

Public Works Purchasing Guidelines

General Guidelines

Accountability to the Public

All City procurement documentation (receipts, invoices, credit card statements) is public record and subject to disclosure under the Public Records Act. As City employees, we are entrusted to spend taxpayer dollars wisely. With every purchase, consider:

- Is there a good explanation as to why the expenditure is appropriate? Has it been documented?
- Could the amount spent be comfortably defended under public scrutiny?
 - Would you be free from worry if the expense was selected for audit?
 - If the expense was on the front page of the newspaper, would you feel comfortable explaining it to a taxpayer?

Making our Tax Payer Dollars go far

All goods and services should be competitively procured, and all regular services should be regularly evaluated and periodically re-advertised. This means that construction projects, and material procurement must be sent out to multiple bidders even if only one bid is received. There are some exceptions to this related to specialty items which are explained below. Construction and material selection are generally awarded on the lowest bid.

Professional Services should also be competitively bid and requests for proposals should be sent to multiple vendors. Selection is based on experience, familiarity with the work, personnel, and other criteria specified in the Request for Proposal.

Additionally, we should periodically test our internally provided services to ensure we are providing services in the most cost-efficient manner (vs. contracting that service out).

Know (your funding source) Before You Go (out to bid)

Prior to proceeding with a major procurement for either professional services, a public works project, or services, supplies and materials, you need to confirm that funding is available for the project. The Funding Detail by Project section in the [CIP document](#) is a source for funding information for capital and traffic projects and studies. If the contract will be paid out of a division's General Fund budget, then check your latest monthly budget report as to whether sufficient budget is available.

If you are unsure what the funding source is, you should always check with the Department's Financial Manager for assistance in identifying the funding sources for a project *prior* to going out to bid and signing any new major contract. Checking with the Financial Manager once the contract has been awarded and you have the first invoice is too late!

Purchasing Amounts, Award Authority

1. **Professional services:** services of attorneys, physicians, architects, engineers, surveyors and other consultants or individuals or organizations possessing a high degree of technical skill (SRMC 2.55.020(d))

Amount SRMC 2.55.040	Award Authority	Requirements SRMC 2.55.090
<\$10,000	DPW Director	Competitive bidding preferred, not required
\$10,000 - \$75,000	City Manager	Competitive bidding preferred, not required
>\$75,000	City Council	Competitive bidding preferred, not required

2. **Public works projects** (SRMC 11.50.020(h))
 - a. The construction, improvement, alteration, modification and repair of public buildings, works and facilities;
 - b. Work in or about streams, bays, waterfronts, embankments or other works for protection against overflow;
 - c. Construction of streets and related improvements including installation of lighting and signaling systems;
 - d. Construction of drainage systems;
 - e. Construction of parks, playgrounds and other recreational improvements, scenic improvements, and enhancement projects;
 - f. Furnishing materials and supplies for any such project;
 - g. Maintenance and repair of public works; and
 - h. Other similar work.

Amount SRMC 11.50.020(f)(g)	Award Authority	Requirements SRMC 11.50.090(a)
\$0 - \$5,000	Maintenance Supervisor/ Engineer	Competitive bidding preferred, not required
\$5,000 - \$30,000	Asst/Deputy Director Ops & Maintenance Manager	Competitive bidding preferred, not required
\$30,000 - \$175,000	Maintenance: DPW Director All other: City Manager	Informal bidding procedures (min. 3 bids)*
>\$175,000	City Council	Formal bidding procedures*

*See section 4 on when bidding may be waived.

3. **Services, supplies, materials and equipment:** any and all articles or things which shall be furnished to or used by any department of the city (SRMC 2.55.020(h,i))
 - a. **"Services"** means any and all work performed or services rendered by independent contractors, with or without the furnishing of material, excluding contracts for *public works projects* or *professional services*. (SRMC 2.55.020(h)).
 - i. **Includes support services:** work performed or services rendered by independent contractors, with or without the furnishing of material, such as custodial services, building and equipment maintenance, machinery and equipment rental, and

telephone, gas, water, electric light and power services (SRMC 11.50.020 (j), 11.50.030 – “support services”).

