.
5. **Award Selection.** Appropriate background and reference checks (including checks of a vendor and any subcontractors' contractor's license and registration with the Department of Industrial Relations, if applicable) will be conducted for the vendor with the best qualified bid/proposal.
6. **Request for Approval.** The requesting department shall submit the contract (approved as to form by the City Attorney), along with certificates of insurance and bonds, where applicable, to the Finance Director and/or City Manager for review and approval. The City Manager may accept or reject the contract.
 - If the City Manager accepts the contract and the contract's total not-to-exceed cost is **greater than \$40,000**, the contract shall be brought to the City Council for review and approval by the Department Head.

- If either the City Manager or City Council chooses to reject the recommendation, the City Manager shall direct the requesting department to either modify the RFB and re-advertise, complete the service in-house, or abandon the procurement effort without further action.

4.10 Competitive Bid for Public Projects.

The Competitive Bid procedure described in this section is to be used for procurements regarding Public Projects whose **total/cumulative value is greater than \$200,000**. Before any contract for the construction, alteration, or repair of any public building, public work, or public improvement is awarded to any entity, that entity shall furnish to the City such bonds as are required by the California Public Contracts Code or other applicable law.

1. **Develop Scope of Work and Funding.** The Department Head shall prepare a scope of work or services consistent with the approved budget and project authorization of the City Council.
 - If the required services are particularly specialized and additional information is required to help determine the proper scope of work, an RFI shall be issued.
 - If the qualifications of the available contractors/vendors are unknown and the desired scope of work is dependent on such qualifications, an RFPQ may be issued.
2. **Prepare Request for Bids (RFB).** The RFB will contain accurate and clear bid specifications and provide background information (including informational documentation and technical reports) for the proposed services, as required by state or local law. The RFB shall also state the bid requirements (including deadlines, bond(s) required, and whether a security deposit is required), how to obtain more detailed information about the project (including final plans/specifications), evaluation criteria, rules and regulations of the solicitation, rights reserved by the City, and a sample contract. The RFB shall incorporate input from Risk Management, as necessary.
3. **Solicit Bids.** The requesting department shall publicly advertise a notice Inviting Formal Bids (IFB) at key locations, which may include City Hall, the Stanton Public Library, the City website, a newspaper of general circulation in Orange County (if applicable), appropriate trade publications (including those specified by the California Uniform Construction Cost Accounting Commission in accordance with Section 22034(a)(2) and 22036 of the Public Contract Code), and locations required by ordinance (if applicable). Additionally, the department may send the IFB to select vendors. The bidding window (from the date the IFB is posted to the deadline for bids to be submitted) shall be a minimum of fourteen (14) business days. The IFB shall also designate a date, time, and public place where all timely formal bids will be opened and read.
4. **Pre-Bid Conferences/Site Visits.** If required, a pre-bid site visit, conference, or job walk may not occur within a minimum of five (5) calendar days from the initial publication of the IFB. The IFB must clearly indicate the date, time, and location of the pre-bid site visit, conference, or job walk.
5. **Formal Bid Opening.** Bid opening shall be conducted in one of the following ways:

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- Sealed bids shall be submitted to the City Clerk and shall be clearly identified with the bid number on the envelope. All timely bids received will be retained per the City's *Document Retention Schedule*. Any bids received after the bidding window closes will be time/date stamped and returned unopened to the proposer. Late bids will not be considered for award.
 - The City Clerk publicly opens and records all timely bids at the time and place stated in the public notices. All bids received will be available for public inspection in the City Clerk's office during regular business hours for a period of not less than thirty (30) calendar days after the bid opening.
6. **Rejection of Bids.** The City may, in its sole and absolute discretion, reject any one or more items in any bid, if deemed to best serve the interests of the City. Any bids not in conformance with the City's bid requirements shall be deemed non-responsive and shall be rejected. If all bids are rejected, the City may re-solicit bids (with or without modification to the request) or abandon the purchase.
7. **Evaluate Bids for Responsiveness and Bidders' Responsibility.** The City shall review all bids opened for completeness, accuracy, responsiveness, and qualifications to the invitation and bid documents. All deviations shall be documented. The City may include or omit from the contract any of the additive or deductive items that were part of the IFB.
8. **Award Selection.** Appropriate background and reference checks (including checks of a vendor and any subcontractors' contractor's license and registration with the Department of Industrial Relations, if applicable) will be conducted for the vendor with the lowest responsive and responsible bid, which will be documented in the not-to-exceed total contract cost. If two or more bids received are the same amount, the City Council may decide which bid to accept and award.
9. **Request for Approval.** The requesting department shall submit the contract (approved as to form by the City Attorney), along with certificates of insurance and bonds, where applicable, to the Finance Director and/or City Manager for review and approval. The City Manager may decide to accept or reject the contract.
- If the City Manager accepts the contract, the contract shall be brought to the City Council for review and approval, by the Department Head.
 - If either the City Manager or City Council chooses to reject the recommendation, the City Manager shall direct the requesting department to either modify the RFB and re-advertise, complete the service in-house, or abandon the procurement effort without further action.
- 4.11 Master Service Agreements.** Professional firms providing engineering, plan checking, land surveying, transit, planning, environmental, economic development, legal, auditing, landscape architecture, or other services may be retained on a continuing basis to provide professional services. For such purposes, unless prohibited by law, the City may enter into Master Service Agreements (MSAs) under which the City pre-qualifies vendors for future purchases of Goods, Services, or Public Projects, including, but not limited to, on-call services, task orders, and job orders. Notwithstanding

