


<b>Subject:</b> Citywide Purchasing Policy	<b>Number:</b> 3-1
	<b>AO Date Issued:</b> 6/1/02 <b>AO Date Revised:</b> 7/30/2010 <b>Attachment Date Revised:</b> 7/30/2010
<b>Responsible Department:</b> GSD-Purchasing	<b>Approved:</b> 

## Purpose

To establish a City-wide purchasing policy and provide an overview over procurement options.

## Policy

The City of Fresno has a centralized purchasing function. The Purchasing Division is responsible for the purchase of equipment, materials and supplies, the bidding of public works projects, and for technical and non-professional services, such as custodial, security, temporary personnel and other services. Consultant and professional (i.e. Abrain@) services (such as engineering, design, legal, auditing, advertising, underwriting, medical, planning, training, customer service surveys and similar) are decentralized in the City of Fresno and are the responsibility of individual departments (see Administrative Order 6-19 Contracts for Service). However, the Purchasing Division is available for professional services as a mail-box to receive proposals, or as a resource, if requested by City clients.

Clients are encouraged to contact Purchasing for any special needs and priorities, such as grants, to allow Purchasing to plan for special assistance, if required, and to meet client needs. To maintain communication with its clients, Purchasing conducts liaison meetings with client divisions twice a year.

All business conducted by the Purchasing Division, except for services, is based on the principle of competitive bidding in accordance with Charter Section 1208 with award to the lowest responsive and responsible bidder. Competitive bidding assures the best pricing for the City, provides equal access to suppliers/contractors for City business and ensures accountability of public funds.

City clients determine their operational needs, and the Purchasing Division identifies the most effective and expeditious procurement to meet these needs. The Purchasing Division maintains an updated Procurement Handbook to assist their clients' understanding of procurement procedures.

## Procedures

Procurements fall into two distinct categories, procurement over the formal bid limit and procurement under the formal bid limit. All procurement shall be initiated either by a requisition, or the submittal to Purchasing of bid specifications with funding information.

All City procurements are posted on the City's Web Site under Bid Opportunities (City's BidsOnline eprocurement system). Bidders register on the system and receive automatic emails when a bid is posted on line for the category in which the bidder registered. Bids can either be submitted electronically or by paper. At this time Formal bids are posted on the system but not received electronically.

**1. Procurement over the formal bid limit**

- a. Formal bids. The formal bid limit is determined by Charter Section 1208 (see Attachment). It is adjusted by the Consumer Price Index (CPI) each July 1 and communicated to departments by the Purchasing Manager. All purchases of equipment, supplies and public works construction over the formal bid threshold require formal, advertised bidding with award by the City Council.
- b. Sole sources. Materials, supplies and equipment that can be obtained from only one supplier may be purchased through the sole source process. Sole source purchases are subject to the approval of the Purchasing Manager or his/her designee, and sole sources over the formal bid limit require Council approval of a sole source resolution.
- c. Cooperative purchases and piggybacks. Under Charter Section 1208, the Purchasing Manager may purchase equipment and products through Cooperative Purchasing Agreements with other public agencies by being a primary party in a joint formal bid, or by purchasing from a supplier who has been awarded a contract by other governmental agencies under the same terms and at the same pricing (Apiggyback@), including, but not limited to, General Services Administration (GSA) and California Multiple Award Schedule (CMAS) contracts or similar. All piggybacks must be authorized by the Purchasing Manager or his/her designee.

**2. Procurement under the formal bid limit**

Procurement under the formal bid limit may occur in various forms: obtaining quotes, including informal bids, posted on City's eProcurement system; providing Aopen@ purchase orders (particularly for maintenance and repair items and low cost items that are difficult to bid) or through other processes. The Purchasing Division will choose the process best suited to a timely procurement.

One-time purchases under a certain limit (see Attachment) are decentralized and may be made directly by clients under the Direct Voucher Payment process, or by obtaining a purchase order number from Purchasing. Purchases under the decentralized limit for software, computers, City Hall furniture, remodeling, welding, vehicular equipment and printing shall be authorized through the respective Internal Service Funds. The decentralized limit is not intended for repetitive purchases which shall either be acquired through a requirements contract or Purchasing may provide an Aopen@ purchase order.

It is the policy of the City to close out all Aopen@ purchase orders (for maintenance, repair and low cost items) at the end of each fiscal year with a two-week grace period for payment. Purchase Orders for purchases of equipment, and for contracts for supplies, materials and services may roll over from one fiscal year to another and shall be closed out by the client when the equipment has been delivered or at the end of the contract period.

### 3. Services

#### a. Consulting/professional services (decentralized)

The Purchasing Division is not responsible for consultant and professional (i.e. Abrain@) services, which are decentralized in the City of Fresno (see Administrative Order 6-19 Contracts for Service). Consultant agreements over \$50,000 are subject to Council approval and shall be encumbered by means of a Purchase Order.