Amount <i>SRMC 2.55.110</i>	Award Authority	Requirements <i>SRMC 2.55.110</i>
<\$5,000	DPW Director or Designee	<i>Competitive bidding not required</i>
\$5,000-\$10,000	DPW Director or Designee	<i>Competitive bidding required, informal bidding procedures*</i>
\$10,000 - \$75,000	City Manager	<i>Competitive bidding required, informal bidding procedures*</i>
>\$75,000	City Council	<i>Competitive bidding required, formal bidding procedures*</i>

Services, Supplies, Materials and Equipment purchased for a **public works project** are exempt from these requirements and fall under the Public Works Projects requirements (SRMC 11.50.020 (h)(6))

**See section 4 on when bidding may be waived.*

4. Exceptions to Competitive Bidding (SRMC 2.55.100)

- a. **Any purchase <\$5,000**
- b. **Emergency purchases and contracts:** when determined and declared by City Manager that an emergency exists
- c. **Sole source:** Supplies, materials, equipment, and services that can only be obtained from a sole source or that are specialty in nature. Approval of sole source must be given by appropriate level of authority for dollar amount, e.g. for a \$50,000 professional services contract City Manager must approve a sole source, and for a \$100,000 professional services contract City Council must approve the purchase.
- d. **Professional services:** Competitive bidding is not required for professional services contracts. However, the vendor selected must demonstrate competence and the professional qualifications necessary for the satisfactory performance of the services required.
- e. **Cooperative purchasing programs:** Purchases of supplies, material, equipment or services and sales of surplus property made under a cooperative purchasing program, such as by utilizing purchasing agreements maintained by the United States government or any agency or division thereof, the State of California, County of Marin, or other public agencies, are exempt from the competitive bidding requirements of this chapter. Documentation of the cooperative purchase should be made.

Paying an Invoice: **There are Three Ways**

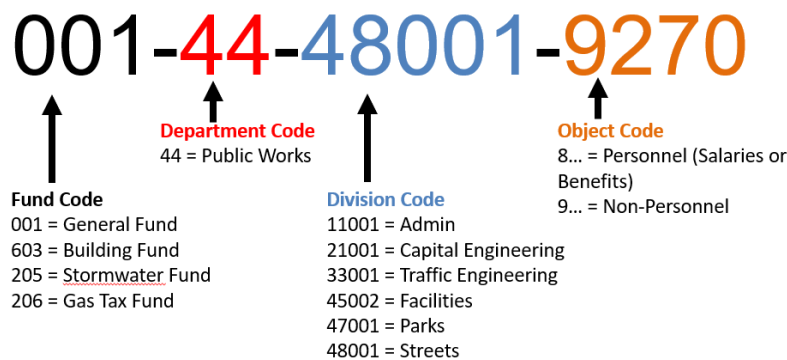
Before submitting any invoice to Admin for payment, you should always **highlight on the physical invoice:**

- **The amount to be paid** (sometimes invoices include past due amounts)
- **Invoice #** (this is a contractor-issued #)
- **Remit to address** (where the check should be sent)

***Note:** once an invoice is submitted for payment, Admin will **not** be making further copies of the invoice. If you need copies of the invoice for your files, make them *prior to submitting to Admin* for payment. Physical copies of all invoices and receipts of checks issued are saved for 5 years at the Finance Department.