anything to the contrary in SMC Chapter 2.56 and unless otherwise prohibited by law, MSAs may be procured through the competitive bid process, typically through a Request for Proposals (RFP). To ensure that the City receives these services at the best value, every effort shall be made to receive proposals from at least three (3) consultants. MSAs shall be reviewed at least every five (5) years.

4.12 Miscellaneous Contracting Guidelines

Department of Industrial Relations (DIR). The City may not award a public works or maintenance contract as defined by Labor Code Section 1720, or accept a bid from any contractor or subcontractor that is not registered with the DIR. The requesting department shall verify registration with the DIR of the lowest responsive and responsible bidder(s).

Additive and Deductive Bid Items. The Department Head may require a bid to include prices for items that may be added to, or deducted from, the scope of work in the contract for which the bid is being submitted. When additive and/or deductive items are included in a notice Inviting Formal Bids (IFB), the IFB must state the method by which the lowest bid is determined. There are multiple methods to determine the lowest bid:

- Default Method – Base Contract Only. The lowest bid shall be the lowest bid price on the base contract, without consideration of the prices on the additive and deductive items.
- Partial-Inclusive. The lowest bid shall be the lowest total of the bid prices on the base contract and those additive or deductive items that were specifically identified in the bid solicitation as being used for the purpose of determining the lowest bid price.
- All-Inclusive Plus Baseline Comparison. The lowest bid shall be the lowest total of the bid prices on the base contract and those additive or deductive items that, when taken in order from a specifically identified list of those items in the solicitation and factored in accordingly (i.e., added or subtracted) to the base contract, are less than, or equal to, a funding amount publicly disclosed by the City before the first bid is opened.
- Custom. The lowest bid shall be determined in any manner that prevents any information that would identify any of the bidders or proposed subcontractors or suppliers from being revealed to the City before the ranking of all bidders has been determined.

Solicitation Addenda. If the City issues an addendum that results in a material change to the IFB/RFQ/RFB/RFP, the date and time for submitting bids/proposals must be extended by no less than 72 hours.

Review of Bids.

Bids shall be unconditionally accepted without alteration or correction, except as authorized in this policy. Once opened, no changes in bid prices or other provisions of bids prejudicial to the interest of the City or fair competition shall be permitted. Except as otherwise provided by this policy or rules and regulations set out in the bid notice, all decisions to permit the correction or withdrawal of bids

or to cancel awards or contracts based on bid mistakes shall be supported by a written determination. City staff is advised to consult with the City Attorney in evaluating bid irregularities.

If 1) two or more bids received are for the same total amount or unit price and the quality and service are also equal and 2) the public interest will not permit the delay for readvertising for bids, then the City may, at its discretion, conduct negotiations with the tie bidders, request the best and final bid from each, and accept the lowest bid.

Cancellation of Solicitation.

When it is in the best interests of the City, a solicitation may be canceled, in whole or in part, in accordance with the rules and regulations set out in the bid notice or invitation. The reasons for such a cancellation shall be made part of the contract or bid file. If the cancellation is the result of a rejection of all bids presented, the City shall furnish a written notice to the apparent low bidder. For Public Project solicitations, the written notice must be mailed at least two (2) business days prior to the public meeting where the City Council will declare the rejection of all bids.

Upon the rejection of all bids, the City Council decide to do any of the following:

- Abandon the project;
- Re-advertise for bids; or
- By a four-fifths (4/5) vote, declare by resolution that the project can be performed more economically by City employees, and thus order the project be done by force account.

