

05/14/87

ORDINANCE NO. 531 N.S.

AN ORDINANCE OF THE CITY OF EL PASO DE ROBLES
ADDING TITLE 6, CHAPTER 6.04 TO THE MUNICIPAL CODE
ADOPTING PURCHASING PROCEDURES

That Ordinance 211 N.S. Sections 1 through 12 inclusive, and Chapter 2.52, Sections 2.52.010 through 2.52.120, inclusive, of the Municipal Code of the City of El Paso de Robles, are repealed in their entirety and the following substituted in their place:

Section 1. That Title 6, Chapter 6.04 of the Municipal Code of the City of El Paso de Robles be adopted as follows:

6.04.01 Purchasing Authority - The City Council hereby designates that the City Manager shall be the purchasing agent for the City. He may delegate duties and responsibilities of the purchasing function as deemed necessary for maximum efficiency and control. He is vested with authority to review and approve purchase requests with regards to quantity, quality, needs, budgetary appropriation, and financial condition. No expenditures shall be made without his review and approval.

6.04.02 Purchasing System - In order to establish efficient procedures for the purchase of supplies and equipment; to secure for the City supplies and equipment at the lowest possible cost commensurate with quality and quantity needed; to exercise positive financial control and accountability over purchasing; to give preference to local merchants, quality and price being similar; and to clearly define authority and responsibilities for the purchasing function, the following purchasing procedures are adopted as the "Purchasing Manual".

6.04.03 Centralized Purchasing - Whenever feasible, centralized purchasing is to be encouraged as a means of acquiring goods and services common to many departments. Such efforts may result in cost savings and will avoid duplication of effort.

6.04.04 Purchase Requisitions - Prior to initiating a purchase, department heads shall submit purchase requests for supplies, materials, maintenance and equipment to the Finance Department on standard requisition forms to be provided.

The Director of Administrative Services or his designee shall confirm the existence of a budgetary appropriation; that sufficient funds are available; and that the account coding and calculations are accurate.

Upon confirmation, the Director of Administrative Services or his designee shall process the purchase requisition and create a formal purchase order for the acquisition. Creation of a purchase order shall also establish an encumbrance in the budgetary account so indicated on both the purchase requisition and purchase order.

Purchase requisitions should not be used to request supplies and services which may be obtained through an open purchase order placed with a vendor; nor for supplies and services which fall within the dollar limits of petty cash reimbursement.

6.04.05 Purchase Orders - Upon the approval by the City Council, City Manager or Director of Administrative Services, purchase orders shall be distributed as follows:

- White copy - to user department/vendor copy
- Yellow copy - to user department/file copy
- Orange copy - to user department/receiving copy
- Pink copy - to Finance/warrant voucher documentation
- Green copy - to Finance/numerical file copy

The Director of Administrative Services shall have approval authority for all purchase orders up to \$1,500.00 except those purchase orders

for capital outlay acquisitions.

Purchase orders for the acquisition of materials and services from \$1,500.00 to \$5,000.00 and capital outlay acquisitions shall be forwarded to the City Manager for approval and signature.

Purchase orders for material and services in excess of \$5,000.00 shall be approved by the City Council.

Upon the receipt of materials and/or completion of services, the user and department head shall sign the receiving copy and route it to the Finance Department. This copy is the Finance Department's authorization to proceed with processing payment to the vendor. After payment, this copy becomes the Finance Department's numerical file copy.

6.04.06 Open Purchase Orders - Purchase orders may be placed with a vendor for a specified length of time authorizing the purchase of materials or services. Open purchase orders do not have account numbers nor specific amounts formally indicated on the document itself and should not be confused with a regular purchase order that is intended to be liquidated over a lengthy period of time. Open purchase orders shall be issued according to the following guidelines:

1. **Placement**: Open purchase orders shall be issued on a monthly basis, unless otherwise specified, with vendors who deal with the City on a regular basis. The open purchase order shall include a list of those employees authorized to make purchases on the City's behalf.

2. **Spending Limit**: Purchases on an open purchase order shall be limited to \$1000.00 per month per department. This is intended to facilitate efficient operations in situations where personnel responsible for repair work frequently find it necessary to purchase materials or services without the benefit of advance planning.

3. **Invoice/Receipts**: The City employee authorized to make purchases on an open purchase order shall acquire an invoice or receipt for the materials purchased. It shall clearly list and describe the materials purchased, be dated and the price fully detailed. The employee shall sign the invoice or receipt and promptly deliver it to his department head. The department head shall indicate on the invoice or receipt the appropriate accounting code, initial or sign his approval, and route it immediately to the Finance Department for further processing.

4. **Open Purchase Order Exceptions**: The following items shall not be purchased on an open purchase order:

- Office furniture and equipment
- Industrial grade chemicals
- Tools, both power and hand types, with value greater than \$25.00
- Materials with value in excess of \$100.00
- Capital outlay and improvement items

6.04.07 Petty Cash - A centralized petty cash fund shall be maintained by the Finance Department. This fund shall be made accessible to all City departments for the purchase of materials less than \$25.00 from vendors without open purchase orders.

