

CITY OF RIPON

Procurement Policy

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Introduction

This Procurement Policy is intended to serve as a reference tool for City staff and departments. It details the policies and procedures of the City's purchasing authority. It outlines all phases of the procurement process and clarifies the responsibilities of individual departments and staff, and explains the legal requirements affecting the City.

This guide will help City personnel familiarize themselves with procurement processes and enable them to timely and efficiently obtain the goods and services they need.

Quick Reference

Chapter 1 – An Overview of the Procurement System

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1

An Overview of the Procurement System

Chapter Objective: *This chapter is an introduction to City of Ripon purchasing process – its service processes, objectives, and ethical standards.*

What is Procurement?

Procurement is the process through which purchases are planned, solicitations issued, vendors selected, purchase orders issued, and goods or services are received.

The City of Ripon desires to be both effective and efficient in purchasing with the goal of integrity woven throughout the process. Ethically purchasing goods and services with an emphasis is on the best value for the City's dollar.

This is accomplished by ensuring that goods and services are of high quality, available when needed, not overpriced, and that taxpayers know that public funds are being spent wisely on its behalf and not for the personal benefit of government employees, officials, or their friends.

The City's Procurement System

The City of Ripon has adopted a decentralized procurement system, which is under the authority of the City Administrator or his/her designee(s) as the City Purchasing Officer ("Officer") established by Chapter 3.20 Purchasing System in the City's Municipal Code. The decentralized purchasing is necessary due to the small amount of administrative staff and is functional because of the small size of the City. This means that the Officer is ultimately responsible for procurement in general, but delegates his/her authority in limited measure to Department Heads within the City. The Officer (or designee) therefore establishes leasing agreements; coordinates surplus sales; and most importantly, procures all commodities under \$75,000 and services under \$100,000 and certain construction services under \$200,000.

The City of Ripon therefore does not run a centralized Internal Service Fund (ISF) but purchases are made directly by each department, as applicable, while payment and oversight of purchases are maintained through a centralized accounts payable process in the Finance Department.

Procurement Authority

The City derives its authority from two sources: local and state laws. Local law encompasses City Councils' resolutions and directives. The two main sources giving authority to Procurement Services to purchase goods and services on behalf of the City are the Purchases Ordinance and the California Government Code.

Purchasing Ordinance. The City's Municipal Code Chapter 3.20, "Purchasing System" was established by Ordinance 544 (passed and adopted in 1995) and revised by Ordinance 895 (passed and adopted in May 2020), to govern the activities of the City. In general, this Chapter established that the Purchasing Officer shall have the duties and powers prescribed by the laws of the State of California relating to City Purchasing Agents, Public Contract Code, and Government Code. A full copy of this Code Section is available on the City's website.

State and Federal Laws. State laws that are applicable to various City procurement activities can be found in the Government Code, the Civil Code, and the Public Contract Code (including the California Uniform Public Construction Cost Accounting Act; CUPCCAA). Where pertinent, specific code sections are referenced throughout this policy. Federal law is applicable to City procurement activities any time federal funds are used for particular procurements, and more specifically listed in Chapter 2 of this Policy.

Procurement Objectives & Standards of Conduct

The City's procurement policy objectives and standards are applied to all transactions through the following values:

- Establish the legal authority of the procurement function within the City
- Simplify, clarify, and reflect the laws governing procurement
- Enable uniform procurement policies throughout the City
- Build public confidence in public procurement
- Ensure the fair and equitable treatment of everyone who deals with the procurement system
- Provide for increased efficiency, economy, and flexibility in public procurement activities and maximize to the fullest extent the purchasing power of the City
- Foster effective broad-based competition from all segments of the supplier community
- Safeguard the integrity of the procurement system and protect against corruption, waste, fraud, and abuse
- Ensure appropriate public access to contracting information
- Foster equal employment opportunities that are in line with legal requirements, in the policies and practices of suppliers and subcontractors wishing to do business with the City

All City employees who participate in the procurement process shall also comply with the City's Conflict of Interest and Ethics Policy

Quick Reference

Chapter 2 – Overview of City Policies Affecting Procurement

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City Policies that Affect Procurement

Chapter Objective: Provide an overview of City policies affecting the procurement of goods and services and provide instructions for compliance.

Bidding Policies

It is the City's policy to develop maximum competition for all purchases and to make awards based on the lowest responsive and responsible bid received. A responsive bidder is one who responds to all of the significant requirements outlined in the solicitation. A responsible bidder is one who is deemed to be capable of supplying the goods or services requested.

The City's goal through purchasing is to achieve the **best overall value** by securing goods and services at the **lowest cost possible commensurate with quality and other relevant requirements**.

Contract requirements shall not be artificially divided to avoid bidding requirements.

Commodities (Materials & Capital Replacement)

\$1 to \$25,000 – Administrative Process

Competitive bidding is not required. Purchases should be part of the day-to-day operations of the City and approval is required by the Department Head. After approval is granted, the purchase can be made with the vendor recommended by the department.

Over \$25,000 – Written Quotes

Competitive bidding is required. The respective department acquires approval from its Department Head or City Council and then issues a written Request for Proposal/Quotation. The department shall contact at least three vendors for bids and award should be made to the lowest responsive and responsible bidder.

Professional Services (Non-Construction)

Where it is necessary, as in the case where the City Attorney has a conflict of interest, or when it is deemed desirable because specialized legal expertise is required from the

private sector, outside legal counsel may be retained.

\$1 to \$10,000 – Administrative Process

Competitive bidding is not required. Services should be part of the day-to-day operations and maintenance of the City and included in the approved budget, when feasible.

Approval is required by the City Administrator. At the Buyer's discretion, the purchase can be made with the vendor recommended by the department. Many purchases can be made by the department staff members with the approval of the City Administrator.

\$10,001 to \$100,000 – Written Quotes

Competitive bidding is required. The respective department acquires approval from the Purchasing Officer and then issues a written Request for Proposal/Quotation. The department shall contact at least three (3) vendors for bids. Award is made by the City Council to the lowest responsive and responsible bidder.

Over \$100,000 – Formal Bids or RFPs / RFQs (and contract)

Competitive bidding is required. Staff must acquire approval to go to bid or RFP / RFQ from City Council before issuing either a **formal** sealed Invitation for Bids (IFB) or Request for Proposals (RFP), depending on the type of procurement. Typically, the RFP process is used for services. The number of vendors contacted will vary depending on the dollar amount of the purchase and the time available, but three is preferred. Award is made to the lowest responsive and responsible bidder in the case of IFBs. In the case of RFPs, the award is made by City Council in accordance with the evaluation criteria, terms, and conditions stated therein.

Services (Construction and Capital Purchase)

\$1 to \$10,000 – Administrative Process

Competitive bidding is not required. Services should be part of the day-to-day operations and maintenance of the City and included in the approved budget, when feasible.

Approval is required by the City Administrator. At the Buyer's discretion, the purchase can be made with the vendor recommended by the department. Many purchases can be made by the department staff members with the approval of the City Administrator.

\$10,001 to \$60,000 – Written Quotes

Competitive bidding is not required. Services will be performed under a negotiated contract. The respective department issues a written Request for Proposal/Quotation. The number of vendors contacted will vary, depending on the dollar amount of the purchase and the time available; however, three quotes are preferred. Award is made by the City Council

\$60,001 to \$200,000 – Informal Bid

Informal bids may be solicited in accordance with the California Uniform Public Construction Cost Accounting Procedures (CUPCCAP) alternative bidding procedures. The award is approved by the City Council.

Over \$200,000 – Formal Bid

Competitive bidding is required. Staff must acquire approval to go to bid or RFP / RFQ from City Council before issuing either a **formal** sealed Invitation for Bids (IFB) or Request for Proposals (RFP), depending on the type of procurement. Typically, the RFP process is used for services. The number of vendors contacted will vary depending on the dollar amount of the purchase and the time available, but three is preferred. Award is made to the lowest responsive and responsible bidder in the case of IFBs. In the case of RFPs, the award is made in accordance with the evaluation criteria, terms, and conditions stated therein.

