Agenda

REGULAR MEETING
OF THE
FINANCIAL ADVISORY BOARD
Tuesday January 13, 2015 7:00 p.m.
El Cerrito City Hall
Hillside Conference Room
10890 San Pablo Avenue
El Cerrito, CA 94530

Roll Call
Convene Meeting

1. Comments from the Public
   All persons wishing to speak to items on the agenda. Remarks are typically limited to 3 minutes per person.

2. Council Liaison Update

3. Staff update

4. Minutes for Approval (attachment)
   Approve meeting minutes from May 13, 2014 and December 9, 2014 meeting minutes.

   http://www.el-cerrito.org/DocumentCenter/View/4243

6. Review draft Workplan presentation scheduled for 2/3/15 City Council meeting.
   (attachment)

7. Review and possible action on revised Purchasing Policies (attachment)

8. Discuss Agenda Items for the Next Meeting
   Approve meeting minutes January 13, 2015

COMMUNICATION ACCESS INFORMATION

To request a meeting agenda in large print, Braille, or on cassette, or to request a sign language interpreter for the meeting, call Lisa Malek-Zadeh, Staff Liaison at 215-4312 (voice) at least FIVE (5) WORKING DAYS NOTICE PRIOR TO THE MEETING to ensure availability.

10890 San Pablo Avenue, El Cerrito, CA 94530 Tel: 510.215.4300 E-mail: lmalek-zadeh@ci.el-cerrito.ca.us
Chairperson Vranich convened the Financial Advisory Board meeting at 7:00 p.m.

Roll Call: Present: All members present.
Absent: None
Staff Liaison Present: Lisa Malek-Zadeh

1. Council Liaison Report
Report on matters of general interest, Council policies, priorities and significant actions taken by the City Council.
Council liaison not present and no report given.

2. Staff Report
Ms. Malek-Zadeh discussed that the only transactions continue to be related to debt service payments and reserves required.

Additional items discussed include the status of FAB’s desire to include a recommendation that the Financial Policies include a statement regarding the need to establish a cash reserves requirement. Policy will be discussed as part of budget but not ready to include a policy we are unable to implement at this time.

Also discussed was the need to review the purchasing policies, which haven’t been reviewed in several years and whether an annual review of the Financial Policies is necessary or would be better reviewed every two years. Ms. Malek-Zadeh also discussed the limitation of the requirement to prepare and include in the budget a 10 year plan General Fund. It would better to have a realistic forecast that includes a minim of 5 years and as far as out as makes sense to include significant planned or anticipated changes that need to be accounted for such as Measure R sunset or significant PERS rates changes.

3. Minutes for Approval
Minutes from the April 8, 2014 FAB meeting minutes unanimously approved with minor language edits.
4. Comments from the Public
   No members of the public present

5. Discussion Items
   Review FAB FY 2014-15 Draft Budget Documents (available for review at City Hall)

   Ms. Malek-Zadeh provided copies of the draft FY 2014-15 budget documents. With department proposals and known revenue changes, the General Fund deficit is approximately $3 million. Staff has been working on numbers and reduced that to about $600K, but to increase reserves, need to identify an additional $400K. Some balancing measures include assumptions around labor negotiations that are currently in process. Talked about the status of labor contracts and that those discussions with all groups were in process. The goal is that all groups will pay the full employee portion of their PERS contribution.

   The reduction from $3M to $600K includes about $1.5 million in vacancies, savings from the management group fully contributing to PERS and the elimination of department proposals to increase General Fund contributions to programs currently charged to special funds.

   The meeting to discuss the proposed budget was moved to 6/9 with a second meeting scheduled on 6/16. If needed, a third meeting in June will be scheduled.

   Ms. Malek-Zadeh explained the internal process for reviewing the department proposals, the review and production of the budget book and answered FAB questions regarding the schedule related to the budget process.

   FAB agreed to schedule a follow up meeting for 5/27/14 for continued discussion on the proposed budget.

6. Discuss Agenda Items for the Next Meeting
   Special meeting scheduled for 5/27/14 to discuss budget.
Chairperson Vranich convened the Financial Advisory Board meeting at 7:00 p.m.

