

To: James L. App, City Manager
From: Mike Compton, Director of Administrative Services
Subject: Purchasing and Payment Procedures Manual
DATE: July 1, 2003

Needs:

For the City Council to consider approval of updated Purchasing and Payment Procedures Manual.

Facts:

1. Title 6 of the Municipal Code, Purchasing and Payment Procedures, was added in 1992.
2. The purchasing payment and procedures manual that implemented Title 6 of the Municipal Code was updated in March 1995.
3. The Council updated the purchasing payment and procedures manual in August 2001.
4. Staff has undertaken another review of the manual and has made certain recommendations as to improving and updating said procedures.
5. Attached for Council consideration is an updated purchasing payment and procedures manual.

Analysis
and
Conclusion:

As noted above, the current code relating to purchasing and payment procedures was added in 1992. Shortly thereafter in November 1993, the first version of the purchasing and payment procedures manual (Manual) was added to implement the new code section. In July 1994 the City added a separate new procedure component for use of merchant cards. This was followed in March 1995 with some minor revisions to the Manual and an update to the City's Travel & Meetings Policy and Procedures.

The 2001 update mainly incorporates three different procedures; purchasing, merchant cards and travel & education into a single comprehensive document. It also separates from the procedures manual as a separate distinct document, a purchasing policy statement.

Last year, an extensive education effort was undertaken by Administrative Services with all departments as how purchasing should be undertaken. The most prevalent response to the education was that related sections were not

together and some sections were too difficult to decipher. In response to feedback received, this update re-organizes related purchasing procedures and clarifies the application/use of certain other procedures. For example, purchasing authority, purchase orders, quotes, and bidding, etc. have all been relocated together in the front of the manual and re-worded.

Additionally, at the Council's previous direction, a new section 14 has been added. This new section provides a means to contract with other public agencies when it is in our mutual benefit.

Lastly, there is a new section 15 implementing the Council's previous action authorizing the use of public construction cost accounting. This authorization provides the City with the ability to undertake projects up to \$25,000 by force account and to undertake "informal" bidding for capital improvement projects up to \$100,000.

Other than the two new sections just mentioned, all of the other changes are "cosmetic" in nature. A copy of the proposed Purchasing and Payment Procedures Manual is attached, along with a copy of the existing manual for comparative purposes.

Fiscal
Impact:

None.

Options:

- a.** Adopt Resolution No. 03-xx approving updated Purchasing and Payment Procedures Manual.
- b.** Amend, modify, or reject the above option.