

City of Monterey Park Administrative Policy

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Revised Date: 01/29/2021

Subject:

Approved by:



Purchasing & Contracting Policy

Ron Bow, City Manager

Page 1 of 17

I. PURPOSE

This Administrative Policy and Procedure (“AP&P”) is adopted pursuant to Section 4 of the Administrative Code (Resolution No. 12200, adopted September 16, 2020) for the purpose of implementing Monterey Park Municipal Code (“MPMC”) Chapters 3.20 and 3.90 which govern purchasing and execution of contracts (collectively, “Contracting Regulations”). Nothing in this AP&P may be interpreted as superseding the MPMC; this AP&P is intended only to supplement the Contracting Regulations.

II. PURCHASING OFFICER

In accordance with MPMC § 3.20.030, the City Manager designates the Management Services Director as the City’s purchasing officer. The responsibilities delegated in this AP&P relate to the Finance and Central Support Services functions in Section 7 of the Administrative Code.

III. APPLICABILITY

This AP&P implements the Contracting Regulations for securing all services and goods **EXCEPT** public works projects that are governed by MPMC Chapter 3.100 and Public Contract Code §§ 20160-20175.2.

IV. DEFINITIONS

Unless the contrary is stated or clearly appears from the context, the following definitions govern the construction of the words and phrases used in this AP&P. Words and phrases not given a meaning by this AP&P have the meaning set forth in the MPMC.

- A. “Contract” means an agreement between the City and a third-party for purchasing services or supplies. A contract includes the term “agreement”; “purchase order”; or “memorandum of understanding,” and any derivations of such terms.
- B. “Contracting Regulations” means MPMC Chapters 3.20 and 3.90 which govern purchasing and execution of contracts.
- C. “Department” means a city department established pursuant to the Administrative Code (Resolution No. 12200, adopted September 16, 2020).

- D. "Equipment" means furnishings, machinery, vehicles, rolling stock, and other personal property generally used in conducting the City's business.
- E. "General Services" means services that are manual or routine in nature as opposed to services that are predominately intellectual and varied in character or require specialized knowledge of an advanced type generally acquired from study at an institution of higher learning. Examples of general services include janitorial services and secretarial services.
- F. "Professional Services" means those services provided to the City by independent consultants that are predominantly intellectual and varied in character – as opposed to manual or routine in nature – which require specialized knowledge of an advanced type generally acquired from study at an institution of higher learning, and entail the exercise of a wide degree of discretion and judgment when performing the services (e.g., lawyers, engineers, architects, certified public accountants and land-use planners).
- G. "Purchase" includes renting, leasing, purchasing, licensing, or a trade of supplies.
- H. "Request for proposal/RFP" means the competitive selection process, following a solicitation issued by the City, in which vendors are requested to submit proposals for the procurement of goods, services, work and/or materials.
- I. "Request for qualifications/RFQ" means a solicitation issued by the City in which vendors are requested to submit detailed information regarding personal competence necessary for the performance of the services required, and/or the qualification of commodities for a particular use.
- J. "Services" means either general services or professional services as the context demands.
- K. "Supplies" means equipment, materials, goods, tools, parts, or other commodities generally used in conducting the City's business.

V. PROCUREMENT OF SERVICES AND SUPPLIES

This AP&P implements the Contracting Regulations as to securing supplies and services; the type of contract that must be used is determined by the type of supplies or services sought by the City.

A. General Services

General services may be procured in accordance with MPMC §§ 3.20.050 through 3.20.080. Note that the following general services may require specialized contract templates to comply with California law (consult with the City Attorney's office):

1. Landscape maintenance (may require prevailing wage);
2. Janitorial services (may require prevailing wage);

3. Hazardous waste removal (requires specialized indemnification);
4. Towing (may require specialized bidding requirements);
5. Solid waste services (separate bidding and contracting requirements); and
6. Transit services (specialized bidding and contracting requirements).

B. Professional Services

Professional services do not require bidding under the MPMC. A Department Director, however, may determine that it is desirable for the City to issue a RFQ or RFP for certain professional services. The following professional services may require specialized contracts:

1. Design professionals as defined by California law (specialized indemnification provisions; consult the City Attorney's office);
2. Attorneys;
3. Environmental consultants (specialized indemnification provisions);
4. Medical professionals;
5. Appraisal services; and
6. Surveyors and some testing consultants (may require prevailing wage; consult with the City Attorney's office).