Solicitation Deadline Extensions. The bidding window may be extended by up to fourteen (14) calendar days if it is deemed that such an extension would be in the public interest. Notice of the extension shall be given to all prospective bidders by the City Clerk in such manner as is most practical. No extension may be granted for the purpose of qualifying a bid that was delivered after the close of the initial bidding window.

Bidder's Security.

All sealed bids for Public Projects shall include a bidder's security in one of the following forms: (a) cash; (b) cashier's check made payable to the City; or (c) a bidder's bond executed by an admitted surety insurer made payable to the City. The bidder's security shall be an amount at least equal to ten percent of the bid amount. The City Manager may, on a project-by-project basis, waive the requirement for bidder's security or adjust the minimum amount thereof.

If the successful bidder fails to execute the contract within ten (10) business days after the notice of award of contract, the bidder's security shall be forfeited to the City. The City Council may, on refusal or failure of the successful bidder to execute such contract, award the contract to the next lowest responsible bidder. If the City Council awards the contract to the next lowest responsible bidder, the amount of the lowest bidder's security shall be applied by the City to the difference between the low

bid and the second low bid. The surplus, if any, shall be utilized to offset any and all costs of preparation and printing of plans, specifications, estimates of cost, publication of notices. Any surplus remaining thereafter shall be returned to the lowest bidder who failed to execute the contract.

Example: The project has a bid security of \$5,000. Bidder A made the lowest bid of \$25,000 but failed to execute the contract within ten (10) business days after the notice of award of contract. Bidder B made the second lowest bid of \$27,000, and the City Council decided to award the contract to Bidder B. Bidder B executes the contract and receives its full bid security of \$5,000. Bidder A receives only \$3,000 (minus the actual administrative costs for the procurement) of its bid security back. The \$2,000 withheld by the City is applied to the cost difference between the two bids.

4.13 Exceptions to Standard Procurement Procedures.

There shall be no open-market bid, Request for Proposals, or competitive bid processes for the purchases of Goods, Services, or Public Projects under any of the following circumstances:

- **Best Interests of the City.** Except where otherwise prohibited by law, the City Council or City Manager may authorize the award and execution of contracts for Goods, Services, and Public Projects subject to the dollar limits consistent with these Guidelines, without following the required procurement methods, provided that the City Council or City Manager (depending on the proper purchasing authority) finds that such award is in the best interests of the City, or of the public health, safety, and welfare of the community.
- **Serving as a Pass-Through Agency.** When the City receives Federal, State, or County grant monies as a pass-through agency. This includes situations where the City is a fiscal agent, receiving funds on behalf of a separate entity.
- **Cooperative Purchasing.**

Use of cooperative purchasing is encouraged to obtain good and services by aggregating volume, securing value pricing, and reducing administrative overhead. In cooperative purchasing, the City uses an existing public contract arrived at after the completion of a competitive procurement process as a template to form the City's own contract with the vendor to acquire the same products/services at the same/lower price. This process is also known as "piggybacking." Measured use of cooperative purchasing can significantly reduce the time and resources needed to competitively purchase goods and services. Cooperative purchasing opportunities should be based on competitively awarded contracts that substantially comply with the California Procurement Code and the City's standard procurement procedures.

Cooperative purchasing need not be based on the absolute lowest pricing and may consider factors in addition to price, such as the time and/or resources needed for the City to independently competitively bid for the good or service. Multi-award contracts, whereby multiple vendors are awarded a contract for a specific product and each have maximum item prices and contract terms established, are also eligible source contracts for cooperative purchasing.

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Contracts reached through cooperative purchasing shall be approved by the City Council. The corresponding staff report shall note the use of cooperative purchasing and describe the underlying competitive procurement relied upon.

Cooperative purchases must adhere to the following requirements:

- The competitive bidding source contract must still be in effect.
 - The source contract must not preclude the City from using it as an agreement for cooperative purchasing.
 - The awarding jurisdiction for the source contract must be either the federal government, the State of California, or a county or city within the State of California.
 - Examples of nationally recognized purchasing cooperatives include, but are not limited to, California Multiple Award Schedule (CMAS); National Association of State Procurement Officers (NASPO) ValuePoint; the Department of General Services (DGS); OMNIA Partners (formerly U.S. Communities Cooperative Purchasing); Sourcewell (formerly National Joint Powers Alliance); and federal General Services Agency (GSA) procurements.
 - The prospective vendor making a proposal to the City must be the same vendor that was awarded the source contract. It is insufficient for the prospective vendor to be a partner supplier or authorized re-seller under the source contract vendor.
 - The scope of work and/or goods delivered in the source contract must be the same as (or substantially similar to) the scope of work and/or goods requested by the City.
 - The prospective vendor must extend to the City the same terms and conditions as (or terms more favorable to the City than) those in the initial contract.
- **Emergency.**

“Emergency” (such as a flood, epidemic, riot, major equipment failure, infrastructure failure, earthquake, or fire) means 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. Under such a public emergency, the City Council or City Manager may determine that normal procurement methods are impractical and must be temporarily dispensed with to satisfy a compelling need of unusual urgency.