Federally Funded Projects / Grants Procurement (2 CFR 200)

Council on Financial Assistance Reform Priorities (COFAR) goal is to reduce risk of waste, fraud, and abuse while reducing administrative burdens through the establishment of a Uniform Administrative Requirement, Cost Principles, and Audit Requirement for Federal Awards (2 CFR 200). The City of Ripon's policy related to Federally-funded projects and/or grant is established to reflect this goal and be in compliance with 2 CFR 200.

As a result, the City will operate with the following regulation for the procurement of property or services stemming from federal aid. This section shall apply to the awarding of sub-grants and contracts by the City stemming from federal grants to the City. This section shall have the same application on the awarding of sub-grants and contracts by the City stemming from state, county or other non-federal government entity grants originating as federal grants.

- A. Determination of Federal Awards Requirements for Pass-thru Agencies, Sub recipients, and Contractors (200.330 & 200.331)
 - 1. The City may concurrently receive Federal awards as a recipient, a sub recipient, and a contractor, depending on the substance of its agreements with Federal awarding agencies and pass-through entities.

Therefore, the City will make a case-by-case determination for each agreement it makes for the disbursement of Federal program funds that the party receiving the funds in the role of a sub recipient or a contractor.

The City will comply with any additional guidance to support these determinations from the awarding agency provided such guidance does not conflict with this section.

- a) A sub award is for the purpose of carrying out a portion of a Federal award and creates a Federal assistance relationship with the sub recipient. For purposes of making a determination as a sub recipient the City will consider the following characteristics of a Federal assistance relationship when the sub recipient :
 - 1) Determines who is eligible to receive what Federal assistance;
 - 2) Has its performance measured in relation to whether objectives of a Federal program were met;
 - 3) Has responsibility for programmatic decision making;
 - 4) Is responsible for adherence to applicable Federal program requirements specified in the Federal award; and
 - 5) In accordance with its agreement, uses the Federal funds to carry out a program for a public purpose specified in authorizing statute, as opposed to

providing goods or services for the benefit of the pass-through entity.

- b) A contract is for the purpose of obtaining goods and services for the City's own use and creates a procurement relationship with the contractor. For purposes of making a determination as a contractor, the City will consider the following characteristics of a procurement relationship when the contractor:
 - 1) Provides the goods and services within normal business operations;
 - 2) Provides similar goods or services to many different purchasers;
 - 3) Normally operates in a competitive environment;
 - 4) Provides goods or services that are ancillary to the operation of the Federal program; and
 - 5) Is not subject to compliance requirements of the Federal program as a result of the agreement, though similar requirements may apply for other reasons.
 - c) The Purchasing Officer, or designee, will use their judgement in classifying each agreement as a sub award (Federal assistance relationship) or a procurement contract (procurement relationship). The substance of the relationship is more important than the form of the agreement in making the determination.
- 2. Every sub award will be clearly identified to the sub recipient as a sub award and includes the following information at the time of the sub award and if any of these data elements change, including the changes in subsequent sub award modification. If some of the information is not available, the City will provide the best information available to it.
 - a) Federal Award Identification data as listed in Section 200.331 (1-4) and appropriate terms and conditions concerning closeout of the sub award.
 - 3. Every sub recipient will be subject to evaluation and monitoring by the City as necessary to ensure that the sub award is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the sub award; and that sub award performance goals are achieved. Pass-through entity monitoring of the sub recipient must include:
 - a) Reviewing financial and performance reports required by the pass-through entity.
 - b) Following-up and ensuring that the sub recipient takes timely and appropriate action on all deficiencies pertaining to the Federal award provided to the sub recipient from the pass-through entity detected through audits, on-site reviews, and other means.
 - c) Issuing a management decision for audit findings pertaining to the Federal award provided to the sub recipient from the pass-through entity as required by § 200.521 Management decision.
 - 4. Depending upon the pass-through entity's assessment of risk posed by the sub recipient (as described in 200.331(b)), the following monitoring tools may be useful for the pass-through entity to ensure proper accountability and compliance with program requirements and achievement of performance goals:

- a) Providing sub recipients with training and technical assistance on program-related matters;
 - b) Performing on-site reviews of the sub recipient's program operations; and
 - c) Arranging for agreed-upon-procedures engagements as described in § 200.425 Audit services.
5. The City will verify that every sub recipient is audited as required by Subpart F - Audit Requirements of this part when it is expected that the sub recipient's Federal awards expended during the respective fiscal year equaled or exceeded the threshold set forth in § 200.501 Audit requirements.

The City will consider whether the results of the sub recipient's audits, on-site reviews, or other monitoring indicate conditions that necessitate adjustments to the pass-through entity's own records.

The City will consider taking enforcement action against noncompliant sub recipients as described in § 200.338.

B. Procurement Standards.

- 1. The City shall maintain a contract administration system which ensures contractors perform in accordance with the terms, conditions and specifications of their contracts or purchase orders.
- 2. The City shall maintain written standards of conduct covering conflicts of interest and governing the actions of its employees engaged in the selection, award and administration of contracts. No employee, officer or agent of the City shall participate in selection, or in the award or administration of a contract supported by federal funds if a conflict of interest, real or apparent, would be involved. Such a conflict would arise when:
 - a) The employee, officer or agent;
 - b) Any member of his or her immediate family;
 - c) His or her partner; or
 - d) An organization which employs, or is about to employ, any of the above, has a financial or other interest in or a tangible personal benefit from a firm considered for award.
- 3. The City's officers, employees or agents will neither solicit nor accept gratuities, favors or anything of monetary value from contractors, potential contractors, or parties to sub-agreements. Such a conflict will not arise where the financial interest is not substantial or the gift is an unsolicited item of nominal intrinsic value (\$50 or less). The City's standards of conduct provide for disciplinary actions to be applied for violations of such standards by officers, employees, or agents of the City.
- 4. The City shall not enter into a contract with a non-Federal entity that has a parent, affiliate, or subsidiary organization that is not a state, local government or Indian tribe, unless the non-Federal entity maintains written standards of conduct covering organizational conflicts of interest. Organizational conflicts of interest mean due to relationships with a parent company, affiliate, or subsidiary organization, the non- Federal entity is unable or appears to be unable to be

impartial in conducting a procurement action involving a related organization.

5. The City shall avoid acquisition of unnecessary or duplicative items. Consideration will be given to consolidating or breaking out procurements to obtain a more economic purchase. Where appropriate, an analysis will be made of lease versus purchase alternatives, and any other appropriate analysis to determine the most economical approach.
6. The City shall consider entering into state and local intergovernmental agreements or inter-entity agreements where appropriate for procurement or use of common or shared goods and services.
7. The City shall consider using Federal excess and surplus property in lieu of purchasing new equipment and property whenever such use is feasible and reduces project costs.
8. The City shall consider using value engineering clauses in contracts for construction projects of sufficient size to offer reasonable opportunities for cost reductions. Value engineering is a systematic and creative analysis of each contract item or task to ensure its essential function is provided at the overall lower cost.
9. The City shall make awards only to responsible contractors possessing the ability to perform successfully under the terms and conditions of a proposed procurement. Consideration will be given to such matters as contractor integrity, compliance with public policy, record of past performance and financial and technical resources.
10. The City shall maintain records sufficient to detail the history of procurement. These records will include, but are not necessarily limited to the following: rationale for the method of procurement, selection of contract type, contractor selection or rejection and the basis for the contract price.
11. The City shall use time and material type contracts only:
 - a) After a determination is made that no other contract is suitable; and
 - b) If the contract includes a ceiling price the contractor exceeds at their own risk.
12. The City alone shall be responsible, in accordance with good administrative practice and sound business judgment, for the settlement of all contractual and administrative issues arising out of procurements. These issues include, but are not limited to, source evaluation, protests, disputes and claims. These standards do not relieve the City of any contractual responsibilities under its contracts.
13. For procurements of Architectural and Engineering consultants with federal and State funds granted by Caltrans, the City of Ripon shall follow Chapter 10 of the Local Assistance Procedures Manual located at:
<https://dot.ca.gov/-/media/dot-media/programs/local-assistance/documents/lapm/ch10.pdf>

C. Competition.

1. The City will conduct procurement transactions in a manner providing full and open competition. To ensure objective contractor performance and eliminate unfair

competitive advantage, contractors developing or drafting specifications, requirements, statements of work or invitations for bids or requests for proposals shall be excluded from competing for such procurements.