C. Supplies

Supplies may be procured in accordance with MPMC §§ 3.20.050 through 3.20.080. The supplies listed below may only be procured following the approval of the Support Services Manager. The Police Chief or Fire Chief may, as applicable, procure the following supplies upon determining that uniformity, operational efficiency and public safety require separate procurement:

1. Computer software;
2. Personal computers and accessories;
3. Digital cameras (all components);
4. Mobile phones (all components) and/or mobile carrier services;
5. Internet service;
6. Telephone service and hardware; and

7. Televisions (all components) and/or any audio-visual equipment.

VI. TYPES OF CONTRACTS

A. General Services Contract (includes “purchase order”)

The two-page general services contract may be used either for procuring general services or most supplies. It may not be altered without approval from the City Attorney’s office. A general services contract may be used for one particular transaction or multiple transactions during the term of the contract (aka a “blanket purchase order”). These contracts are designed to expedite the procurement process by simply attaching the scope of services to the contract template. No additional City Attorney approval is needed if the template remains unaltered.

Janitorial, landscape maintenance, towing services, and other types of general maintenance services may require special bidding and contracting language (*e.g.*, the inclusion of prevailing wage terms); consult the City Attorney’s office first.

B. Professional Services Contract (“PSA”)

1. Standard PSA

This may be used for procuring most professional services. See below for exceptions. Standard PSAs may be utilized for one particular task, or may be issued as an “on-call” agreement. On-call agreements allow the City to assign particular tasks to a consultant during the term of the agreement.

2. Design Professional PSA

These contracts are for engineers and architect services (consult the City Attorney’s office first). California law requires specialized indemnification language.

3. Legal Retainer PSA

Legal Retainer PSAs may only be procured by the City Council upon advice from the City Attorney.

4. Environmental PSA

Professional services secured for environmental review of certain public or private projects must use a specialized professional service agreement. While not required, it is desirable that such services first be subject to an RFQ or RFP process to select a consultant. The Environmental PSA contains specialized language regarding the California Environmental Quality Act (“CEQA”).

5. Medical PSA

Professional services that may utilize medical information of employees or third-persons require specialized contracts. Medical PSAs will include language related to the Health Insurance Portability

and Accountability Act (“HIPAA”) along with other language required by California law. Consult the City Attorney’s office first.

6. Other PSA

Appraisal services, surveying, and certain kinds of project management/testing (associated with public works projects) may require a specialized contract. The Labor Code may require such professionals to pay prevailing wage. Consult the City Attorney’s office first.

VII. PROCESSING CONTRACTS

- A. Purchase Orders (PO) (must include Quote Verification Page and may require General Services contract template, as determined by the Support Services Manager)

POs may be used to meet unanticipated, miscellaneous, non-capital day-to-day, or immediate needs of Departments that arise through the fiscal year. These immediate needs are those necessary to complete specific jobs and/or minimize delay in completing an overall project. To establish a PO charge account, Departments must provide complete vendor information, established price lists, and clearly note any discounts that apply to each PO.

- B. Requisitions.

Requisitions must be approved by a Department Director, or authorized designee. Department Directors are encouraged to contact the Support Services Division for time sensitive requests to ensure awareness. While all requests are important, it is important to use an actual date for requisitions (rather than designating the due date as “ASAP”).

- C. Encumbrance of Funds.

The Management Services Director cannot issue POs for supplies unless there is an encumbered appropriation in the fund account used for payment. A Department Director, or designee, may encumber appropriations by entering a purchase requisition in the City’s Enterprise Resource Planning (ERP) system.

VIII. AUTHORITY TO APPROVE AND EXECUTE CONTRACTS

The Contracting Regulations provide the only means by which the City may be bound by contract. Any document that does not meet those requirements is – by California law – void. Generally, a contract becomes effective only when (1) it is in writing; (2) it is approved by an authorized decision-maker; (3) it is signed by an authorized person; and (4) it is approved as to form by the City Attorney.