Roll Call: Present: Boardmembers Kronenberg, Bartke, Patterson and Crump present.
Absents: None
Staff Liaison Present: Lisa Malek-Zadeh

1. Comments from the Public
   No members of the public present.

2. Council Liaison Update
   Council Liaison not present

3. Staff update
   Ms. Malek-Zadeh discussed recent staffing changes in the Finance Department and the resignation of the Finance Manager, Geoff Thomas. The department will be reviewing all positions and likely reorganize some functions before recruiting for any positions.

4. Minutes for Approval
   Minutes from October 28, 2014 FAB meeting approved with correction of grammatical error.
   (Ayes: Bartke/Patterson/Kronenberg  Abstain: Vranich/Crump)

5. Purchasing policy review
   Continued discussion on purchasing policy review. FAB agreed to develop a draft of the reviewed purchasing policy and incorporate internal procedures. Boardmember Patterson will present a first draft at next meeting in January.

6. Discuss Agenda Items for the Next Meeting
   Approve meeting minutes from May 13, 2014 and December 9, 2014
   Receive Quarterly Investment Report
   Review draft Workplan presentation
Meeting adjourned at 8:30 p.m.
AGENDA BILL

Agenda Item No. 5(E)

Date: December 16, 2014
To: El Cerrito City Council
From: Lisa Malek-Zadeh, Finance Director/City Treasurer
Subject: Quarterly Investment Report for Period Ending September 30, 2014

ACTION REQUESTED
Receive and file the City’s Quarterly Investment Report for the period ending September 30, 2014.

QUARTERLY INVESTMENT REPORT REVIEW
The Quarterly Investment Report for July 2014-September 2014 shows that the City’s investments had a par value of $1,548,683 as of September 30, 2014. The decrease of $135,255 from last quarter is due to the use of $140,278 of Solar Project proceeds and the use of $10 of Swim Center Debt interest earnings towards a debt service payment offset by $5,033 in interest earnings. During the quarter, a debt service payment was made in the amount of $344,896 for the Swim Center Bond Debt and $1,340,000 of Federal National Mortgage Association (FNMA) investments were called early and converted to money market investments.

The City continues to have minimal investments that are not required for debt service reserves and to have limited, if any, interest earnings on restricted funds. Of the total amount invested, $2,704 is invested in the pooled funds with the State Treasurer’s Local Agency Investment Funds (LAIF) and $1,545,979 is held in money market funds.

FINANCIAL CONSIDERATIONS
The purpose of the City’s Investment Policy is to provide guidelines for prudent investment of the City’s idle funds and maximum efficiency of the City’s cash management system. The ultimate goal is to enhance the City’s economic condition while protecting the funds at all times. The City’s investments comply with the “Authorized Investments” section of the Investment Policy.

Reviewed by:

Scott Hanin
City Manager

Attachment:

City of El Cerrito
Quarterly Investment Report
For the Period Ending September 30, 2014

<table>
<thead>
<tr>
<th>FUND</th>
<th>INVESTMENT TYPE</th>
<th>INVESTMENT</th>
<th>TRUSTEE/BROKER</th>
<th>PAR VALUE</th>
<th>COST</th>
<th>INTEREST OR YIELD</th>
<th>MATURITY DATE</th>
<th>COST/100</th>
<th>*MARKET VALUE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pooled Investments</td>
<td>Pooled Fund</td>
<td>LAIF</td>
<td>CA State Treasurer</td>
<td>$2,704.41</td>
<td>$2,704.41</td>
<td>0.24%</td>
<td>N/A</td>
<td>100.00</td>
<td>$2,704.41</td>
</tr>
<tr>
<td>Solar Project Financing</td>
<td>Prime Money Market</td>
<td>Deutsche Bank Prime Money</td>
<td>Deutsche Bank</td>
<td>$10,168.87</td>
<td>$10,168.87</td>
<td>0.01%</td>
<td>N/A</td>
<td>100.00</td>
<td>$10,168.87</td>
</tr>
<tr>
<td>Swim Center Fund</td>
<td>Blackrock Institutional</td>
<td>Union Bank/Blackrock Liquidity</td>
<td>Union Bank of CA</td>
<td>$185,335.60</td>
<td>$185,335.60</td>
<td>0.01%</td>
<td>N/A</td>
<td>100.00</td>
<td>$185,335.60</td>
</tr>
<tr>
<td>City Hall Debt Fund</td>
<td>Blackrock Institutional</td>
<td>Union Bank/Blackrock Liquidity</td>
<td>Union Bank of CA</td>
<td>$604,265.84</td>
<td>$604,265.84</td>
<td>0.01%</td>
<td>N/A</td>
<td>100.00</td>
<td>$604,265.84</td>
</tr>
<tr>
<td>Street Improvement Fund</td>
<td>Blackrock Institutional</td>
<td>Union Bank/Blackrock Liquidity</td>
<td>Union Bank of CA</td>
<td>$746,208.66</td>
<td>$746,208.66</td>
<td>0.01%</td>
<td>N/A</td>
<td>100.00</td>
<td>$746,208.66</td>
</tr>
</tbody>
</table>