Emergency procurement shall be limited to those supplies, services, or construction necessary to meet the emergency. The City Council is the final authority to ratify the Declaration of the Local Emergency and approve the Emergency Report, thereby authorizing the payment of the emergency purchases. Emergency procurements shall only be used to repair or replace a public

facility; take any directly related and immediate action required by an emergency; or procure necessary Goods, Services, and Public Projects for the provision of essential public services.

The requesting department shall provide a written emergency report, which includes all of the following:

- The conditions which created the emergency;
- A description of the threat to the health, welfare, or safety of the public;
- A description of how the procurement will address the threat and why it is an immediate need;
- The basis for the selection of the particular contractor or supplier;
- A description of what efforts were utilized to identify and contact alternative suppliers or contractors;
- The contractor's or supplier's name and address, along with a list of the supplies, materials, and services; and
- Completed and signed purchase orders with attached invoices requesting payment for the emergency purchases.

The City Manager shall review the Emergency Report to determine whether the emergency conditions qualify such purchases for emergency procurement. If the emergency procurement is justified, the City Manager shall draft a Declaration of the Local Emergency (if no such declaration is in effect) and sign the purchase orders attached to the Emergency Report. The City Manager shall then file with the City Council, as soon as practical, the drafted Declaration of the Local Emergency, the Emergency Report, and the purchase orders attached to the Emergency Report. The City Council shall terminate the emergency action at the earliest possible date, as conditions warrant.

- **Below Minimum Procurement Levels.** When procuring Goods or Services costing **less than or equal to \$5,000**, written competitive bids are not required, and the requesting Department Head has the authority to award a purchase contract. However, prudent judgment shall be used at all times to ensure that the purchased supplies and services are received in good condition and at a fair price, and the Department Head, or their designee, is strongly encouraged to obtain competitive quotations. Such minor procurements are also called Over-the-Counter Purchasing.
- **Mandated Expenditures.** When expenditures are mandated by law or regulation, such as county booking fees; utilities (except when alternative supplies or services are available); postage; waste disposal fees; witness and jury fees (and other court-ordered payments); or other non-negotiable permit, use, or application fees.

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- **Non-Traditional Procurements.** Certain goods and services are acquired in a specific manner (through methods and/or from sources) that may meet the “best quality and value” standards outside of the open, competitive market. Examples of such non-traditional procurements include:
 - Goods purchased through public auction, closeout sale, bankruptcy sale, or other similar sale, where the purchase at any such auction or sale is made at a cost below the market cost.
 - Goods obtained as part of an exchange that is not a sale or auction.
 - Goods produced by the California Prison Industry (CALPIA).
- **Commodities.** On an annual basis, the City Council will approve a list of commodities that are not readily adaptable to the open-market bid, Request for Proposals, or competitive bid processes and should therefore be exempt from the competitive bidding requirements of these Guidelines. Examples may include, but are not limited to, fuel, sand, rocks, lumber, signs, street light poles, traffic signal poles, and guardrails. Any approved commodities will be eligible for purchase after procuring three (3) quotes upon the review and approval of the Finance Director and City Manager, so long as purchases fall within the approved budgets in the Fiscal Year Operating Budget.
- **Sole Source.** When the appropriate signing authority determines that a competitive market does not exist or that the City will not gain a competitive advantage by using open-market bid, Request for Proposals, or competitive bid processes, the signing authority may authorize use of sole source purchasing. A sole source purchase means that only one supplier, to the best of staff’s knowledge and belief after conducting a good faith review of the market, is capable of providing the required product or service. Note that patented, trademarked, or copyrighted technologies and/or methods alone do not categorically qualify a good or service as a sole source. To evaluate whether a reasonable similar alternative exists, one shall consider whether another vendor could provide comparable goods or services that, collectively, would serve as a functional equivalent to the goods and/or services in question.

Sole source purchasing may be utilized if similar types of goods and services may exist, but only one supplier, for reasons of expertise, standardization, quality, compatibility, specifications, or availability, is the only source that is acceptable to meet a specific need.