2. The City shall conduct procurements in a manner prohibiting the use of statutorily or administratively imposed in-state or local geographical preferences in the evaluation of bids or proposals, except in those cases where applicable Federal statutes expressly mandate or encourage geographic preference. When contracting for architectural and engineering (A/E) services, geographic location may be a selection criteria provided its application leaves an appropriate number of qualified firms, given the nature and size of the project, to compete for the contract.
3. The City shall have written procedures for procurement transactions. These procedures will ensure that all solicitations:
 - a) Incorporate a clear and accurate description of the technical requirements for the material, product or service to be procured. Such description shall not, in competitive procurements, contain features which unduly restrict competition. The description may include a statement of the qualitative nature of the material, product or service to be procured, and when necessary, shall set forth those minimum essential characteristics and standards to which it must conform if it is to satisfy its intended use. Detailed product specifications should be avoided. When it is impractical or uneconomical to make a clear and accurate description of the technical requirements, a brand name or equal description may be used to define the performance or other salient requirements of procurement. The specific features of the named brand which must be met by offerors shall be clearly stated; and
 - b) Identify all requirements which the offerors must fulfill and all other factors to be used in evaluating bids or proposals.
4. The City shall ensure prequalified lists of persons, firms or products that are used in acquiring goods and services are current and include enough qualified sources to ensure maximum open and free competition. The City shall not preclude potential bidders from qualifying during the solicitation period.

D. Methods of Procurement to be Followed

The City shall use one of the following methods of procurement:

1. Procurement by Micro-Purchases. Procurement by micro-purchase is the acquisition of supplies or services, the aggregate dollar amount of which does not exceed the micro-purchase threshold as set by the Federal Acquisition Regulation at 48 CFR Subpart 2.1 (Definitions) and adjusted periodically for inflation. As of the date of this ordinance, the micro-purchase threshold is \$10,000.
2. Procurement by Small Purchase Procedures. Small purchase procedures are those relatively simple and informal procurement methods for securing services, supplies or other property that do not cost more than the simplified acquisition threshold as set by the Federal Acquisition Regulation at 48 CFR Subpart 2.1 (Definitions) and in accordance with 41 U.S.C. 1908 and periodically adjusted for inflation. If small purchase procedures are used, price or rate quotations shall be obtained from an adequate number of qualified sources. As of the date of this ordinance, the simplified acquisition threshold is \$250,000.

3. Procurement by Sealed Bids (Formal Advertising). Bids are publicly solicited and a firm-fixed-price contract (lump sum or unit price) is awarded to the responsible bidder whose bid, conforming to all the material terms and conditions of the invitation for bids, is the lowest in price.
 - a) For sealed bidding to be feasible, the following conditions should be present:
 - (1) A complete, adequate, and realistic specification or purchase description is available;
 - (2) Two or more responsible bidders are willing and able to compete effectively for the business; and
 - (3) The procurement lends itself to a firm-fixed-price contract and the selection of the successful bidder can be made principally based on price.
 - b) If sealed bids are used, the following requirements apply:
 - (1) The invitation for bids will be publicly advertised and bids shall be solicited from an adequate number of known suppliers, providing them sufficient time prior to the date set for opening the bids;
 - (2) The invitation for bids, which will include any specifications and pertinent attachments, shall define the items or services for the bidder to properly respond;
 - (3) All bids will be publicly opened at the time and place prescribed in the invitation for bids;
 - (4) A firm-fixed-price contract award will be made in writing to the lowest responsive and responsible bidder. Where specified in bidding documents, factors such as discounts, transportation cost and life cycle costs shall be considered in determining which bid is lowest.; and
 - (5) If there is a sound documented reason, any or all bids may be rejected.
4. Procurement by Competitive Proposals. The technique of competitive proposals is normally conducted with more than one source submitting an offer, and either a fixed-price or cost-reimbursement type contract is awarded. It is generally used when conditions are not appropriate for the use of sealed bids. If this method is used, the following requirements apply:
 - a) Requests for proposals shall be publicized and identify all evaluation factors including relative importance. Any response to publicized requests for proposals shall be honored to the maximum extent practical;
 - b) Proposals will be solicited from an adequate number of qualified sources;
 - c) The City shall conduct technical evaluations of the proposal received and for selecting awardees;
 - d) Awards will be made to the responsible firm whose proposal is most advantageous to the program, with price and other factors considered; and
 - e) The City may use competitive proposal procedures for qualifications-based procurement of architectural/engineering (A/E) professional services whereby competitors' qualifications are evaluated and the most qualified competitor is selected, subject to negotiation of fair and reasonable compensation. The method, where price is not used as a selection factor, can only be used in procurement of A/E professional services. It cannot be used to purchase other types of services though A/E firms are a potential

source to perform the proposed effort.

5. Procurement by noncompetitive proposals is procurement through solicitation of a proposal from only one source and may be used only when one or more of the following circumstances applies:
 - a) The item is available only from a single source;
 - b) The public exigency or emergency for the requirement will not permit a delay resulting from competitive solicitation;
 - c) The Federal awarding agency or pass-through entity expressly authorizes noncompetitive proposals in a written request from the City; or
 - d) After solicitation of multiple sources, competition is determined inadequate.
6. Contracting with Small and Minority Businesses, Women's Business Enterprises and Labor Surplus Area Firms.
 - a) The City shall take all necessary affirmative steps to assure that minority businesses, women's business enterprises and labor surplus area firms are used when possible.
 - b) Affirmative steps include:
 - (1) Placing qualified small and minority businesses and women's business enterprises on solicitation lists;
 - (2) Assuring that small and minority businesses and women's business enterprises are solicited whenever they are potential sources;
 - (3) Dividing total requirements, when economically feasible, into smaller tasks or quantities to permit maximum participation by small and minority businesses and women's business enterprises;
 - (4) Establishing delivery schedules, where the requirement permits, which encourage participation by small and minority businesses and women's business enterprises;
 - (5) Using the services and assistance, as appropriate, of such organizations as the Small Business Administration and the Minority Business Development Agency of the Department of Commerce; and
 - (6) Requiring the prime contractor, if subcontracts are to be let, to take the affirmative steps listed in subsections 6.b. (1) through (6) of this section.

7. Procurement of recovered materials

The City of Ripon and its contractors will comply with section 6002 of the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act. The requirements of Section 6002 include procuring only items designated in guidelines of the Environmental Protection Agency (EPA) at 40 CFR part 247 that contain the highest percentage of recovered materials practicable, consistent with maintaining a satisfactory level of competition, where the purchase price of the item exceeds

\$10,000 or the value of the quantity acquired during the preceding fiscal year exceeded \$10,000; procuring solid waste management services in a manner that maximizes energy and resource recovery; and establishing an affirmative procurement program for procurement of recovered materials identified in the EPA guidelines.

8. Contracts Cost and Price.

- a) The City must perform a cost or price analysis in every procurement action exceeding the simplified acquisition threshold including contract modifications. The method and degree of analysis will be dependent on the facts surrounding each procurement situation. As a starting point, the City shall make independent estimates before receiving bids or proposals.
- b) The City must negotiate profit as a separate element of the price for each contract in which there is no price competition and in all cases where cost analysis is performed. To establish a fair and reasonable profit, consideration must be given to the complexity of the work to be performed, the risk borne by the contractor, the contractor's investment, the amount of subcontracting, the quality of its record of past performance, and industry profit rates in the surrounding geographical area for similar work.
- c) Costs or prices based on estimated costs for contracts under the Federal award will be allowable only to the extent that costs incurred or cost estimates included in negotiated prices would be allowable for the City under Subpart E – Cost Principles of Title 2, Subtitle A, Part 200 (Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards).
- d) The cost plus a percentage of cost and percentage of construction cost methods of contracting shall not be used.