- A. Written Contracts

As noted, only *written* contracts bind the City. Verbal contracts do not bind the City. All such written contracts must comply with California law, the Contracting Regulations, and this AP&P.

B. Authorized Decision-maker

Generally, the authorized decision-maker is (a) the City Council; (b) the City Manager; or (c) (in limited circumstances) a Department Director. Per the MPMC and the Administrative Code, the City Manager is responsible for all City operations. While the City Manager may delegate authority to Department Directors to make decision regarding contracts, the City Manager (and City Council) remain responsible for a final decision.

C. Authorized Signature

California law provides that the Mayor is the only person authorized to sign contracts, *unless otherwise provided by ordinance*. In addition to the Mayor, the following persons are authorized to sign contracts:

1. The City Manager if authorized by the City Council, by the MPMC, by resolution, or by other action approved by the City Council. Generally, the City Manager has signature authority for contracts valued at up to \$60,000. The City Manager also derives signature authority from the standard budget resolution adopted by the City Council. Review staff reports and City Council meeting minutes to determine if the City Council delegated other signature authority to the City Manager for a particular matter.
2. Department Directors for contracts valued up to \$25,000. Ordinarily, however, the services or supplies procured by such contracts should be identified in a Department budget which is approved by the City Council.

D. Approved as to form

The Contracting Regulations require that the City Attorney's office approve contracts as to form. What does that mean? It means that the City Attorney, or designee, reviewed the contract; made such changes that are desirable to protect the City, avoid ambiguities, or otherwise clarified the contract; and (in the rare events this happens) advised the City Council, City Manager, or Department Director regarding the risk involved with executing a contract containing legally undesirable language. As to the latter, the level of risk will depend upon which decision-maker will need to be fully informed by the City Attorney.

To help expedite the contract process, therefore, it is important that Departments either utilize the City's standard contract templates or consult with the City Attorney's office before procuring services or supplies (if it is apparent there may be contracting challenges from the outset). Common services and supplies that may require City Attorney assistance on the front-end of the procurement process include computer software; public safety equipment; and specialized medical services (*e.g.*, counselors, psychologists, or training).

IX. VALUE OF THE CONTRACT

Different rules apply depending on the total amount of the contract. Generally, the "total amount of the contract" is determined by calculating the amount that would be charged to the City for the entire term of the contract. For example, the total amount of a three-year contract, where the vendor is charging the

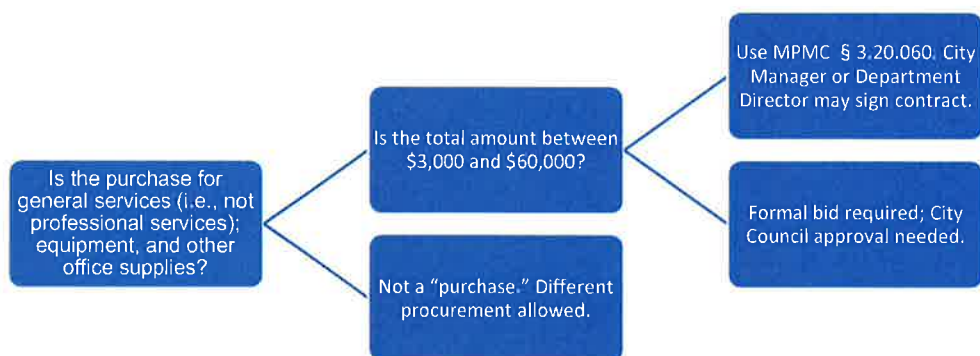
City \$9,000 per year, is \$27,000. The “total amount of the contract,” however, may also be related to how much risk is involved with the services or supplies. For example, a contract for a fire dancer may only be \$300; but the potential risk to the City may easily exceed \$25,000. Therefore, in this scenario, the “total amount of the contract” is more than \$25,000.

It is a crime for contracts to be “segmented” for the purpose of evading the procedures established in the Contracting Regulations or this AP&P.

X. BIDDING AND EXCEPTIONS TO BIDDING

In general, the Contracting Regulations requires the following analysis:

A. Purchases between \$3,000 and \$60,000. Purchases made for services or supplies with an



estimated value between \$3,000 and \$60,000 are regulated by MPMC § 3.20.060. If a successful vendor fails to execute a contract issued by the City within 10 days after being awarded the contract, the City may cancel the award. Compliance with contract requirements includes, without limitation, submission of insurance documentation. Under this scenario, the Management Services Director may award the contract to the next lowest-responsible bidder.