The requesting department shall be responsible for submitting to the Finance Director for approval a memo justifying the sole-source nature of the procurement. The memo shall clearly explain:

- The type of contract to be established;
- The services/commodities to be provided by the vendor;
- Why the recommended vendor is the only one capable of providing the required services/commodities;

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- How the recommended vendor's prices or fees compare to the general market; and
- How the City would accomplish this particular task if the recommended vendor could not provide the product(s) or service(s).

If a contractor develops a particular expertise through demonstrated past performance, then such contractor may be awarded a subsequent contract for related work, provided that the sole source justification memo has been submitted to and approved by the Finance Director.

5. CONTRACT MANAGEMENT

5.1 Standard Contracts. The City Attorney has developed standard City contracts to use when acquiring Goods, Services, or Public Projects. These contracts address the vendor’s and the City’s rights and responsibilities, specific tasks to be performed, payment terms, and insurance requirements. Requesting departments shall contact the Risk Manager for recommended contract and insurance requirements in the event the risk associated with the procurement is not in line with the standard contract. If the requesting department does not feel its contracting needs can be met by one of the standard contracts listed below, they must contact the City Attorney to request a custom contract. The standard contract forms include, but are not limited to:

- Amendment for Services Agreement;
- Construction Contract;
- Design Services Agreement;
- General Services Agreement;
- General Services RFP;
- Letter Agreement;
- Maintenance Services Agreement;
- Professional Consultant Services Agreement (Non-Design); and
- Short Form Construction Contract.

5.2 DIR Filing and SAM Registration.

If a contract is subject to prevailing wage, the requesting department must file a PWC-100 Form with the Department of Industrial Relations within five (5) calendar days of awarding the contract. The PWC 100 can be accessed here: <https://www.dir.ca.gov/pwc100ext/>. (See Appendix A for DIR requirements.)

If a contract is part of a federal project, the requesting department must send confirmation to the City Clerk that the vendor is registered in the System for Award Management (SAM).

5.3 New Vendors/Business Licenses. All City contracts and Purchase Orders shall require vendors to obtain City business licenses; exceptions include goods and one-time emergency services. In accordance with Chapter 5.04 of the SMC, it is unlawful for any person to transact and carry on any business, trade, profession, calling, or occupation in the City without first having procured a license from the City to do so or without first complying with any and all applicable provisions of Chapter 5.04. Additionally, Chapter 5.04 imposes upon the businesses, trades, professions, callings, and occupations license taxes in the amounts prescribed in Chapter 5.04.

5.4 Payment and Performance Bonds Criteria. In accordance with Civil Code Section 9550(a), payment and performance bonds are required for contracts for Public Projects involving an expenditure **in excess of sixty thousand dollars (\$60,000)**. The City shall, to the greatest extent practicable, use bond forms supplied by the City Attorney.

5.5 Vendor Signature.

Requirements for contracts vary depending on whether a vendor conducts business in the capacity of a corporation, general partnership, limited liability company (LLC), limited partnership (LLP), or as an individual:

- **Corporations.** Contracts with vendors doing business as a corporation will be signed by two corporate officials: (1) one officer from the corporation’s “operational group” (i.e., chairman of the board, president, or any vice president); and (2) one officer from the corporation’s “financial group” (i.e., secretary, assistant secretary, assistant treasurer, or chief financial officer).
- **Limited Liability Companies (LLCs).** LLCs may be either manager-managed or member-managed. For LLCs that are manager-managed, the contract should be signed by a manager. For LLCs that are member-managed, the contract should be signed by a member.
- **Partnerships.** Contracts with vendors conducting business as a general partnership or limited partnership will be signed by at least one general partner having apparent authority to enter into the contract on behalf of the partnership.
- **Individuals.** Contracts with vendors conducting business in his or her individual capacity, otherwise known as a sole proprietor, will be signed by that individual.

For contracts with vendors doing business as a corporation, LLC, or partnership, the signature lines should always include the typed-in name and title of the person(s) executing the contract on behalf of the vendor, as well as the business name of the vendor. For contracts with vendors doing business as an individual, the signature lines need only include the typed-in name of the vendor, as well as the vendor’s business name when the vendor is doing business under a name other than the vendor’s own name.

5.6 Contract Review and Routing.

1. Upon the City Council’s approval of the award of contract, the successful bidder shall promptly supply all applicable bonds and required certificates of insurance to the City Clerk’s office.
2. Within ten (10) business days of the City Council’s approval of the award of contract, two (2) copies of the contract, printed single-sided, must be fully executed and in the possession of the City Clerk. It is the responsibility of the requesting department to confirm all initials, signatures, and notarizations are complete. The following signatories are required for the contract to be fully executed:
 - City Attorney, who will review and approve as to form;
 - City Manager or Mayor/Mayor Pro Tem, depending on whose purchasing authority the contract falls under;
 - Vendor signatory(ies), based on Section 5.4 of these Guidelines;

- City Clerk, who will attest that the contract is fully executed.
3. Once the contract is fully executed, the two (2) originals are distributed as follows:
 - City Clerk’s office (to be scanned into Laserfiche) and
 - Vendor.
 4. Once the contract is fully executed, the requesting department may issue a Notice to Proceed to the contractor, and other proposers shall be promptly notified of official rejection. If the contract was not awarded to the proposer with the lowest bid, the proposer(s) with lower bid(s) must be given an explanation of why their proposal was rejected.