TOTALS, as of September 30, 2014

$1,548,683.38 $1,548,683.38 $1,548,683.38

I certify that this report is in compliance with the City of El Cerrito Investment Policy and that there are adequate funds available to meet the next six months of estimated expenditures as required by the California Government Code 53646.

Lisa Malek-Zadeh, Finance Director/City Treasurer
Financial Advisory Board (FAB)

FISCAL YEAR 2014-2015 WORK PLAN

AND

2013-2014 ACCOMPLISHMENTS

Members: Peter Vranich (Chair), Richard Bartke (Vice-Chair), Gregory Crump, Hale Kronenberg, Dick Patterson
Financial Advisory Board Enabling Legislation (Mission):

El Cerrito Municipal Code 2.04.300
Financial Advisory Board

A. There shall be a financial advisory board consisting of five members who reside in the city and have demonstrated expertise in financial management, accounting, fiscal analysis, computer applications, economic analysis or related skills. The financial advisory board shall have the powers and duties stated below, and such other duties as the council shall decide:

1. To conduct a review and make recommendations on the proposed annual budget and long-term financial plan for the city and all component units to assist the city council in making decisions on major expenditures and revenue sources, and to include a review of city council compensation consistent with county-wide recommendations included in Contra Costa Grand Jury Report No. 1104;
2. To monitor the city expenditure and revenue patterns and recommend adjustments to the long-term financial plans as necessary;
3. To conduct an annual review of the city's comprehensive financial policy and investment policy and make recommendations regarding the managing of the city's financial reserves to assure maximum returns on approved investments;
4. When requested by the city council, or staff to evaluate proposals, programs and contracts for both long- and short-term financial consequences, assess alternatives and make appropriate recommendations;
5. To review the annual audit and management letter and provide the city council with recommended changes in financial practices;
6. To review and make recommendations on all proposed bonds, other debt instruments or long term obligations to be issued or assumed by the city; and
7. To review the form and format of budget documents, agenda bills and other recurring financial reports prepared by the city and issue recommendations to the city council and the city manager regarding how the form and format of these documents may be modified to allow for greater clarity in the manner financial information is reported.

(Ord. 2007-2 § 1, 2007; Ord. 2000-3 Div. 1, 2000.)
(Ord. No. 2010-01, § 1, 1-19-2010; Ord. No. 2012-03, § 1, 12-18-2012)
MISSION STATEMENT: *(State mission as identified in enabling legislation and include legislation citation)*

HISTORICAL BACKGROUND: *(Brief discussion regarding when the commission/committee was established and how it has changed over time)*
**Responsibilities**
(1-7 refer to enabling legislation)