1. **14-digit Operational Budget Code**

- **When to use operational budget:** *Not part of a capital (Eden) project.* Operational expenses include professional development/training, general professional services/contracted support, tech/equipment purchases, office supplies, utilities
- **Where can I get a YTD report:** Admin provides monthly YTD expenditure reports (view in 01.02.13)
- **What happens at the end of the fiscal year:** Operating budget does not roll over at the end of the fiscal year. July 1 = new budget for the year. Note: For special funds (603, 205, 206), do not think “use it or lose it!”. Unused operational budget for *non-General Fund* just goes back into that fund’s balance
- All funds have operating budget: General Fund (001), Building Fund (603), Stormwater Fund (205), Gas Tax Fund (206)



2. **7-digit Project #**

- **When to use project #:** Eden project #'s are set up to track capital projects, typically anything that would be in the CIP as a project. When they are set up in Eden, Finance will tie the project to a special fund (e.g. gas tax (206), building fund (603), etc.). *When you code an invoice to a project #, you are not affecting a fund's operational budget*
- **Where can I get a YTD report:** Anyone with Eden access can follow the step-by-step “Running an Expenditure Detail Report for a Project” to generate a report with all YTD expenses for the project #
- **What happens at the end of the fiscal year:** Project budget *does* roll over at the end of the fiscal year. Projects are set up to cross-fiscal years. There is no “use or lose it!”

11171-01

Project Number

W:\01 Administration\01.02 Budget\01.02.01
Budget and Projects Reference
"DPW Projects All - 2000-2018" Excel

Item #	Item Title	Category	Manager	Year	Amount	
11837	B Street CS-Restroom Renovation	A	Farbi	Cindy Ray	2018	
11838	IPG&E Energy Efficiency Upgrades	A	Farbi	Cindy Ray	2018	
11839	City Building Facility Assessment	A	Isu	Cindy Ray	2018	13
11840	Los Gatos and Cleander Study	A	Isu	Cindy Ray	2018	5
11841	City Hall Accessibility Improvement	A	Farbi	Kevin McGowan	2018	6
11842	9th & C Street Parking Garage	SH	Farbi	Modification "Kevin McGowan"	2018	6
11844	Lincoln Avenue Curb Ramps	A	Isf	Shawn Graf	2018	
11845	G Street Improvements Phase 2	A	Farbi	Shawn Graf	2018	
11846	Park Cultural Center Fire-Room	A	Farbi	Clare Nicholson	2018	
11847	D Street & Via Sesta Storm Drain	A	Isfsm	Hunter Young	2018	
11848	IDEA-Innovative Deployment of EIA	A	Farbi	Lauren Davis	2018	

Expense Code (Categorizes expense)

- 01 = Design & Consultation
- 02 = Construction
- 03 = Construction Management
- 04 = Land Acquisition
- 05 = Contract Change Orders
- 06 = Equipment
- 07 = Non-personnel (Supp & Srvc)
- 08 = Personnel
- 99 = Miscellaneous

3. 5-digit Purchase Order

- **When to use a purchase order #:** A purchase order should be made anytime there is a contract for services or a purchase or construction, and there is a need to encumber funds. Encumber = to hold funds for a specific purpose. To set up a purchase order, provide a copy of the contract or quote to Admin, as well as either a **7-digit project #** or a **14-digit operational budget code** the expense shall be charged to. Admin will in turn provide a 5-digit purchase order number you will code the invoices to when they come in. Note: give your contract to Admin as soon as it's finalized! You need a purchase order number set up and approved by Finance before you can pay an invoice.
 - **For construction contracts:** Purchase order amount shall be the full Council-authorized amount. E.g. construction award (bid) + Council authorized contingency
 - **For professional service contracts:** Purchase order amount shall be the full contract amount.
- **Where can I get a YTD report:** Anyone with Eden access can follow the step-by-step "Running an Expenditure Detail Report for a Purchase Order" to generate a PDF report with all YTD expenses for the project #. To see a comprehensive list of Purchase Orders, view the folder in 01.14.01
- **What happens at the end of the fiscal year:** Purchase order budget *does* roll over at the end of the fiscal year. Purchase orders are set up to cross-fiscal years. There is no "use or lose it!"