B. Purchases greater than \$60,000. Services or supplies with an estimated value of more than \$60,000 may only be purchased through compliance with the formal bidding requirements under MPMC § 3.20.070. The City’s formal bidding requirements include:

1. Develop Purchase Specifications. To initiate the formal bid process, the requesting Department must develop specifications for the services or supplies to be purchased and prepare bid solicitations. The Central Support Services Division may assist requesting Departments if requested.
2. Notice Inviting Bids. The notice inviting bids must generally describe the purpose of the contract; identify security required for the bid (if needed); how bid specifications can be obtained; the form and amount of any required performance

bond; and designate the time and place for opening bids. The notice inviting sealed bids must be posted at City Hall and distributed (either electronically or otherwise) at least 10 days before the deadline for submitting bids.

3. Amending the Notice Inviting Bids. If an error has occurred or a change in the requirement is made which requires that the bid solicitation be amended, the Department Director is responsible for making that amendment. Upon making the amendment, the Department Director must immediately notify prospective bidders of the amendment. This information may first be given orally; an amendment to a bid solicitation must always be made or confirmed in writing. Copies must be sent to all parties who received copies of the original invitation. Issuing an amendment may require postponing the opening date for prospective bidders to have reasonable time to prepare bids using the new information. Generally, the time of the opening may be postponed by the number of days, which have passed between the date of the invitation and the date of the amendment. The notice of postponement may be combined with the basic amendment.
4. Alternate Bids. In the event that the Purchase specifications cannot be definitively expressed, the solicitation of bids may allow for the submission of alternate bids (generally, alternate bids offer a close substitute). The language in the bid solicitation must be appropriate and sufficiently allow all bidders an equal opportunity to bid on or offer an alternate; otherwise, the bids cannot be accepted. Alternate bids should be considered carefully as they do pose certain disadvantages, including:
 - Difficulty in determining whether the offered alternate will give the required service.
 - Bidders not competing on a common basis. This is particularly true if a blanket alternate is allowed. If the City feels that it must allow an alternate, it may permit, whenever possible, alternates on a specific part of the specification and not a blanket alternate.
 - Alternate bids can only be accepted if they represent a comparable, or better, quality product to that specified. Alternate bids should never be accepted for lower quality products than those specified. Acceptance of alternate bid products must always stand the test of comparability when evaluated by the competition. Comparability must include the product itself, warranty, function, size, etc.
5. Bidder's Security. The Management Services Director may require bidders to secure bids and performance in a form approved by the City Attorney. Unsuccessful bidders are entitled to the return of bid security within 60 days after the date of the award.

6. Bid Submittal. The Management Services Director, or designee, must solicit sealed bids from all prospective bidders whose names are on the bidder's list, or who have requested their names to be added to the bidder's list, and any other source known to the Management Services Director. If no bids are received, the Department Director must notify the City Council at a City Council meeting.
7. Safeguarding Incoming Bids. All bids received before the bid opening date must be kept in a safe and secure place. Bids either received through the mail or hand delivered by a person, must be date/time stamped in; recorded (on the appropriate bid receipt form); and placed in a file in the Management Services Director's, or designee's, office to be opened at the time and place specified in the bid.
8. Withdrawal of Bids. A bid may be modified or withdrawn by written or telephonic notice from the bidder, if the notice is received before the time set for the opening. In the event a bid withdrawal is requested, the notice should be attached to the bid and the bid held unopened until the time of award. It may then be returned to the bidder unless other disposition is requested or agreed to by the bidder. A bid may not be modified or withdrawn after the opening time and date for opening the bids.
9. Bid Opening Procedure. Bids must be submitted to the purchasing agent in a sealed envelope and be clearly marked as a bid along with the bidder's name and project number written on the outside of the envelope. The Department Director for the Department responsible for requesting the contract must designate an individual to publicly open properly submitted bids at the time and place stated in the notice inviting bids. A written record and tabulation must be made at the time all bids are received and then opened; this information must be available to the public for inspection during regular City business hours for at least 30 days after the bid opening. No bids may be accepted after the deadline specified in the notice inviting bids. Late bids should be held unopened and returned to the bidder or otherwise disposed of as the bidder requests or agrees.
10. Bid Evaluation & Recommendation to City Council. Bids may be evaluated based upon bid amount, compliance with bid specifications, responsibility of the bidder, and any other reasonable matter identified in the notice inviting bids, the MPMC, or any other rule or regulation promulgated to implement Chapter 3.20. Based upon its evaluation, the requesting Department will make a recommendation to the City Council regarding the award of a contract (*see* Section VII of this AP&P regarding vendor selection).
 - Rejection for Non-conformance. Refer to the RFP template for instructions on rejection for non-conformance.
 - Entities or individuals may be retained to assist the City in drafting and/or preparing RFPs/RFQs; these individuals/entities may neither submit an RFP/RFQ nor be selected for the bid award.