<table>
<thead>
<tr>
<th>Responsibilities</th>
<th>Proposed Activities</th>
<th>Priority</th>
<th>Timeline</th>
</tr>
</thead>
</table>
| 0. Meet monthly at the posted time and place unless there is no agenda, and more often as required, such as April and May for budget deliberations; hear reports from Council and staff liaisons; listen to members of the public; | • Regular meetings of FAB  
• Special meetings of FAB, as needed | Hi       | Meet monthly or more often as needed |
| 1. To conduct a review and make recommendations on the proposed annual budget and long-term financial plan for the city and all component units to assist the city council in making decisions on major expenditures and revenue sources, and to include a review of city council compensation consistent with county-wide recommendations included in Contra Costa Grand Jury Report No. 1104; | • Receive and review mid-term budget  
• Receive and review CAFR  
• Recommend actions, as appropriate | Hi       | 2Q2015 |
| 2. To monitor the city expenditure and revenue patterns and recommend adjustments to the long-term financial plans as necessary; | • Review periodic budget updates prepared by staff  
• Recommend adjustments, as appropriate | Med      | 1Q2015 |
| 3. To conduct an annual review of the city's comprehensive financial policy and investment policy and make recommendations regarding the managing of the city's financial reserves to assure maximum returns on approved investments; | • Summarize and review prior FAB recommendations  
• Consolidate recommendations and submit to Council  
• Review quarterly investment reports and recommend alternative investments, as appropriate | Med      | 2Q2015 (Policy); Quarterly (Investment Reports) |
<p>| 4. When requested by the city council, or staff to evaluate proposals, programs and contracts for both long- and short-term financial consequences, assess alternatives and make appropriate recommendations; | • As requested | N/A      | N/A |
| 5. To review the annual audit and management | • Receive and discuss Audit and Management | Med      | 3Q2015 |</p>
<table>
<thead>
<tr>
<th>Task</th>
<th>Description</th>
<th>Frequency</th>
<th>Date</th>
</tr>
</thead>
</table>
| letter and provide the city council with recommended changes in financial practices; | Letter  
- Comment to Council, as appropriate  
- Address recommendations directed to FAB, as necessary |           |            |
| 6. To review and make recommendations on all proposed bonds, other debt instruments or long term obligations to be issued or assumed by the city; and | • As requested                                                                                         | N/A       | N/A        |
| 7. To review the form and format of budget documents, agenda bills and other recurring financial reports prepared by the city and issue recommendations to the city council and the city manager regarding how the form and format of these documents may be modified to allow for greater clarity in the manner financial information is reported. | • Review quarterly investment reports and recommend alternative formats, as appropriate | Lo        | Quarterly   |
| 8. To perform work as requested by Council or Staff                   | • Review and propose revisions to the City’s Purchasing Policy/Procedures                               | Hi        | 1Q2015     |
## 2013-2014 ACCOMPLISHMENTS

<table>
<thead>
<tr>
<th>Responsibilities (1-7 refer to enabling legislation)</th>
<th>Activities Performed</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. To conduct a review and make recommendations on the proposed annual budget and long-term financial plan for the city and all component units to assist the city council in making decisions on major expenditures and revenue sources, and to include a review of city council compensation consistent with county-wide recommendations included in Contra Costa Grand Jury Report No. 1104;</td>
<td>• Reviewed City’s two-year budget</td>
<td>Editorial amendments accepted by Council Policy recommendations deferred</td>
</tr>
<tr>
<td>5. To review the annual audit and management letter and provide the city council with recommended changes in financial practices;</td>
<td>• Addressed recommendations directed at FAB to enhance policy/procedure</td>
<td>Policy recommendations to be revisited in 2014-15</td>
</tr>
</tbody>
</table>
EC Purchasing Policy
Table of Contents

Policy
A. General procurement and fund commitment provisions
B. Spending and approval authority limits Fiscal thresholds (resolution 2001-81)
C. Exceptions to competitive bidding procedures Methods of procurement of goods
D. Petty Cash Exceptions to competitive bidding procedures
E. Professional service contracts Purchasing Cards
F. Signature authority
G. Surplus sales [should we call this the “Purchasing and Surplus Sales Policy”]

Appendices Procedure
A. The Departments shall maintain a bidder’s list for contracts. [no subs – just this]
Procedure for informal bid
B. Purchasing by formal competitive bid Procedure for negotiated bid
C. Purchasing by informal Procedure for formal competitive bid
D. Purchasing without competitive bidding Use of purchase orders
E. Professional service contracts
F. Blanket purchase orders
G. Professional services contracts – general provisions for selection of consultants for specific project professional services with contracts greater than $25,000
H. Professional services contracts – general provisions for the use of professional services for continuing services
I. Surplus sales

Summary Tables for General Purchases, Professional Services, and Public Works
PURPOSE: To establish procedures for the City's procurement of goods and services.

POLICY: It is the policy of the City of El Cerrito to secure supplies, equipment and professional services at the lowest possible cost commensurate with quality needed, and to exercise financial control over purchases, and to assure quality of purchases.

The Department Director or designee shall solicit written or verbal bids from a reasonable number (typically three) of suppliers for all expenditures in excess of $15,000, but not in excess of $25,000. Comparison of equipment or supplies by catalogue, via the internet or published price lists is also acceptable. Selection may be based on any and all of the criteria mentioned in the discussion of the lowest responsible bidder in the formal bidding process (See A. 5. above).