At the beginning of each fiscal year, each Department Head shall review and update their “List of Consultants Currently Under Contract” by their department, which includes the names of the firms, the type of services provided, the cost of contract(s) for each firm, the term dates (start and end) of contracts(s), and the number of years each firm has been retained by the City.

5.7 Contract Amendments, Change Orders, and Extensions.

Amendment. A contract amendment includes a change to the scope of services and may also include corresponding changes to term and cost.

Extension. A contract extension includes an increased term and may also include corresponding changes to cost, but no change to the scope of services. The standard contract term is an initial three-year term with the option to renew for an additional two (2) one-year terms.

Change Order. A change order is an amendment to a construction contract.

Contingencies. The following standard contingencies may be included in each contract template:

- Compensation - 10% of the total not-to-exceed dollar amount; and
- Term - 365 calendar days, where applicable.

Purchasing Authority. Allowable contingencies and requests for amendments/extensions/change orders must be presented to the appropriate purchasing authority based on the cumulative dollar amount for the amendments/extensions/change orders. All requests must be reviewed by the Finance Director to ensure available budget and/or identify need for an additional appropriation.

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Goods and Services (Not Public Projects)	
Change Order/Amendment Approval Authority	Amount
Department Head	Any change order/amendment resulting in a total contract cost in the amount of \$5,000 or less.
City Manager	Any change order/amendment resulting in a total contract cost in the amount of \$40,000 or less.
City Council	Any change order/amendment resulting in a total contract cost greater than \$40,000.

Public Projects	
Change Order/Amendment Approval Authority	Amount
Department Head	Any change order/amendment resulting in a total contract cost in the amount of \$60,000 or less. *The Public Works Director shall have the authority to execute change orders within the authority granted by the Council as part of the award.
City Manager	Any change order/amendment resulting in a total contract cost in the amount of \$200,000 or less.
City Council	Any change order/amendment resulting in a total contract cost greater than \$200,000.

5.8 Protest Procedures.

Right to Protest. Prior to making the award, only a bidder who has actually submitted a bid/proposal is eligible to submit a bid protest against another bidder. Subcontractors are not eligible to submit bid protests. A bidder may not rely on the bid protest submitted by another bidder, but rather must timely pursue its own protest. Protests shall be limited to matters in which the City does not have discretion to act. This section shall apply to all contracts awarded by the City through a competitive process.

Timing of Protest. The protest shall be submitted in writing within five (5) business days following the bid opening. Untimely protests will not be considered and will be deemed waived.

Contents of Protest. The protest shall identify and explain the factual and legal grounds for the protest. Any grounds not raised in the written protest are deemed waived by the protesting bidder or proposer. The protest shall include all relevant, supporting documentation with the protest at the time of filing.

City Response. If the protest is timely and complies with all of the above requirements, the City shall review the protest, any response to the protest received from the challenged bidder or proposer, and all relevant information. The City will provide a written response to the protestor. The City's action is final.

Effect of Failure to Comply with Protest Procedures. The procedures set forth in this document are mandatory and are the sole and exclusive remedy of a bidder or proposer to dispute the award of a contract. A protest that does not comply with these procedures may be summarily rejected.

Conflicts. The protest procedure contained in this section shall not apply if a particular procurement solicitation contains a different protest procedure.

6. RECEIPT AND INSPECTION

6.1 Receipt and Inspection of Purchased Assets

It shall be the responsibility of the Department Head and/or their designee(s) to immediately inspect, upon delivery from the vendor, all materials, supplies, equipment, and personal property purchased pursuant to this policy. Acceptance of the delivery shall be finalized only after the individual(s) conducting the inspection have signed all related invoices, thereby signifying that they have inspected and received the merchandise listed on said invoice in good condition. Damaged property or items not specified on the purchase order shall not be accepted, and the non-conforming nature of the goods, together with the reason for rejection thereof, shall be noted in writing upon the delivery receipt.