- A bidder is entitled to submit only one bid for consideration.

11. Bid Irregularities.

There are occasions when a bid contains irregularities such as incomplete submittals; unsigned bids; qualifications made to the bid; alterations of the Bid Form; submittals on unauthorized forms; or claimed mistakes. Generally, minor irregularities are those that substantially comply with the bid requirements and do not affect the bid price, time, or conditions. Examples include: bids where a unit price is wrong, but the total price is correct; bids where a signature was found on other documents included in the bid package; bids containing erasures; and bids with obvious mathematical errors. Material irregularities in the form or content of a bid affect the bid price or time and give the bidder making the irregularity an advantage or benefit over another bidder. Examples of material bid irregularities include: failure to list subcontractors; failure to sign the bid; failure to timely submit the bid; and deviations from plans and specifications.

The decision-maker may waive minor irregularities. Material irregularities, however, cannot be waived. Any questions regarding bid irregularities should be referred to the City Attorney's office for advice on whether the irregularity can be waived.

12. Rejection of All Bids.

The Department Director may reject, in writing, all bids that are unreasonable; determined to be collusive; or where rejection is in the best interest of the City. Examples include (1) before award, if it is determined that the Supplies are no longer needed; (2) if it appears that the specifications should be revised; or (3) if the invitation did not provide for consideration of all factors of cost to the City (e.g., where the cost of transporting City furnished material to the bidder's plant was not mentioned as a factor in the invitation).

13. City Council Review.

Bids must be submitted to the City Council. Upon submittal and review, the City Council may approve the lowest bidder or reject all bids. In making its determination, the City Council may waive any minor bid irregularities. If the City Council rejects all bids, the item may be re-bid. If the City does not receive any bids, the City Council may abandon the Purchase; authorize rebidding the Purchase on an informal basis; or authorize purchasing the Supplies on a direct negotiated contract.

14. Tie Bids.

If two or more bids received are for the same total amount or unit price – and the quality and service offered are the same – the City Council may accept one of them or accept the lowest bid made by negotiation with the tie bidders at the time of or after the bid opening.

15. Notification to Unsuccessful Bidder(s).

All unsuccessful bidders should be notified that their bids were not accepted. This notification can be

accomplished either verbally or in writing. If the bidder responds with a request for additional information about the award it may be furnished with the name and address of the successful bidder together with the contract price.

16. Refusal to Comply With or Failure to Execute Awarded Bid.

If a successful bidder refuses to comply with, or fails to execute, a contract issued by the City within 10 days after being awarded the contract, the City may cancel the award and retain any bid security. Compliance with contract requirements includes, without limitation, submission of insurance documentation. Should this occur, the City Council may award the contract to the next lowest responsible bidder.

- C. Exceptions to bidding. Bidding is not required as set forth in MPMC § 3.20.050.