1400 Fifth Avenue
P.O. Box 151560
San Rafael, CA 94915-1560
(415) 485-3057

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DATE	PO NUMBER
2/14/2018	00916

VENDOR: 12310
LEADER INDUSTRIES
10941 WEAVER AVENUE
SOUTH EL MONTE, CA 91733

SHIP TO: PUBLIC WORKS DEPARTMENT
111 MORPHEW STREET
SAN RAFAEL, CA 94901

FOB Point: Due Upon Receipt
Terms: Due Upon Receipt
Req. Del. Date:

Req. No.: 000683
Dept.: PUBLIC WORKS
Contact: FOSTER, CHRISTINE
Confirming? No

Special Inst: Parent Job 2236
Resolution #14437

Quantity	Unit	Description	Unit Price	Ext. Price
		\$210,061.00		209,025.00
		All option items: 964.00		
		Discount: (2,000)		
		TOTAL: 211,025.00		
		Tire Fee - \$1.75 per tire		12.25
		DELIVERY FEE		2,500.00

Agreements and Purchase Orders: Start to Finish

Type of contract	Amount	Bidding requirements	What's needed
1. Professional Services	Any	<i>Competitive bidding not required</i>	Professional services <u>agreement</u> + PO
2. Public Works Projects	<\$5,000	<i>Competitive bidding not required</i>	Not required*
	\$5,000 - \$30,000	<i>Competitive bidding not required</i>	Contractor proposal + PO
	\$30,000 - \$175,000	<i>Informal bidding, min. 3 bids</i>	Informal construction <u>agreement</u> + PO
	>\$175,000	<i>Formal bidding procedures</i>	Formal construction <u>agreement</u> + PO
3. Services, supplies, materials and equipment (including software)	<\$5,000	<i>Competitive bidding not required</i>	Not required*
	\$5,000-\$10,000	<i>Informal bidding, min. 3 bids</i>	Contractor proposal + PO
	\$10,000 - \$75,000	<i>Informal bidding, min. 3 bids</i>	Contractor proposal + PO
	>\$75,000	<i>Formal bidding procedures</i>	Contractor proposal + PO

*Depending on the purchase it may make sense to have a contractor proposal and/or PO for purchases >\$5,000, but not always.

Note: a PO is not always practical for work that is being executed and invoiced right away. The purpose of the PO is to encumber, or “hold” funds for when the invoices related to that agreement come in. In the case when we expect to be invoiced immediately (it’s a rush project), it may not make sense to set up a PO. Check with Admin staff.

Setting up Agreements with the City Attorney’s office:

1. Solicit bids appropriately (see table above) and select contractor
2. Draft Professional Services **Agreement**, Informal Construction **Agreement**, or Formal Construction **Agreement** in Word (see table above)
3. Go to “2018 – Agreement Tracking” spreadsheet in [T:\PRESENTATIONS](#)
4. For a new agreement, go to the “Entry” tab and hit “New Form”

City of San Rafael
 AGREEMENT TRACKING

New Agreement Tracking Form

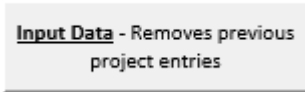
Amend an Existing Tracking Form

Project Name
2019-20 Pt San Pedro Median Maintenance

5. Fill out all information in the blue box and date Step 1 under “Complete date” and initial under “Reviewer”

STEP	RESPONSIBLE DEPARTMENT	DESCRIPTION	COMPLETED DATE	REVIEWER (Initials)
1	Project Manager	a. Email PINS Introductory Notice to Contractor b. Email Contract (in Word) & attachments to City Attorney c/o Laraine.Gittens@cityofsanrafael.org	6/19/2019	TS

6. Hit Input data at the bottom and save and close the file



Contract Routing Form Steps with detailed descriptions

(update “2018 – Agreement Tracking” spreadsheet in [T:\PRESENTATIONS](#) at each step)