Employees shall not:

- Knowingly accept commodities of a quality inferior to those called for by the contract;
- Knowingly certify to the receipt of a greater amount or different kind of materials or supplies than have actually been received; or
- Knowingly certify to a greater amount of labor performed than has actually been performed.

Whenever payment is made for the acquisition of a fixed asset (i.e., purchased for long-term use of at least a year) and whenever acquisition costs of said asset is **\$5,000 or more**, the Finance Director or their designee shall enter a record of said acquisition upon the inventory records of the City, and the Purchasing Officer/Designee shall have a property sticker placed upon said asset.

APPENDIX A. Department of Industrial Relations (DIR) Requirements

The following is related to State prevailing wage requirements. For up-to-date DIR vendor and City reporting and registration requirements, go to <https://www.dir.ca.gov/>.

DIR Registration is required to bid or work on **public works** projects that are subject to the **prevailing wage requirements** of the State of California. Small projects **up to \$25,000** for construction and **up to \$15,000** for maintenance are exempt from registration by the contractor, subcontractors, and the City (see Note below). However, prevailing wages are still required for any public works project **over \$1,000**. Penalties for City noncompliance include fines and/or loss of state funding for one year.

What are public works projects?

Under the Labor Code, public works in general refers to:

- Construction (includes work performed during design and preconstruction, including inspection and land surveying work), alteration, demolition, installation, maintenance, or repair work;
- Done under contract; and
- Paid for in whole or in part out of public funds

When are prevailing wages and DIR registration NOT required?

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

City Staff’s Responsibilities:

- Require proof of contractor/subcontractor registration before accepting a bid.
- Verify contractor with System for Award Management (SAM).
- Register public works projects with DIR. If the contract is subject to prevailing wage, file a PWC-100 Form with the Department of Industrial Relations (DIR) within five (5) calendar days of awarding the contract. The PWC-100 can be accessed at <https://www.dir.ca.gov/pwc100ext/>. Contract registration must be within thirty (30) calendar days of contract award, or prior to the first work day for projects lasting less than thirty (30) calendar days.
- Ensure posting of jobsite notices.
- Ensure payment of prevailing wages are uploaded to the DIR website and periodic inspection of certified payroll.

NOTE: Regulations and penalties regarding DIR requirements are subject to change periodically. City staff and Contractors are required to follow the latest version of the guidelines, which can be found on the DIR website <https://www.dir.ca.gov/> and <https://www.dir.ca.gov/public-works/publicworks.html>.

If federal funding is utilized, the City shall comply with applicable wage requirements.

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These are public works projects. DIR registration by vendor and subcontractors is required before bidding. Project registration is required on the first day of work or thirty (30) calendar days following award, whichever is sooner. Prevailing wages are required for services costing **over \$1,000**. Include DIR language in contract.

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

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

Maintenance that is:

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

Construction **under \$25,000** and Maintenance **under \$15,000** are exempt from vendor, subcontractors, and City registration. Prevailing wages apply. Include DIR language in contract.

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

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

Awarding body (City) responsibilities:

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

Awarding body (City) penalties for noncompliance:

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

APPENDIX B. Quote Documentation Form (Professional & Non-Professional Services/Equipment/Supplies)

Pursuant to the City’s Purchasing and Contract Guidelines, a contract/agreement/purchase whose value is **between \$5,000.01 and \$40,000.00** requires an informal bid process which consists of three (3) written bids/proposals (wherever possible), approved by the Department Head and/or City Manager. This *Quote Documentation Form (QDF)* is intended to document a small dollar contract award or purchase during a competitive solicitation for a service to ensure purchases comply with the Purchasing and Contract Guidelines.

The requesting department must attach a completed QDF to the invoice for payment and it must be attached to the agreement or Purchase Order on file.

Section 1: General Information

Department:

Project Manager:

Check One: Professional Services Non-Professional Services Equipment/Supplies

Project/Equipment/Supply:

Section 2: Award Recommendation

Non-Professional Services/Equipment/Supplies

Award to lowest bidder.

Award to a vendor other than lowest bidder. Explanation of decision:

Professional Services

Vendor recommended for award:

Explanation of decision:

Section 3: Certification and Authorization

I hereby declare that the above firms have been contacted for quotes/bids/proposals and their replies are exactly as stated.