XI. SELECTION OF VENDORS

- A. Departments are encouraged to submit vendor names to include on the Vendor List. Requests for additions or deletions of vendors should be routed to the Support Services Manager, in writing, from the Department's authorized purchasing/contracting liaison. Departments should ensure that vendors are licensed to conduct business in Monterey Park (if applicable) and verify that vendors meet other applicable license and insurance requirements before selection.
- B. Vendors for Professional Services should be selected based on demonstrated competence, professional qualifications, availability, and fair and reasonable costs.
- C. Except as otherwise provided, and notwithstanding the above, contracts may not be executed with a former City employee within one year of the date the former employee terminated his/ her regular employment with the City, unless authorized by the City Manager. This prohibition does not apply when: (1) a request for proposals/quotes has been submitted to at least three other qualified vendors capable of providing the same services/goods; and (2) the services/goods of the former employee are determined to be clearly more advantageous to the City than the services/goods of any other vendor responding to the request for proposals/quotes after considering the qualifications and costs of the former City employee and any other vendors responding to the request for proposals/quotes.

XII. PROVIDING SELECTED VENDORS WITH INFORMATION REGARDING THE CITY'S INSURANCE REQUIREMENTS

It is very important that each vendor be provided with information regarding the kind of liability insurance that the City will require as a condition of the contract with the City. This information should be communicated to the vendor at an early stage of the contracting process and include (1) the type and amount of insurance coverage that will be required as a condition of the contract; (2) the nature of the certificates of insurance; and (3) the nature of the insurance policy endorsement that the vendor will have to produce prior to rendering any services under the contract.

XIII. CONFIRMATION OF FUNDS TO PAY CONTRACT FEES & COSTS

Department Directors **must, whenever possible, consolidate the annual needs of the City or the Department to gain any quantity discount or other pricing advantage that may result from such action.** The responsibility for ensuring that there are sufficient funds in the City budget to pay all of the fees and costs of a contract rests with the Department selecting and proposing the contract.

A. Purchasing Methods.

1. Check. Checks may only be processed through the Management Services Division.

2. Credit Card. Purchases made using a City-issued credit card must be in accordance with the City's Credit Card Policy (Administrative Policy No. 20-13). For credit card Purchases, any Purchase that exceeds the transaction dollar limits, or is outside of the approved commodity or service categories, is unauthorized. Such use of the card may result in disciplinary action up to and including termination and payment for all unauthorized charges.

3. Petty Cash. Petty cash funds are to be used for expenditures that do not exceed \$100.00. Purchases made using petty cash must be in accordance with the City's Petty Cash Policy (Administrative Policy No. 20-08).

B. Payment of Invoice by City. The City will pay vendors within 30 days after it receives an invoice. It is the Department's responsibility to ensure that vendors understand this policy.

C. Use of Federal Award Funds. Whenever Federal Award funds are used, the criteria in Section XIV must be followed in addition to the other guidelines in this AP&P.

XIV. PREPARATION OF CONTRACT

A. Contracts Approved as to Form. MPMC § 3.90.010 requires that the City Attorney approve all contracts as to form; this may be achieved in one of two ways (1) through a box on the contract document which substantially states "Approved as to Form by _____, City Attorney"; or (2) by an actual wet or electronic signature from the City Attorney, or designee. Contracts submitted by vendors should not generally be used for obtaining Supplies. Using such forms increases the City's costs because they require review by the City Attorney's office and could cause a delay in obtaining Supplies. Whenever practicable, the City's standard forms should be used for purchasing Supplies.

B. Obtaining Signatures. Signature requirements for contracts vary depending on whether a vendor conducts business in the capacity of a corporation, general partnership, limited partnership, or as an individual. Where the contract is with a contractor doing business as a corporation, general partnership or limited partnership, the signature lines should always include the typed-in name and title of the person or persons executing the contract on behalf of the consultant, as well as the business name of the consultant:

1. Where the contract is with a consultant doing business as a corporation, California Corporations Code § 313 requires the contract to be signed by:
 - One officer from the corporation's "operational group" consisting of the Chairman of the Board, the President, or any Vice President; and
 - One officer from the corporation's "financial group" consisting of the Secretary, or Assistant Secretary, or the Chief Financial Officer or any Assistant Treasurer.
 2. Where the contract is with a consultant conducting business as a general partnership or limited partnership, the contract should be signed by a least one general partner having apparent authority to enter into the contract on behalf of the partnership.
 3. Where the contract is with a consultant doing business in their individual capacity, that individual must sign the contract. The signature lines need only include the typed-in name of the consultant, as well as the consultant's business name (when the contractor is doing business under a name other than the contractor's own name).
- C. Types of Contracts. Contracts may be of fixed time duration (to cover specific need requirements for a given period of time); fixed expenditure amount (e.g., where "Not to Exceed" a given amount is written to provide a given budgetary financial limitation control on the contract); for a specific quantity (written to provide the exact known quantity needs of an item); or "open" with expenditure limitations to meet unanticipated needs.