9. Federal Awarding Agency or Pass-Through Entity Review.

- a) The City shall make available, upon request of the Federal awarding agency or pass-through entity, technical specifications on proposed procurements where the Federal awarding agency or pass-through entity believes such review is needed to ensure that the item or service specified is the one being proposed for purchase.
- b) The City shall make available upon request, for the Federal awarding agency or pass-through entity pre-procurement review, procurement documents, such as requests for proposal or invitations for bids, or independent cost estimates when:
 - (1) The City's procurement procedures or operation fails to comply with the procurement standards of Title 2, Subtitle A, Part 200, Subsection 200.324;
 - (2) The procurement is expected to exceed the simplified acquisition threshold and is to be awarded without competition or only one bid or offer is received in response to a solicitation;
 - (3) The procurement, which is expected to exceed the simplified acquisition threshold, specifies a "brand name" product;
 - (4) The proposed contract is more than the simplified acquisition threshold and is to be awarded to other than the apparent low bidder under a sealed bid procurement; or
 - (5) A proposed modification changes the scope of a contract or increases the contract amount by more than the simplified acquisition threshold.
- c) The City may be exempted from the pre-procurement review in subsection 8.b. above if the Federal awarding agency or pass-through entity determines that its procurement systems comply with the

standards set forth in Title 2, Subtitle A, Part 200, or the City self-certifies compliance with such standards if self-certification is permitted by the Federal awarding agency or pass-through entity.

10. Bonding Requirements. For public projects, the City shall require bid guarantees, performance bonds, and payment bonds consistent with Title 2, Part 200, Section 200.325 of the Code of Federal Regulations.
11. Contract Provisions. The City's contracts shall contain the provisions in Appendix II to Title 2; Subtitle A, Part 200 – Contract Provisions for non-Federal Entity Contracts Under Federal Awards, as applicable.

E. Suspended or Debarred Parties

City employees shall not enter into covered transactions with parties that are suspended or debarred or otherwise excluded from or ineligible for participation in Federal assistance programs and activities (2 CFR 200.213; 2 CFR 180).

Exceptions to Bidding (Government Code 10300-10334)

Sole Source/Brand Procurement

An exception may be granted based on two premises:

- Only a single company or organization can supply the needed product or service. As in the case of proprietary software maintenance, only the licensor of the product can provide support.
- Only a single “brand/model” will meet the department's technical/functional requirements. For example, only the Brand X equipment is compatible with existing system requirements. Brand X is available through several distributors. Brand X would be considered a “sole brand” but not a “sole source” since it is available from many sources (distributors).

Sole source requests should not be made unless the department is confident that the request is reasonable, appropriately justified to meet the City's requirements, and can withstand a possible audit. Sole source/brand purchasing minimizes or eliminates competition and should be avoided whenever possible.

If a department believes that only a specific make and model will meet its needs, it should include an objectively written explanation that details the unique features of the sole source/brand item, which states why these features are required. If other brands or models have been tested or used previously, the department should specify the brands or models tested or used, the dates they were tested or used, and why they are not acceptable.

A written justification, signed by the department head must be submitted for the PA's review/approval. Department should provide the written justification in a standard memo format to the PA.

Use of Existing Agreement

An exception may be granted if the product/service is available through the utilization of another public entity's contract (includes city, county, state, federal, school district, League of California Cities, California Communities Program, Federal GSA). The contract must have been competitively bid, be current within the last year, and be for the same product or service. It must also meet all City policies.

Standardization

When supplies, equipment, or services are uniformly adopted or otherwise standardized, or when an item is designated to match others in use by the City, the purchase may be exempt from bidding requirements or be made with limited competition to distributors of the manufacturer of the standardized item. Compatibility issues between differing technologies will also be considered for exception.

Emergencies

The item(s) purchased are *immediately necessary* for:

- The continued operation of the office or department involved; or
- Are immediately necessary for the preservation of life or property.

Technically, an emergency need is one that was unexpected. Failure to submit a proper documentation on time does NOT constitute a valid emergency.

Contracted City Staff

The City of Ripon is a small municipality that is dependent upon contracted professional staff to fill staff positions or assist in projects normally performed by in-house staff in larger agencies, such as engineering or planning positions. Therefore, an exception to the normal bidding process may apply when using contracted professional staff in their role as the City representative, in their respective field, under their existing contract. The task order will still be subject to the authorization and approval process and thresholds laid out in Chapter 2 of this document.

Pre-Qualified List of Contractors

The City of Ripon wants to promote fairness and equality in bidding but also guard public funds from waste by avoiding awards to unqualified or under-qualified contractors that may respond with a lowest bid on a public project. Given the rural nature of the City, the bidding pool of contractors may be insufficient to meet quality standards of certain City projects. By establishing a pre-qualified list of contractors for construction projects the City can manage this risk for appropriate projects. A contractor may be added to the list after going through a vetting process established by the Officer or designee. Pre-qualified contractors may be added to a list maintained by the Officer or designee(s) for a period of one year. When a project becomes available, and not subject to other bidding requirements from State or Federal funding sources, a contractor from the pre-qualified list may be selected from the list, subject to the authorization and approval process and thresholds laid out in Chapter 2 of this document.

Local Preference

Purchasing goods and services from local vendors is desired because it stimulates the Ripon economy and recognizes that local vendors are valued members of our community. City staff, exercising good judgement by considering factors such as quality, previous performance, availability, and potential tax revenues to the City will, when practicable, give preference to purchasing locally. All other portions of this policy relative to normal competitive bidding will apply.

A local advantage cannot be considered for Federal funded contracts. For more information see Uniform Guidance 2 CFR Ch. II §200.319 (7) (b).

A local advantage cannot be considered for State funded contracts due to increasingly strict State requirements mirroring Federal standards (e.g. Caltrans funded programs).

Other exemptions to Bidding Requirements-

- Formal competition has failed
- A procurement made from another unit of government
- Procurement of used item is advantageous
- Public utilities (Gov Code 4217)
- Legal services
- Medical services

Unauthorized Purchases

Except for emergencies or other authorized exceptions, no purchases can be made or are authorized until funds have been encumbered by the Finance Department.

Usually, an unauthorized purchase is discovered when a department submits a documentation to cover a purchase (goods or services) that has already been delivered. Should a department make an unauthorized purchase, the department is issued a warning.

If a second violation occurs, a memorandum is sent stating that the Finance department will process the payment, after receipt of a written explanation.

If a third violation occurs, a memorandum is sent stating that the Finance department will not process the request / invoice. The department is advised approval must be sought from the City Administrator, or the employee can be personally responsible for the charges.

Written Contracts

City staff will typically require a written contract when the cost of the services, and in some cases goods, exceeds \$50,000. New construction contracts are needed for projects exceeding \$100,000.

The City of Ripon prefers to use a Standard Services Contract and will provide it to departments upon request. The standard contract has been approved by the City Attorney and Risk Management. Use of any other than the standard contract or making material changes to the standard contract, will require City Attorney approval.

Insurance Requirements

The City requires that contractors have, and maintain, certain types of insurance coverage when they enter into contractual agreements to perform services.

Insurance requirements vary depending on the type/scope of services provided. In certain cases, the contractor will need to provide insurance coverage, whether or not the contract requires the vendor to enter City property.

A Recommended Insurance Coverage Matrix has been developed to assist with the determination by Risk Management and is attached to this policy for reference in Appendix B.

Proof of insurance must be provided prior to the start of any work. The following are the most commonly required types of coverage.

- **Commercial General Liability:** The City should be added, by endorsement, as an “additional insured.”
- **Automobile Liability:** Is required if driving or traveling is required in providing the contracted services. If the vendor/contractor has employees but no vehicles registered to the business (non-owned and hired automobile liability coverage should be provided).
- **Workers’ Compensation:** Contractors working on City property must first provide proof of Workers’ Compensation for all employees working on the job site. Requirement may be waived if the vendor is a sole proprietor/partner/corporate officer with no employees.
- **Professional Liability (Errors and Omissions):** Is required for certain services – including but not limited to – appraisers, notaries, software programmers, auditors, lawyers, insurance agents, surveyors, dentists, doctors, nurses, counselors, engineers, etc.

Prevailing Wages

In accordance with Labor Code Sections 1770-1773, prevailing wages must be paid to contract workers on “public works” projects (see Glossary for definition) when the project is over \$1,000.

When bidding on public works projects that exceed \$1,000, under the law, all bidders are expected to use the same wage rates. The California Department of Industrial

Relations determines the prevailing rate of wages for specific geographic areas. Additional information is available at www.dir.ca.gov/dlsr/pwd/index.htm.