STEP	RESPONSIBLE DEPARTMENT	DESCRIPTION	COMPLETED DATE	REVIEWER (Initials)
1	Project Manager	a. Email PINS Introductory Notice to Contractor		
		b. Email Contract (in Word) & attachments to City Attorney c/o Laraine.Gittens@cityofsanrafael.org		
2	City Attorney	a. Review, revise and comment on draft agreement and return to Project Manager		
		b. Confirm insurance requirements, create Job on PINS, send PINS insurance notice to contractor.		
3	Department Director	Send agreement to DPW Director for approval. Include funding source (14-digit Operational Budget Code or 7-digit Project #)		
4	Project Manager	Accept City Attorney redline changes and forward final agreement to contractor for their signature. *Note, contractor to leave date on first page blank*		
5	Project Manager	For contracts needing Council approval: Agendize for City Council meeting. Prepare staff report and resolution to accompany contract		
		For contracts within City Manager award authority: Contingency needed but not included in the agreement – prepare memo to City Manager with contingency amount to accompany contract routing. Contingency not needed or included in the agreement – no additional action required (skip this step)		
		PRINT (or save as PDF) CONTINUE ROUTING PROCESS WITH HARD COPY		
6	Project Manager	Forward signed original agreement to City Attorney with printed (or PDF’ed) copy of this routing form. OK to email unless contractor requests originals. For contracts within City Manager award authority where contingency is needed but not included in the agreement – include memo to City Manager with contingency amount for signature routing.		

Where you can find executed agreements:

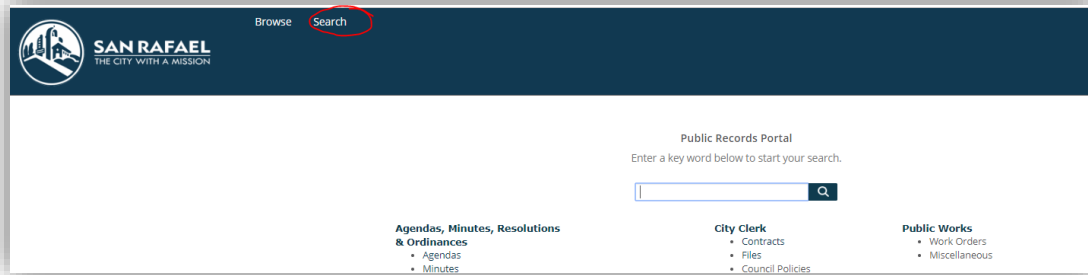
General agreements: [W:\01 Administration\01.01 Agreements](#)

Project agreements: In respective project folder, e.g.

[W:\18 Traffic\18.01 Construction Projects\18.01.84 2nd & 3rd Street Queue Cutters\Council & Agreements](#)

-or- All executed agreements that have been through the City Clerk's office are on the Public Records Portal:

<https://www.cityofsanrafael.org/public-records/>



How to use the public records portal: <https://employees.cityofsanrafael.org/weblink-guides/>

Setting up a Purchase Order

1. Provide copy of the signed agreement (or contractor proposal) to Admin. Indicate coding for the invoice(s) that are forthcoming (*14-digit Operational Budget Code or 7-digit Project #*)
 - a. **For contracts with contingency**
 - i. Purchase order will be created for full, Council or CM authorized amount (however contingency will be its own line in the Purchase Order)
 - ii. Provide Admin with proper backup indicating the contingency authorized (e.g. City Council resolution/staff report or City Manager signed memo for projects <\$175,000)
2. Admin will create a "Requisition" in Eden. Once the "Requisition" is approved by Finance it turns into a "Purchase Order" with a unique purchase order number

Quantity	Unit	Description	Unit Price	Ext. Price
		FEBRUARY 14, 2019 SEA-LEVEL RISE VULNERABILITY STUDY	\$72,800	72,800.00

3. All purchase orders saved in [W:\01 Administration\01.14 Purchasing\01.14.01 Purchase Orders](#)
4. All future invoices related to that agreement will be coded to the Purchase Order number

Credit Cards

As a cardholder, what are my responsibilities each month? Cardholders must submit all receipts for each transaction along with their signed monthly credit card statement. Cardholders must also code each individual transaction on their statement with a 14-digit account code (e.g. 001-44-11001-9270) or 7-digit project code (e.g. 11357-01). Refer to the Department's Financial Manager for assistance with regards to which number should be noted for each transaction. If a receipt for a transaction has been lost, the cardholder must indicate this on the statement and initial the purchase. See details below for additional requirements for meal receipts.