XV. SUBMITTING CONTRACTS

- A. To City Council. The Management Services Director, or designee, will keep the City Council informed regarding any contracts (with a total contract amount exceeding \$60,000) approved on a quarterly basis and will seek budget updates, if necessary, within a timely manner. Where a contract must be approved by the City Council, the Department responsible for the contract must place the contract as an item on the agenda for review and consideration by the City Council its next available meeting.
- B. To City Clerk. The original contract, together with sufficient evidence of any insurance required, vendor signature verification page, business entity search, or other requirements (Refer to the attached Agreement/Contract and Purchase Order Requisition Guideline) by the contract must be submitted to the City Clerk's Office by the responsible Department, which is administering the contract, before the time a contractor undertakes performance of the work required by the contract. Upon determining that the contract was properly signed by or on behalf of both the contractor and the City, and that the accompanying evidence of insurance meets the contract's requirement, the City Clerk's

Office will attest to the execution of the contract. Thereafter, the City Clerk's Office will assign and type in a clerk's contract number the contracts where indicated, file the original contract and evidence of insurance in the City's official records, and return a non-original copy to the City officer or Department responsible for administering the contract. The responsible Department will then transmit a copy to the contract vendor.

- C. To the Department. The City officer or Department responsible for administering the contract will not direct a vendor to proceed with the work required by the contract until receiving an attested copy of the contract from the City Clerk's Office. When receiving an attested copy of the contract from the City clerk, the Department responsible for administering the contract will submit to the Management Services Director (i) a copy of the contract, (ii) a copy of an IRS Form W-9 completed by the vendor in the manner required by the contract (if any), and (iii) a City encumbrance in an amount equal to the maximum amount of the compensation that may be paid to the vendor pursuant to the contract. In addition, the responsible Department must submit to the Central Support Services Division sufficient quotes or justification memos validating the vendor chosen for the contract per MPMC § 3.20.070.

XVI. CONTRACT AMENDMENTS

Contract amendments include any change, modification or addendum to a contract after it becomes effective. Contract amendments include any change to a contract that is not expressly authorized by the contract itself. Amendments include, without limitation, extensions of the term of the agreement, as well as changes to any exhibit setting forth the scope of the vendor's duties or the compensation.

Ordinarily, the City Manager may approve amendments to contracts in conformance with the requirements of this AP&P and the Contracting Requirements if the total amount of the agreement¹ is not increased to more than \$60,000. Department Directors may approve amendments to contracts in conformance with the requirements of this AP&P and the Contracting Requirements if the total amount of the agreement² is not increased to more than \$25,000. For contract amendments where the total amount of the agreement is more than \$60,000, City Council authorization/approval is ordinarily required.

Amendments to City contracts must be reviewed by the Support Services Manager to ensure that the amendment is complete and sufficient as to content; and that any required insurance coverage is maintained in full force and effect during any contract extension and/or that the insurance is sufficient to address any additional risks incurred as the result of a change in the scope of services.

Amendments to City contracts must be approved as to form by the City Attorney.

¹ Remember, the "total amount of the agreement" includes the costs to the City for the entire term of the contract, including any amendments. For example, the total amount of a two-year contract, where the vendor is charging the City \$20,000 per year, is \$40,000. However, if the proposed amendment extends this contract for another two years, then the total amount of the contract becomes \$80,000. Similarly, the "total amount of the contract" also includes consideration of how much risk is involved with the services or supplies. A high level of risk of liability to the City would "increase" the total amount of the contract and may bring it outside of the City Manager's or Department Director's signatory authority and necessitate Council approval. Please consult the City Attorney's Office if you have any questions.

² See footnote 3.

Amendments to a City contract must also be signed by the vendor and the City Manager and filed with the City Clerk generally in conformance with the same requirement applicable to the original contract.