Surety and Performance Bonds

Bid Bonds

The bid bond guarantees the City that the bidder will enter into the contract if it is awarded. Bid security shall be required for all construction work bids when the cost is estimated to exceed \$25,000. Bids must be accompanied by a Bid Security in the amount of not less than 10% of the amount bid in one of the following forms:

- Cash
- A cashier's check made payable to the City of Ripon
- A certified check made payable to the City of Ripon
- A bidder's bond executed by an admitted surety licensed to do business in the State of California.

The bidder's security of the second and third lowest responsible bidders will be withheld until the contract has been finally executed. The bidders' security submitted by all other unsuccessful bidders shall be returned to them within 10 days after the contract is awarded, and their bidders' bonds shall be of no further effect. (PCC § 10184)

A bid received and not accompanied by cash, cashier's check, certified check, or approved bond will result in return of the bid without consideration.

Bid security is optional for other bids or proposals.

Performance and Payment Bonds

The performance bond guarantees that the contractor will perform the duties assumed by entering the contract. The payment bond guarantees that the contractor will pay all suppliers and subcontractors who assist in the performance of the work.

One hundred percent (100%) performance and payment bonds are required on all public works projects awarded in excess of \$25,000.

Performance and payment bonds are optional for other bids or proposals. In most instances, bonds are not necessary if a contractor has been selected after a thorough review of references, qualifications, and financial stability.

Claim Settlements and Other Agreements

\$1 to \$5,000 – Administrative Process

The City Administrator is authorized to settle smaller claims which are not substantial in amount or nature, not to exceed \$5,000 in amount.

Over \$5,000 – CSJVRMA Coverage

All claims and disputes related to liability or property will follow the Government Claims Act procedures. The City approves amounts within the SIR. Claims above SIR are approved by Central San Joaquin Valley Risk Management Authority (CSJVRMA). Workers' compensation claims are taken over by the CSJVRMA. CSJVRMA negotiates on behalf of the City and reports their actions to the City Administrator who reports any action of significance to the Council.

Quick Reference

Chapter 3 – Procurement Methods

<u>Topic</u>	<u>Page</u>
Council Approval	22
Accounts Payable Process	22

3

Procurement Methods

Chapter Objective: Review of methods used in the acquisition of products and services.

Council Approval

As stated earlier in this guide, the City Council, through Chapter 3.20 Purchase System, delegates contracting authority to the City Purchasing Officer. That authority is limited to \$10,000 when contracting for services.

Accounts Payable Process

The most common procedure for processing payments for the City of Ripon is through decentralized purchasing authority granted by the Purchasing Officer to department heads and then payment to the vendor is made through the centralized Accounts Payable process in the Finance Department.

Most payments are still made by check to make reconciliation and request for reimbursement through grants and other funding sources the clearest to all invested parties.

Invoices and Pay Estimates

As purchases are made by authorized designees, it is their responsibility to receive a copy of the invoice or receipt of purchase and forward this to the Department Head for account coding and approval or directly to Accounts Payable clerk, as appropriate. Accounts Payable will not pay from statements or work orders – only invoices and pay estimates (for large construction projects).

Many invoices are reoccurring in nature and may come directly to the Finance Department or the Accounts Payable Clerk. In these situations, the invoices will be routed back to each purchasing authority (Department Head) for coding and payment approval.

Coding and Approval

All invoices must have appropriate coding and approval from the purchasing department head or City Administrator before payment will be processed. Certain exceptions for common, reoccurring payments are permitted.

Submission for Payment

Invoices need to be submitted to the Finance Department on a timely basis so that payment can be effective and efficient. Sufficient back-up needs to be included prior to submission including invoices, estimates, and other supporting documentation to prove authority to purchase as well as proof of purchase and/or receipt of goods and/or services.

Accounts Payable Process

Invoices and Pay Estimates are received by the Finance department daily by mail, email, courier, fax, in-person, from other departments, and internally. These documents are sorted, routed, and received back with budgetary coding and approvals as appropriate.

Once gathered together, the Accounts Payable clerk assembles the invoices together and the approved invoices are then entered into the accounting system to create a batch for payment. This is put through the distribution process and checks are created. Checks are then matched up with the supporting invoices and documents, compared to the batch reported and signed by the approved check signors. The approved check signors are the Mayor, Vice Mayor, City Administrator, and City Clerk. The invoice batch, and checks are saved for record keeping and audit purposes.

Quick Reference

Chapter 4 –Purchase Orders

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What is a Purchase Order?	25
One-Time Purchase Orders	25

4

Purchase Orders

Chapter Objective: Review of purchase orders and the process for using and approving POs.

What is a Purchase Order?

A purchase order authorizes the vendor to deliver materials or services in accordance with the terms and conditions specified thereon (or incorporated from a bid or other document by reference). It also acknowledges the obligation of the City to pay for the goods or services ordered, upon their receipt and proper invoice. Unless a separate contract document is executed, the purchase order establishes the contractual relationship between the City and the vendor. A purchase order is a legally binding contract.

The purchase order is the City's commitment for the value of the material or service ordered. It is a legal document. When a purchase order is issued as an acceptance of a bid, quotation, or offer, a contractual relationship is established.

One-Time Purchase Orders

The City of Ripon utilizes "One-time" purchase orders that are generally issued for a finite quantity of products, or services; i.e., large equipment purchases, and one-time projects.

Quick Reference

Chapter 5 – Vendor Issues

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Making Commitments to Purchase	27
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Accepting Deliveries from Vendors	27
Making Payments to Vendors	29

5

Vendor Issues

Chapter Objective: Provide guidelines for dealing with vendors and vendor-related issues.

Making Contact with Vendors

Vendors sometimes call on City departments and divisions. Although they may offer helpful information, they may also subject City employees to high-pressure sales pitches. Please direct vendors to the City Clerk. The Clerk will gather information about their products and services and add them to an appropriate vendor list for future purchases/contract opportunities.

Making Commitments to Purchase

Because the City, like all public agencies, buys goods on an open competitive basis, employees / Commissioners / Council Members must **not** promise any vendor future business.

Vendor / Supplier List

The City Clerk maintains a list of suppliers for all classes of commodities and services that are regularly purchased by the City. Departments should refer all new suppliers to the City Clerk to be added to the list.

Accepting Deliveries from Vendors

Deliveries are usually made as follows:

City Hall: Packages delivered to City Hall are inspected for visible external damage, such as dents or punctures in packaging, water damage, etc. If such damage is discovered, it is noted on the delivering carrier's bill of lading, and the department is notified. All other inspections are the responsibility of the ordering department.

Received at User Location: When goods are received directly by the department, the following procedures should be observed:

- Avoid accepting delivery of any merchandise until adequate identification from the

packaging or delivery documents (carrier's receipt) is obtained. A packing slip or other suitable identification indicating the merchandise should be delivered to the department must be in evidence before the shipment is accepted.

- Sign only for the number of boxes or parcels which are received from that carrier, and are listed on the delivery documents that accompany the delivery.
- The receiver is not signing as to the condition of the merchandise inside the box or parcel. However, the receiver should note any exterior damage, including unsealed packaging, on the delivery documents before signing. The receiver should not refuse a shipment because of apparent damage. This may result in storage fees being charged to the City.
- In cases of known damage (apparent at time of delivery):
 - ⇒ Note on both copies of delivery documents "case damaged in shipment" and, if the item is visible and the damage is visible, also include "item visibly damaged"
 - ⇒ Obtain signature from carrier on both copies of delivery documents before signing for receipt
 - ⇒ Return one copy of receipt to carrier
 - ⇒ Contact the vendor immediately

Inspection: Thorough inspection of goods is the responsibility of the ordering department. This includes inspection for conformance to specifications and ordered quantity, as well as inspection for damage. *The department has the ultimate responsibility* for determining whether the items have been received in good order.