#### b. Technical and Non-professional services (Purchasing)

The Purchasing Division is responsible for technical and non-professional services, such as custodial, processing, security, temporary personnel and other services. Services that require a contractor=s license (such as well cleaning), are considered public works projects. Requests for Proposals (RFPs) rather than bids are used for contracting for services. Requests for Proposals are awarded not on price alone, but on a combination of evaluation factors which include price. In accordance with Municipal Code Section 4-107(b), award of contracts for services over \$50,000 is made by the City Council; award under \$50,000 is delegated to the City Manager or his/her designee (see Attachment). The City Manager has designated the Purchasing Manager for award of contracts/Requests for Proposals for technical and non-professional services under \$50,000.

### 4. Other

#### a. Cal Card purchases

(i) The Purchasing Division is responsible for the issuance of the Cal Card, the City's "Official" purchase card to be used for the purchase of parts, supplies or other goods in instances where the parts, supplies or goods are more immediately available than conventional sources. Each Cal Card transaction is limited to \$5,000. The Cal Card is not intended to be used for the purchase of inventory items, repetitive purchases, or services from Graphic Communications, Information Services, and Electronics & Communications. In addition, the Cal Card can not be used to purchase alcohol, tobacco, firearms, gambling, travel expenses, etc. (Administrative Order #3-9)

#### b. Emergency purchases.

- (i) Repairs. For emergency purchases, such as a repair part for a Adown@ piece of equipment, material needed for repair of items providing vital services, unforeseen items not known prior to commencement of a project, or health and safety items, contact the Purchasing Division for a purchase order number. For emergencies at night or on weekends, complete the transaction and obtain a number on the next working day.
- (ii) Equipment and Construction. The emergency purchase of equipment or emergency construction over the formal bid limit is subject to the Council=s approval of an Emergency Resolution to suspend competitive bidding in accordance with Section 1208(a) of the Charter. The Emergency Resolution is submitted to the Council by the client; Purchasing is available as a resource.

- c. Prequalifications. Prequalifications are used in a two-step process to qualify products and suppliers for procurement of complex technical equipment. The prequalification consists of a Request for Proposals without pricing, followed by a formal bid with pricing.
- d. Requirements Contracts. Whenever effective, Requirements Contracts are recommended for any repetitive purchases, including inventory, and services. Requirements Contracts establish firm pricing for products or services with suppliers for a fixed time period and allow City clients to place orders directly with the supplier, or receive services, without further involvement of the Purchasing Division. Requirements contracts will normally be established for one-year periods with two one-year extensions. Terms of the contract will provide price adjustment methodology for the second and third years.
- e. Appeals. Appeals for procurement over the formal bid limit will follow the current Appeals Resolution. Appeals for procurement under the formal bid limit will be dealt with by the Purchasing Manager.

## 5. Contract Administration

Contracts are administered by client divisions. Only for Citywide contracts, such as uniforms and stationery, Purchasing is the contract administrator. Should City clients experience problems with any supplier/contractor to whom Purchasing recommended award, please alert the Purchasing Division. The City is committed to use only suppliers/contractors who perform satisfactorily and in accordance with specifications.

## 6. Local Preference - Formal Bidding

The Fresno Municipal Code (FMC) establishes a local preference for bidders who's main or branch office is located within a 25 mile radius from City Hall or for purchases of products, material and/or equipment the vendor can also be located within the County of Fresno. The local preference is applied when the low bidder is non-local and the second bidder is local. *Local preference cannot be applied to federally funded purchases and projects.* The local preference varies with type of procurement.

Products: (materials, supplies, equipment):

Five percent, however the preference shall not exceed \$25,000 (FMC, Section 4-108(a)(1))

Public Works projects:

One-half of one percent, not to exceed \$1,000 (FMC, Section 4-108(b))

Services:

Five percent, no cap (FMC, Section 4-109(b))

## 7. Surplus

In accordance with the Fresno Municipal Code, Section 4-202, the Purchasing Manager is responsible for the disposal of surplus.

**Detailed purchasing procedures are contained in a separate Handbook.**

**ATTACHMENT**  
**to City-wide Purchasing Policy**  
**Thresholds as of July 30, 2010**

Decentralized purchases (Departments/Divisions may purchase themselves)

Under \$5,000                      Non-repetitive purchases made with Cal Card or via Direct  
Voucher Payment process (Emergency Purchase Order used only for  
suppliers not accepting Cal Card)\*

Cal Card purchases                      (For purchases of supplies, materials and equipment when needed)

Up to \$5,000                      Per each transaction (Reference AO #3-9)

Informal bids                              (Materials, supplies, equipment and public works projects)

\$5,000 to \$120,000                      Bid and award by Purchasing.

Formal bids                                (Materials, supplies, equipment and public works projects)

Over \$120,000                      Bid and award by Council. (Formal bid limit adjusted annually in July)

Services                                      (Consultant/professional services)

Up to \$50,000                      Department Head approval  
Over \$50,000                      Council approval

Services                                      (Technical/non-professional services)

Up to \$50,000                      Purchasing approval  
Over \$50,000                      Council approval

\* Purchasing is always available to assist departments in obtaining the best price through quote, bid or other competitive process and will be conducting select audits of the processed vouchers to ensure consistent application of this policy and the current dollar threshold limits.