When can Credit Cards not be used? Rental or lease of land or buildings, or prescription medicines or other controlled substances.

What if a disputed/faulty charge shows up on my statement? It is the Cardholder/Department's responsibility to settle disputes with vendors over returning items or a false charge.

What if I lose my credit card? Employees should notify the Department within 24 hours. The Department must contact the credit card company and notify the Finance Director by the end of the following business day. Department must submit written report of the lost or stolen credit card to the Finance Director within 5 business days.

Receipts

- All receipts must be saved and placed in date order according to your monthly statement
- Loose receipts must be individually taped to an 8.5x11 piece of paper

Meals

When can City funds be used to pay for a meal? For a substantial City business purpose, and when participants are engaging in City business during the meal. All meal expenses must be pre-approved by the Department Director or Manager. **Note:** Alcohol is not an approved meal expense.

What must be documented?

- Itemized receipts for all transactions (note: a credit card charge copy is not a receipt)
- The date of the expense and name and location of the meal
- The business purpose of the meal
- The names of the participants and their titles or other information establishing their business relationship with the individual incurring the expense

What is the dollar limit per meal? There is no specific limit for meal purchases, but must be "reasonable": the amount that normally would be spent in that specific situation and that would not be flagged during an audit.

Travel and Expense Reimbursement Policies

What is approved for travel reimbursement?

All travel and training must be pre-approved by Department Director. Those seeking reimbursement for travel shall meet with the department's financial manager to obtain the correct forms and to be made aware of what expenses are and are not reimbursable

- Communicating with representatives of regional, state and national government on City adopted policy positions;
- Attending educational seminars designed to improve official's skill and information levels;
- Participating in regional, state and national organizations whose activities affect the City's interests

What is not approved for travel reimbursement?

- The personal portion of any trip
- Political fundraising or charitable contributions or events
- Family expenses, including partner's expenses when accompanying a city official on City related business, as well as children- or pet-related expenses
- Entertainment expenses e.g. theater, movies (including in-room), sporting events, travel gym, other cultural events or personal reading material
- Alcohol/personal bar expenses
- Non-mileage personal automobile expenses, including repairs, traffic citations, insurance or gasoline
- Personal losses incurred while on City business, such as clothing and personal effects.

When will lodging be reimbursed? When travel on official City business reasonably requires an overnight stay.

How much of expenses will be reimbursed while traveling? Employees shall be reimbursed for lodging, meal and incidental expenses per the [General Services Administration Per Diem Rates](#). "Per diem" means the total daily allowance -excluding taxes- for lodging, meals and incidental expenses (such as parking). This should encompass all travel costs, and does not include costs such as the price for the conference or training. These daily rates vary by location.

All expenses seeking reimbursement require itemized receipts. All meals should have accompanying receipts, and if the receipt is for more than one individual or the purpose of the meal included more than one individual, the receipt should note all in attendance. A complete and accurate Expense Report (Finance form) along with all itemized receipts shall be submitted to Department within 30 days of an expense being incurred.

[Link to Full Schedule of GSA Per Diem Rates](#) by location – FY 2018

What if a receipt is lost? A memorandum to the Finance Director is required detailing:

A description of and the purpose of the expenditure(s), including the date. The memo should also include the anticipated amount of the expenditure(s) (for example, hotel rates, meal costs, and transportation expenses)

For more information on union-specific information about maximum reimbursements for travel and training costs see the [Employee Agreements](#) for each Bargaining group.