- Goods received should be checked promptly against the packing slip and the purchase order. Partial deliveries should be noted.
- If goods are damaged, the vendor should be notified immediately. Do not destroy or discard any damaged items or packing materials.
- Departments receiving incorrect shipments or damaged goods may wish to complete a Vendor Complaint form detailing the problem and return the form to Procurement Services or download the form from the GSA Procurement Services' intranet website.
- The ordering department is obligated to accept delivery of any goods that have been ordered. If there is a change regarding need for the items, the department should immediately contact the Purchasing Officer to make other arrangements. The Purchasing Officer has the authority to cancel purchase orders. It should be realized that there might be a restocking charge if items must be returned through no fault of the vendor. The City's failure to accept and pay for ordered goods is a breach of contract.

Making Payment to Vendors

Payments should be made within the terms of the purchase order or agreement. Customary payment terms for the City are Net 30 Days, from receipt of invoice, for goods/services received. Advance payments should be avoided. Invoices should be reviewed carefully, signed by the appropriate department authority, coded with the correct account code, and forwarded to Accounts Payable.

Some vendors offer discounts if their invoices are paid promptly. To take advantage of these early-payment discounts and to maintain good vendor relations, it is important that all invoices, packing slips, and receiving reports be forwarded to the Finance Department as soon as possible.

Questions regarding payment of invoices should be addressed to the Finance Department.

Quick Reference

Chapter 6 – Glossary

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Glossary of Procurement Terms

- **Brand Name Or Equal Specifications.** A specification limited to one or more items by manufacturers' names or catalog numbers to describe the standard of quality, performance, and other salient characteristics needed to meet City requirements, and which provides for the submission of equivalent products.
- **Brand Name Specifications.** A specification limited to one or more items by manufacturers' names or catalog numbers.
- **Business.** Any corporation, partnership, individual, sole proprietorship, joint stock company, joint venture, or any other private legal entity.
- **Business, Local.** Any corporation, partnership, individual, sole proprietorship, joint stock company, joint venture, or any other private legal entity, which maintains a physical working office within the geographic boundaries of the City of Ripon.
- **Change Order.** A written order signed and issued by the Purchasing Officer, or his designee, directing the supplier or contractor to make changes or modifications to an order. The change order may make written alteration to the specifications, delivery point, rate of delivery, period of performance, price, quality, quantity, or other provisions of the contract.
- **Contract.** Any authorized City agreement, regardless of what it is called (purchase order, contract, etc.), for the procurement of supplies, equipment, services, or construction.
- **Contractor.** Any person having a contract with the City.
- **Construction.** The erection or assembly of large structures. The term construction is, to a significant degree, synonymous with building, but in common usage it most often is applied to such major works as buildings, ships, aircraft, and public works such as roads, dams, and bridges.

- **Cost Analysis.** The evaluation of cost data for arriving at costs actually incurred or estimates of costs to be incurred, prices to be paid, and costs to be reimbursed.
- **Cost Data.** Factual information concerning the cost of labor, material, overhead, and other cost elements that are expected to be incurred, or which have been actually incurred, by the contractor in performing the contract; or that are expected to be incurred by the City in the use of the equipment or material to be purchased.
- **Cost Reimbursement Contract.** A contract under which a contractor is reimbursed for costs which are allowable and allocable in accordance with the contract terms and the provisions, and a fee or profit, if any.
- **Emergency Purchase Order.** An emergency purchase order results when a situation arises in which compliance with normal procurement practice is impracticable or contrary to the public interest.
- **Employee.** An individual drawing a salary or wages from the City, whether elected or not; any non-compensated individual performing personal services for the City or any department, agency, commission, council, board, or any other entity established by the executive or legislative branch of the City; and any non-compensated individual serving as an elected official of the City.
- **Fixed Asset.** All City equipment and other assets with a purchase price of \$5,000 or more, including tax and delivery, and relatively permanent.
- **Formal Bids.** Formal bids are those that are obtained by written solicitation. The bids are received in writing by a set date and time. The bids are publicly opened by the City Clerk. The written bids and the bid summary are maintained by the City Clerk or designee.
- **Gratuity.** A payment, loan, subscription, advance, deposit of money, service, or anything of more than nominal value, present or promised, unless consideration of substantially equal or greater value is received
- **Immediate Family.** A spouse, children, parents, brothers, and sisters.
- **Informal Quotes.** Informal quotes are offers made by vendors. The quotes may be verbal, electronic, or written. A summary of the quotes received should be maintained.
- **Invitation for Bids.** All documents, whether attached or incorporated by reference utilized for soliciting sealed bids. Invitations for Bids (IFB) are awarded to the lowest responsive and responsible bidder(s).
- **Local Business.** (See Business, Local).
- **Personal Services Contract.** An accepted means for providing specialized tasks, which cannot be as effectively accomplished by the regular work force.
- **Prevailing Wage.** In accordance with Labor Code Sections 1770-1773 prevailing wage must be paid to all contract workers on “public works” projects when the project contract is over \$1,000.

- **Price Analysis.** The evaluation of price data, without analysis of the separate cost components and profit as in cost analysis, which may assist in arriving at prices to be paid and costs to be reimbursed.
- **Pricing Data.** Information concerning prices for items substantially similar to those being procured. Prices in this definition refer to offered or proposed selling prices, historical selling prices and current selling prices. The definition refers to data relevant to both prime and sub-contract prices.
- **Procurement.** The buying, purchasing, renting, leasing, trading, or otherwise acquiring of any supplies, equipment, services, or construction. It also includes all functions that pertain to the obtaining of any supplies, equipment, services, or construction, including descriptions of requirements, selection and solicitation of sources, preparation and award of contracts, and all phases of contract administration.
- **Procurement Policy.** Procurement governing document approved by resolution by the City Council of Ripon.
- **Public Works Project.** As defined in Public Contract Code § 20150.2, "public project" means: a project for the erection, improvement, and repair of public buildings and works.
- **Purchase Order.** City's commitment for the value of the material or service ordered. It is a legal document.
- **Request for Proposals.** All documents, whether attached or incorporated by reference, utilized for soliciting proposals. Requests for Proposals (RFP) are generally awarded based on several evaluation factors, including price.
- **Requesting Department.** Any department, commission, board, or agency requiring supplies, equipment, services, or construction.
- **Responsible Bidder or Offeror.** A person who has the capability in all respects to perform fully the contract requirements, and the tenacity, perseverance, experience, integrity, reliability, capacity, facilities, equipment, and credit which will assure good faith performance, and who has submitted a bid that conforms in all material respects to the requirements set forth in the solicitation.
- **Services.** The furnishing of labor, time, or effort by a contractor, not involving delivery of a specific product other than reports which are merely incidental to the required performance.
- **Specification** Any description or scope of work of the physical or functional characteristics or of the nature of supplies, equipment, service, or construction. It may include a description of any requirement for inspection, testing or delivery of supplies, equipment, services, or construction.
- **Supplier List.** A list of potential bidders, listed by commodity codes for materials and services furnished.

Appendix A:

Purchasing

Threshold

Matrixes

City of Ripon Purchasing Threshold Matrixes

Commodities (Materials & Capital Replacement)

Amount	Competitive Bidding	Conditions	Authorized Buyer/Approval	Notes
\$1 - \$25,000	No	Day-to-day operations and maintenance	Department Head	
Over \$25,000	Yes	Written quotes from at least 3 vendors	Department Head	

Claim Settlements & Other Agreements

Amount	Conditions	Authorized Approval	Notes
\$1 - \$5,000	Claims which are not substantial in amount or nature.	City Administrator	City Administrator signs agreement or approves settlement
Over \$5,000		CSJVRMA	City approves within SIR, above SIR, CSJVRMA approves.

Professional Services (Non-Construction)

Amount	Competitive Bidding	Conditions	Authorized Buyer/Approval	Notes
\$1 - \$10,000	No	Day-to-day operations and maintenance	City Administrator	
\$10,001 - \$100,000	Yes	Written quotes from at least 3 vendors	City Council	
Over \$100,000	Yes	Formal RFP or IFB with approval from City Council	City Council	Three bids preferred & Contract required; Mayor signs contract

Services (Construction and Capital Purchase)

Amount	Competitive Bidding	Conditions	Authorized Buyer/Approval	Notes
\$1 - \$10,000	No	Day-to-day operations and maintenance	City Administrator	
\$10,001 - \$60,000	No	Written quotes from at least 3 vendors	City Council	
\$60,001 - \$200,000	Yes	Informal bidding required complying with CUPCCAP	City Council	
Over \$200,000	Yes	Formal RFP or IFB with approval from City Council	City Council	

All dollar amounts are rounded to the nearest dollar to fit into threshold ranges (i.e. total cost of \$10,000.50 would fit into \$10,001 - \$25,000 range).