XVII. RECEIPT OF GOODS

The responsible Department must inspect all received Supplies to verify that quantity and quality are “as specified.” The Department Director must remedy any discrepancy on a contract. All orders must be inspected within three business days of receipt. A Department’s failure to inspect and accept delivery in a timely manner may affect the City’s ability to remedy a situation. Departments must retain any receiving reports/packing lists to retain along with their copy of the contract to document the receipt of goods.

XVIII. FEDERAL PURCHASING REQUIREMENTS

This Policy Section summarizes the Federal Purchasing requirements published by the Office of Management and Budget (OMB) on December 26, 2013. The OMB issued the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, Final Rule (aka Uniform Guidance) which applies to all non-federal entities receiving Federal awards, and to all new federal awards and existing awards that receive additional funding (or funding increments) after December 26, 2014.

Whenever Federal Award funds are used the following criteria must be followed in addition to the City's Purchasing Policy guidelines:

- A. Requirements. The Uniform Guidance requirements for sub-award and sub-recipient is based on the pass-through agency. If the pass-thru agency is subject to the Uniform Guidance (i.e. if the source of funds are federal and the pass-through agency is subject to Uniform Guidance), then the sub-award or sub-recipient is also subject to the Uniform Guidance. The requirement for a sub-award, no matter when the sub-award was made, flows from the requirements of the original federal award from the federal awarding agency.
- B. Micro Purchases. The maximum aggregated amount for micro purchases is \$3,500. The maximum amount for construction projects is \$2,000 and is subject to the Davis-Bacon Act (Prevailing Wages). Micro purchases are exempt from the City’s informal and formal bidding processes, so there are no requirements for multiple quotations. To the extent practical the City must distribute micro-purchases equitably among qualified suppliers.
- C. Small Purchases. Small purchases utilize simple and informal procurement methods. The acquisition threshold is currently \$150,000. The Uniform Guidance states quotes for small purchases must be obtained from an “adequate” number of qualified sources. There is no specific number of sources required by the Uniform Guidance, thus one quote can be sufficient as long as there is proper documentation. Quotes can be obtained from suppliers or from public websites (i.e., City may use internet searches as documentation).

- D. Sealed Bids. Sealed bids are required for contracts in excess of \$150,000 and is the preferred method for construction contracts. Sealed bids are also appropriate for fixed price contracts where bidders are provided complete and adequate specifications. Additionally, sealed bids must come from two or more qualified bidders must be publicly advertised and solicited from an adequate number of suppliers. The contract is awarded to the lowest responsive and responsible bidder.
- E. Competitive Proposals. Competitive proposals are required for contracts in excess of \$150,000 and is the preferred method for architectural, engineering and Professional Services. Request for Proposals must be publicized and proposals solicited from an adequate number of qualified sources. Competitive proposals are awarded to the most advantageous bid which considers both price and other factors. The City does not have to select the lowest bid.
- F. Sole Source. Vendor must meet at least one of the following criteria:
1. The vendor offers a unique supply or service that can only be fulfilled by one vendor or only one known source for the supply/service exists;
 2. There is a public emergency;
 3. After soliciting a number of sources, the competition is deemed inadequate; and
 4. Written request has been made and approved by the federal agency responsible for the grant.

The City must have written pre-approval from the federal awarding agency. Additionally, the City must have proper documentation as to why a sole source vendor was required in these circumstances. The sole source must be properly documented and the City must maintain the documentation.

XIX. VIOLATIONS OF AP&P

The City Manager may revoke purchasing authority from Departments, or particular employees, based upon substantial evidence that such a Department or persons consistently fail to conform to this AP&P.

In addition, the MPMC makes certain violations of purchasing requirements a misdemeanor (for example, segmentation) that can result in a \$1,000 fine, or six months in jail, or both.

Allegations that the MPMC or this AP&P were violated may also result in discipline up to and including termination.


CERTIFICATION AND RECEIPT OF UNDERSTANDING

I certify that I have received a copy of the City of Monterey Park Policy for Disclosure Procedures. I have reviewed and understand its contents and agree to abide by the principles and requirements in the Disclosure Procedures.

Name:  _____

Date: 1-04-2021

APPROVED AS TO FORM:



Karl H. Berger, City Attorney