6.04.08 Warrant Request - In recognition of the fact that City employees cannot be required to maintain personal funds to make a purchase on the behalf of the City, petty cash advances may be allowed. Nominal petty cash funds, not to exceed \$50.00, may be maintained by operating departments not immediately adjacent to the Finance Department to use for petty cash advances. From time to time, at the department's convenience, petty cash tags and receipts shall be submitted to Finance in order that their petty cash funds may be replenished. All advances must be approved by the employee's department head.

In recognition that the purchase and acquisition of certain materials and services would be best served by providing a means other than a purchase order to initiate a warrant payment; the Director of Administrative Services shall establish a warrant request procedure for issuing a warrant without a purchase order.

Each department head shall be responsible for monitoring the volume of open purchase orders made so as not to exceed budgetary appropriations.

Purchases of supplies, materials, maintenance and equipment shall adhere to the following quotation/RFP requirements dictated by the dollar amount of the purchase. These requirements and dollar limits are as follows:

A. Less Than \$250.00

Each department head may exercise his own discretion with regards to vendor choice with preference given to local merchants, with quality and price being similar. Local merchants will be given credit for sales tax, freight and convenience.

B. Quotation Procedure/\$250.00 to \$4,999.00

Each department head, whenever possible, shall acquire quotations from at least three vendors. The quotations shall be recorded by the department head and attached to the purchase requisition prior to submission to the Finance Department. The Director of Administrative Services shall be authorized to approve purchase orders from \$250.00 to \$1,499.00 and the City Manager shall approve all purchase orders from \$1,500 to \$4,999.00.

C. Formal Purchasing Procedure/\$5,000.00 and Over

Each department head shall solicit, whenever possible, written quotations from at least three vendors. Each quotation must be submitted by the vendor directly to the City Clerk on forms to be provided who will hold them until the advertised date of opening. The final purchase award shall be approved by the City Council.

In all cases, price shall not be the sole determining factor but shall be considered along with other factors, including, but not limited to, ability of the vendor to deliver, ability to service, prior experience, quality and other particular needs of the City.

An emergency is a situation in which the delay in procurement of materials, equipment, or service may jeopardize the life, health or convenience of local citizens.

The department in need of an emergency purchase order shall call the finance department and explain the need. If justified, the finance department shall issue a purchase order number to the requesting department so that they proceed immediately with the purchase of necessary materials and services.

The department head shall immediately forward to the Finance Department a completed purchase requisition clearly labeled, "EMERGENCY PURCHASE"; and shall also indicate the purchase order number assigned. The purchase requisition shall be accompanied by a fully costed invoice or receipt with employee's signature.

Emergency purchases in excess of \$1,000.00 shall require approval by the City Manager or his designee prior to initiating the purchase.

A. Definition

Capital Outlay shall be defined as any machinery and equipment which has an estimated useful life of one year or more and exceeds \$200.00 in value. Machinery and equipment which is generally purchased in quantities whereas the items individually would not exceed \$200.00 in value may be included herein.

In the case of sole source vendors, minimum quotation requirements shall be waived if the sole source is approved prior to initiating the purchase requisition by the City Manager. The Director of Administrative Services shall maintain an approved list of sole source vendors.

A. Definition

Requests for professional services, regardless of cost, shall be submitted via the professional services request form (see appendix) and routed to the Finance Department. Upon funding confirmation by the

Finance Department, the form shall be forwarded to the City Manager.

The City Manager shall meet with the department head to discuss preparation of a request for proposal and solicitation of proposals. As a rule, proposals from three prospective vendors shall be solicited. However, this requirement may be waived by the City Manager depending upon the nature of the service to be provided.

Following receipt of proposals, the department head shall submit a purchase requisition with award recommendation and documentation including contract if applicable to the Finance Department which shall prepare the purchase order. All purchase requisitions for professional services shall follow the guidelines in Section II.

A. Definition

Capital Improvement shall consist of any acquisition of land, rights of way, building(s), structure(s), and other improvements to public facilities which are designed to provide safer, more economical and convenient service to the public which exceeds \$10,000.00 in value and has a life expectancy of 10 years or more. It shall also include the acquisition of equipment whose cost exceeds \$30,000.00 and has an estimated life of 10 years or more.

B. Vendor Process

The expenditure of funds for capital improvements shall follow the same processes outlined in section III-C, unless the expenditure exceeds \$5,000.00. When the expenditure of funds is expected to exceed \$5,000.00, the competitive bid process as required in the government code shall be followed.

The sealed bids required by the government code and/or City policy shall be received by the City Clerk shall be responsible for publicly opening and reading said bids at the stipulated time.

C. Change Orders

Because of the nature of capital improvement projects, from time to time it may become necessary to modify parts of the work to be performed or add work to the project which could not be anticipated in advance.

Unless the required modification is an emergency, all change orders shall be approved by the City Council as a consent agenda item prior to initiating the work.

In case of an emergency, the City Manager may approve the work before submitting the change order to the City Council for their formal approval.


An emergency is defined as work, which if not performed, may jeopardize the life, health or convenience of local citizens; may substantially delay the completion of the project; or which may substantially increase the costs of the project as further progress is made.

PASSED AND ADOPTED this 19th day of May, 1987, by the following roll call vote:

AYES:	Cousins, Ovitt, Dolan and Stemper
NOES:	None
ABSENT:	Russell
ABSTAIN:	None


 Nick Russell, Mayor

ATTEST:


 Jerry Bankaton, City Clerk