Federally Funded Projects / Grants Procurement

Amount	Competitive Bidding	Conditions	Authorized Buyer/Approval	Notes
\$1 - \$10,000 (Micro Purchases)	No	Administrative Process	City Administrator	
\$10,001 - \$250,000 (Small Purchases)	Yes	Competitive bidding required: <u>informal</u> written quotes	City Council	More than one bid required
Over \$250,000	Yes	Competitive bidding required: <u>Formal</u> process 1. Sealed Bids (if feasible) 2. Competitive Proposals (if feasible) 3. Sole Source (if only option)	City Council	More than one bid required

Appendix B:

Risk Matrix and

Insurance Language

RISK MATRIX & INSURANCE LANGUAGE

YORK RISK SERVICES

Revised July 2019

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Exhibit 1
Risk Matrix Definitions

(Determine Risk Category by evaluating all factors that could increase the agency's liability for that particular project. Once Risk Category is determined, utilize Exhibit 2 to select insurance terms.)

Risk Category	Risk Level	Examples
1	Low	<ul style="list-style-type: none">• Vending machine providers• Facilities use• Special events• Some professional service providers• General contracts
2	Intermediate	<ul style="list-style-type: none">• Construction contracts• Some professional service providers• Technology consultants• Facilities use• Special events
3	High	<ul style="list-style-type: none">• Major construction contracts• Garbage haulers• Some professional service providers
Other	Undefined	<ul style="list-style-type: none">• The risk is unique• Custom insurance requirements needed

Exhibit 2
Risk Matrix

(“+” = Limits may need to increase for Risk Categories 2 & 3, depending on the project.)

Risk Category	Workers' Compensation	General Liability	Auto Liability
1	<p>Statutory</p> <p>Employer's Liability \$1,000,000</p>	<p>\$2,000,000 per occurrence (may accept \$1,000,000 per occurrence for lower risks)</p> <p>\$4,000,000 general aggregate</p> <p>\$1,000,000 products/completed operations aggregate</p>	<p>\$2,000,000 Combined Single Limit (may accept \$1,000,000 for lower risks)</p>
2	<p>Statutory</p> <p>Employer's Liability \$1,000,000</p>	<p>\$2,000,000+ per occurrence</p> <p>\$4,000,000+ general aggregate</p> <p>\$2,000,000+ products/completed operations aggregate</p>	<p>\$2,000,000+ Combined Single Limit</p>
3	<p>Statutory</p> <p>Employer's Liability \$1,000,000</p>	<p>\$5,000,000+ per occurrence</p> <p>\$10,000,000+ general aggregate</p> <p>\$5,000,000+ products/completed operations aggregate</p>	<p>\$5,000,000+ Combined Single Limit</p>
Other	<p>Consult with Risk Management Professionals</p>	<p>Consult with Risk Management Professionals</p>	<p>Consult with Risk Management Professionals</p>

Language Templates for Risk Categories 1-3

1. Category 1 “Low Risk”

Insurance Requirements

i. Commercial General Liability

- a. Vendor shall maintain commercial general liability insurance with coverage at least as broad as Insurance Services Office form CG 00 01, in an amount not less than two million dollars (\$2,000,000) per occurrence for bodily injury, personal injury, and property damage, including without limitation, blanket contractual liability. If a general aggregate limit applies, either the general aggregate limit shall apply separately to this project/location or the general aggregate limit shall be twice the required occurrence limit. Vendor's general liability policies shall be primary and shall not seek contribution from the City's coverage, and be endorsed using Insurance Services Office form CG 20 10 (or equivalent) to provide that City and its officers, officials, employees, and agents shall be additional insureds under such policies. For construction projects, an endorsement providing completed operations coverage for the additional insured, ISO form CG 20 37 (or equivalent), is also required.
- b. Any failure to comply with reporting provisions of the policies by Vendor shall not affect coverage provided the City.
- c. Coverage shall state that Vendor insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.
- d. Coverage shall contain a waiver of subrogation in favor of the City.

ii. Business Automobile Liability

- a. Vendor shall provide auto liability coverage for owned, non-owned, and hired autos using ISO Business Auto Coverage form CA 00 01 (or equivalent) with a limit of no less than two million dollars (\$2,000,000) per accident.

iii. Workers' Compensation and Employers' Liability

- a. Vendor shall maintain Workers' Compensation Insurance and Employer's Liability Insurance with limits of at least one million dollars (\$1,000,000). Vendor shall submit to City, along with the certificate of insurance, a waiver of subrogation endorsement in favor of City, its officers, agents, employees, and volunteers.

- iv. All Coverages

- a. Each insurance policy required by the agreement shall be endorsed to state that coverage shall not be suspended, voided, cancelled, or reduced in limits except after thirty (30) days' prior written notice has been given to the City, except that ten (10) days' prior written notice shall apply in the event of cancellation for nonpayment of premium.
- b. All self-insurance, self-insured retentions, and deductibles must be declared and approved by the City.
- c. Evidence of Insurance - Prior to commencement of work, the Vendor shall furnish the City with certificates, additional insured endorsements, and waivers of subrogation evidencing compliance with the insurance requirements above. The Vendor must agree to provide complete, certified copies of all required insurance policies if requested by the City.
- d. Acceptability of Insurers - Insurance shall be placed with insurers admitted in the State of California and with an AM Best rating of A- VII or higher.

2. Category 2 "Intermediate Risk"

Insurance Requirements

- i. Commercial General Liability

- a. Vendor shall maintain commercial general liability insurance with coverage at least as broad as Insurance Services Office form CG 00 01, in an amount not less than two million dollars (\$2,000,000) per occurrence for bodily injury, personal injury, and property damage, including without limitation, blanket contractual liability. If a general aggregate limit applies, either the general aggregate limit shall apply separately to this project/location or the general aggregate limit shall

be twice the required occurrence limit. Vendor's general liability policies shall be primary and shall not seek contribution from the City's coverage, and be endorsed using Insurance Services Office form CG 20 10 (or equivalent) to provide that City and its officers, officials, employees, and agents shall be additional insureds under such policies. For construction projects, an endorsement providing completed operations coverage for the additional insured, ISO form CG 20 37 (or equivalent), is also required.

- b. Any failure to comply with reporting provisions of the policies by Vendor shall not affect coverage provided the City.
 - c. Coverage shall state that Vendor insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.
 - d. Coverage shall contain a waiver of subrogation in favor of the City.
- ii. Business Automobile Liability
 - a. Vendor shall provide auto liability coverage for owned, non-owned, and hired autos using ISO Business Auto Coverage form CA 00 01 (or equivalent) with a limit of no less than two million dollars (\$2,000,000) per accident.
 - iii. Workers' Compensation and Employers' Liability
 - a. Vendor shall maintain Workers' Compensation Insurance and Employer's Liability Insurance with limits of at least one million dollars (\$1,000,000). Vendor shall submit to City, along with the certificate of insurance, a waiver of subrogation endorsement in favor of City, its officers, agents, employees, and volunteers.
 - iv. All Coverages
 - a. Each insurance policy required by the agreement shall be endorsed to state that coverage shall not be suspended, voided, cancelled, or reduced in limits except after thirty (30) days' prior written notice has been given to the City, except that ten (10) days' prior written notice shall apply in the event of cancellation for nonpayment of premium.

- b. All self-insurance, self-insured retentions, and deductibles must be declared and approved by the City.
- c. Evidence of Insurance - Prior to commencement of work, the Vendor shall furnish the City with certificates, additional insured endorsements, and waivers of subrogation evidencing compliance with the insurance requirements above. The Vendor must agree to provide complete, certified copies of all required insurance policies if requested by the City.
- d. Acceptability of Insurers - Insurance shall be placed with insurers admitted in the State of California and with an AM Best rating of A- VII or higher.
- e. Subcontractors and Consultants - A category of risk and the applicable insurance requirements will be determined on a “per subcontractor” or “per consultant” basis, considering the particular work to be done by the subcontractor or consultant and the interrelationship of that work to other work being conducted by the Vendor.