Date
Department Head

Date
Hannah Shin-Heydorn
City Manager

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APPENDIX C. Model Agreement Checklist

Date of Agreement	Date approved by the City Council or City Manager.
Complete Name of Business	Include DBA, Inc., LLP, LLC, etc.
Type of Business (include state of incorporation)	Sole proprietorship, Inc., LLP, LLC, etc.
Address of Principal Place of Business	Not necessarily street address of local business.
Name of Project	Project name and contract number, if applicable.
Term	Project start date and ending date. May include renewal terms for multi-year agreement.
Name of City's Contact and Title	Name of City's representative (Department Head).
Name of Company's Representative and Title	Name and title of company representative responsible for project.
Insurance	In accordance with Insurance Matrix or consultation with City Attorney/Risk Manager. Request Certificates of Insurance, Additional Insured, Worker's Comp., etc. from vendor. Certificates must be on file with City Clerk before work can begin.
Compensation	Total contract amount and rate sheet, if applicable.
Notices	Include company name, mailing address, and contact name.
Bonds	May be required by law or by City under certain circumstances. If required, must be on file before work can begin.
Signatures	Obtain name/title of signer. Two signatures required unless sole proprietorship.
Approval Authority	Include appropriate approval authority.
Exhibit "A" – Scope of Services	Scope of work to be performed.
Exhibit "B" – Schedule of Services	Schedule of work, if applicable.
Exhibit "C" – Compensation	Include hourly rates and authorized reimbursable expenses. May include CPI increase for multi-year agreement. May include bond requirement.

APPENDIX D. The Contract Process



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APPENDIX E. Purchasing Authority and Required Procurement Procedures

Authorization levels are based on the **total/cumulative value of the purchase**. For purchases that on the threshold boundary for two different price ranges (e.g., \$40,000), the purchase shall be treated as part of the higher price range.

NOTE: All standard contracts include a 10% compensation contingency. This contingency amount needs to be included with the base contract amount to determine the not-to-exceed (NTE) dollar limit for the purposes of determining the appropriate purchasing authority(ies).

Contract A base amount:	\$36,000	Contract B base amount:	\$37,000
Contingency:	\$3,600	Contingency:	\$3,700
TOTAL NTE:	\$39,600	TOTAL NTE:	\$40,700
Purchasing Authority:	City Manager	Purchasing Authority:	City Council

For Goods and Non-Professional Services

Price Range	Required Purchasing Type (unless otherwise stated)	Selection Criteria	Purchase Option	Required Signatory(ies)
<\$3,000	Over-the-Counter Purchasing	Qualified Local Vendor (whenever possible)	Payable Voucher*	Dept Head
\$3,000 - \$5,000	Open-Market Bid (recommended)	<u>Lowest Qualified Quote</u>	<u>Purchase Order</u>	Dept Head <u>Finance Director</u>
\$5,000.01 - \$40,000	Open-Market Bid	<u>Lowest Qualified Bid</u>	Purchase Order	Dept Head Finance Director <u>City Manager</u>
>\$40,000	Competitive Bid - Not Public Project	<u>Lowest Responsive and Responsible Bidder</u>	<u>Contract**</u> & Purchase Order	Dept Head <u>City Clerk</u> <u>City Attorney</u> Finance Director City Manager <u>City Council</u>

*unless associated with a Capital Improvement Project/Program (in which case a PO is needed)

**typically annual/one-time contract for goods

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For Professional Services

Price Range	Required Purchasing Type (unless otherwise stated)	Selection Criteria	Purchase Option	Required Signatory(ies)
<\$3,000	Over-the-Counter Purchasing	Qualified Local Vendor (whenever possible)	Payable Voucher*	Dept Head
\$3,000 - \$5,000	Open-Market Bid (recommended)	<u>Most Qualified</u> <u>Within Budget</u>	<u>Purchase Order</u>	Dept Head <u>Finance Director</u>
\$5,000.01 - \$40,000	Open-Market Bid	Most Qualified Within Budget	<u>Contract & Purchase Order</u>	Dept Head <u>City Clerk</u> <u>City Attorney</u> Finance Director <u>City Manager</u>
>\$40,000	Request for Proposals	Most Qualified Within Budget	Contract & Purchase Order	Dept Head City Clerk City Attorney Finance Director City Manager <u>City Council</u>

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For Public Projects

Price Range	Required Purchasing Type (unless otherwise stated)	Selection Criteria	Purchase Option	Required Signatory(ies)
<\$60,000	Open-Market Bid (recommended)	Lowest Qualified Bid	Contract & Purchase Order	Dept Head City Clerk City Attorney Finance Director City Manager City Council
\$60,000 - \$200,000	Open-Market Bid	Lowest Qualified Bid	Contract & Purchase Order	Dept Head City Clerk City Attorney Finance Director City Manager City Council
>\$200,000	Competitive Bid - Public Project	<u>Lowest Responsive and Responsible Bidder</u>	Contract & Purchase Order	Dept Head City Clerk City Attorney Finance Director City Manager City Council