3. Category 3 “High Risk”

Insurance Requirements

- i. Commercial General Liability
 - a. Vendor shall maintain commercial general liability insurance with coverage at least as broad as Insurance Services Office form CG 00 01, in an amount not less than five million dollars (\$5,000,000) per occurrence for bodily injury, personal injury, and property damage, including without limitation, blanket contractual liability. If a general aggregate limit applies, either the general aggregate limit shall apply separately to this project/location or the general aggregate limit shall be twice the required occurrence limit. Vendor’s general liability policies shall be primary and shall not seek contribution from the City’s coverage, and be endorsed using Insurance Services Office form CG 20 10 (or equivalent) to provide that City and its officers, officials, employees, and agents shall be additional insureds under such policies. For construction projects, an endorsement providing completed operations coverage for the additional insured, ISO form CG 20 37 (or equivalent), is also required.

- b. Any failure to comply with reporting provisions of the policies by Vendor shall not affect coverage provided the City.
 - c. Coverage shall state that Vendor insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.
 - d. Coverage shall contain a waiver of subrogation in favor of the City.
- ii. Business Automobile Liability
 - a. Vendor shall provide auto liability coverage for owned, non-owned, and hired autos using ISO Business Auto Coverage form CA 00 01 (or equivalent) with a limit of no less than five million dollars (\$5,000,000) per accident.
 - iii. Workers' Compensation and Employers' Liability
 - a. Vendor shall maintain Workers' Compensation Insurance and Employer's Liability Insurance with limits of at least one million dollars (\$1,000,000). Vendor shall submit to City, along with the certificate of insurance, a waiver of subrogation endorsement in favor of City, its officers, agents, employees, and volunteers.
 - iv. All Coverages
 - f. Each insurance policy required by the agreement shall be endorsed to state that coverage shall not be suspended, voided, cancelled, or reduced in limits except after thirty (30) days' prior written notice has been given to the City, except that ten (10) days' prior written notice shall apply in the event of cancellation for nonpayment of premium.
 - g. All self-insurance, self-insured retentions, and deductibles must be declared and approved by the City.
 - h. Evidence of Insurance - Prior to commencement of work, the Vendor shall furnish the City with certificates, additional insured endorsements, and waivers of subrogation evidencing compliance with the insurance requirements above. The Vendor must agree to provide complete, certified copies of all required insurance policies if requested by the City.

- i. Acceptability of Insurers - Insurance shall be placed with insurers admitted in the State of California and with an A.M. Best rating of A- VII or higher.
- j. Subcontractors and Consultants - A category of risk and the applicable insurance requirements will be determined on a “per subcontractor” or “per consultant” basis, considering the particular work to be done by the subcontractor or consultant and the interrelationship of that work to other work being conducted by the Vendor.

Exhibit 3
Ancillary Coverage Requirements

Contract Activity Involved	Professional Liability	Pollution Liability	Builders Risk	Aircraft Liability	Cyber Liability	Installation Floater
Construction or Remodeling Projects - Construction or remodeling projects		X	X			X
Hazardous or Waste Materials - Removal of asbestos or lead-based paint; or the use, application, transport, removal, cleanup, or disposal of hazardous material in quantities of 100 gallons or more; or the disposal, treatment, transport, or storage of waste.		X				
Installation of Equipment						X
Professional Service Provider - Services from an accountant, architect, attorney, claims administration firm, consultant, insurance broker, engineer, financial advisor, medical professional, or other person who maintains a professional license.	X					
Technology Vendor	X				X	
Use of Aircraft or Helicopter				X		

1. The following are suggested insurance language if Ancillary Coverages are recommended. Please consult with the Risk Manager for customized limits and language for specific circumstances.

a. Aircraft Liability Insurance

- i. Aircraft liability insurance coverage shall provide limits of \$5,000,000 - \$10,000,000 per accident.
- ii. The policy shall be endorsed to include the City, its officers, employees, and agents as additional insureds.

b. Builders Risk Insurance

- i. Contractor shall obtain and maintain Builders Risk/Course of Construction insurance. Policy shall be provided for replacement value on an "all-risk" basis, including earthquake and flood. The City shall be named as Loss Payee on the policy and there shall be no coinsurance penalty provision in any such policy. Policy must include: (1) coverage for removal of debris, and insuring the buildings, structures, machinery, equipment, materials, facilities, fixtures, and all other properties constituting a part of the project; (2) "Installation Floater" coverage with limits sufficient to insure the full replacement value of any property or equipment stored either on or off the project site. Such insurance shall be on a form acceptable to City to ensure adequacy of terms and limits. Contractor shall not be required to maintain property insurance for any portion of the Project following transfer of control thereof to City.

c. Cyber Liability Insurance

- i. Cyber Liability Insurance with limits not less than \$1,000,000 per claim.
- ii. Coverage shall be sufficiently broad to respond to the duties and obligations as is undertaken by Vendor in this agreement and shall include, but not be limited to, claims involving infringement of intellectual property, including but not limited to infringement of copyright, trademark, trade dress, invasion of privacy violations, information theft, damage to or destruction of electronic information, release of private information, alteration of electronic information, extortion, and network security.

- iii. The policy shall provide coverage for breach response costs as well as regulatory fines and penalties, and credit monitoring expenses with limits sufficient to respond to these obligations.

- d. Pollution Liability Insurance

- i. Pollution Coverage shall be provided for liability arising out of sudden, accidental and gradual pollution and remediation. The policy limit shall be no less than two million dollars (\$2,000,000) per claim. All activities contemplated in this agreement shall be specifically scheduled on the policy as "covered operations." The policy shall provide coverage for the hauling of waste from the project site to the final disposal location, including non-owned disposal sites.
- ii. The policy shall be endorsed to include the City, its officers, employees, and agents as insureds.

- e. Professional Liability Insurance

- i. Contractor shall maintain professional liability insurance that insures against professional errors and omissions that may be made in performing the Services to be rendered in connection with this Agreement, in the minimum amount of two million dollars (\$2,000,000) per claim and in the aggregate. Any policy inception date, continuity date, or retroactive date must be before the effective date of this agreement, and Contractor agrees to maintain continuous coverage through a period no less than three years after completion of the services required by this agreement.

Appendix C:

Purchase Order



Purchase Order

City of Ripon

259 N. Wilma Avenue
Ripon, CA 95366
209-599-2108
209-599-2685

Issued To:

Date:
Authorized by:
Department:
Department acct No.

Description	Price

Subtotal	\$ -
Tax rate	7.75%
Sales tax	\$ -
Shipping	
Total	\$ -

City of Ripon - Purchasing Agent
City Clerk/Finance Director

Date

Purchase order number must appear on all invoices and correspondence.

CONDITIONS APPLICABLE TO THIS PURCHASE ORDER

1. The City reserves the right to cancel this order if goods are not furnished as provided herein or as otherwise directed.
2. Each shipment must be plainly marked to show the Order Number and Department for which the goods are intended.
3. Include memo invoices with all shipments.
4. Make separate invoices for each shipment and order.
5. No charge will be allowed for packing, boxing or cartage unless specifically authorized in advance.
6. Merchandise must not be shipped C.O.D.
7. Shipping charges are to be prepaid and added to the invoices for shipments sold F.O.B. point of origin.
8. Charges for returnable containers, reels or drums must be rendered on a separate invoice.
9. Sales tax or use tax must be shown as separate items, giving permit number authorizing collection of use tax. Deduct cash discount before computing sales or use tax.
10. The City of Ripon is exempt from any Federal manufacturer's excise tax under Section 3442 of the Internal Revenue Code and Regulation 46 of the Bureau of Internal Revenue. Do not include any such excise tax in the invoice.
11. By accepting this order, the Vendor represents that he will comply with all the Federal, State and other governmental taxes and regulations imposed upon the seller with respect to the merchandise furnished hereunder.
12. The seller shall indemnify, and save harmless the buyer and/or its vendee from and against all costs, expenses and infringements or any patent or patents in the use of the articles or equipment furnished hereunder.

Appendix D:

Record of Revisions

Appendix D - Record of Revisions