A. GENERAL PROCUREMENT AND FUND COMMITMENT PROVISIONS:

1. Budget appropriations and amendments that commit appropriated fund balance may only be authorized by the City Council. All funds for contracts and orders for the purchase of equipment or supplies shall be authorized through the budget process. If a purchase requires an amendment to the budget, it must first be considered and approved by the City Manager in consultation with the Administrative Services Director.

2. All contracts above $15,000 shall be signed by the City Manager or the Manager’s designee.

3. All orders for the purchase of supplies, equipment or services valued in excess of $25,000 require the City Manager's signature.

4. Real property shall be acquired only by action of the City Council.

5. Purchases made from a single vendor (either individually or collectively within one fiscal year) over $25,000 require City Council approval.

6. It is prohibited to split purchases in order to evade the provisions of the City's policy or procedures.

7. Each City Department shall maintain a bidder's list for contracts.
B. Fiscal Thresholds [need to determine if based on estimated or actual total cost]

- Procurement rules are based on the total estimated cost of the good or service, including taxes, shipping, and handling.

<table>
<thead>
<tr>
<th>Estimated Cost</th>
<th>Procurement Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt; $5,000</td>
<td>Informal bid (See Appendix A for procedure.) - Division manager or designee may use the vendor expected to have the best quality product or service at the most reasonable cost. No purchase order is required. Expenditure and invoice must be approved by division manager. [Maybe this should be called &quot;No Bid&quot;]</td>
</tr>
<tr>
<td>$5,000 - $15,000</td>
<td>Informal negotiated bid (See Appendix B for procedure.) - The Department Director [same as &quot;Head&quot;] or designee shall solicit written or verbal bids from a reasonable number (typically three) of suppliers. No purchase order is required. Expenditure and invoice must be approved by the Department Head.</td>
</tr>
<tr>
<td>$15,000 - $25,000</td>
<td>Informal, negotiated or competitive bid - The Department Director [head?] may follow the procedure for either the informal negotiated bid or for the formal competitive bid. Purchase orders are required, as are approvals of both Department Head and City Manager [or Asst. City Manager?].</td>
</tr>
<tr>
<td>&gt; $25,000</td>
<td>Formal competitive bid (See Appendix C for procedure.) - Purchase orders are required. Both the City Council and the City Manager must approve the expenditure.</td>
</tr>
</tbody>
</table>

DC. EXCEPTIONS TO COMPETITIVE BIDDING PROCEDURES:

1. Purchases of supplies or equipment, which are not amenable to competitive bidding procedures, including, but not limited to, books and items available through cooperative purchasing arrangements with other governmental agencies that have competitively bid to establish a vendor list.

2. Purchases not amenable to competitive bidding procedures, such as the purchase of professional services, training programs, etc., may be purchased through the Request for Proposal (RFP) process. The Department Head, in consultation with the City Manager, will determine when this method is appropriate.

3. Purchases of supplies or equipment, determined by the City Manager or by onsite emergency response personnel to be necessary to meet an emergency with threatens the public health, safety or welfare.
4. Purchases of supplies or equipment, determined by the City Council to be necessary to serve the best interests of the City;

5. Purchases from the State of the State of California Department of General Services approved vendor lists;

6. Purchases from the US Communities approved vendor lists;


3D. Petty Cash: City personnel are authorized to receive petty cash reimbursements up to $50.00. [This seems inadequate - what types of purchases are permitted, and what proof of purchase and receipt is required?]

4E. Procurement Cards: Selected City staff members are authorized to use City-issued credit cards (Cal Cards) for purchasing of items, per the City's policy governing procurement card use. [Presumably the city has such a policy? Would it make sense to include that policy as an appendix to this policy?] The single and monthly purchasing limits for each card shall be established by the Department Head authorizing the issuance of the card.

FE. SIGNATURE AUTHORITY

Department heads may designate supervisors or managers to approve invoices for operational purchases up to $5,000 or on previously approved purchase orders related to their programs by submitting written authorization to Finance on an annual basis.
B. SPENDING AND APPROVAL AUTHORITY LIMITS (RESOLUTION 2001-81):

1. City Council: Expenditures above $25,000. The City Council exclusively may move appropriations between funds.

2. City Manager: Expenditures up to $25,000. The City Manager may move expenditure appropriations within funds in the budget.

3. Department Heads and Assistant City Manager: Expenditures up to $15,000. Department Heads may move expenditure appropriations only within their own department and fund(s).

4. Division Managers or Designees: Expenditures up to $5,000.

C. METHODS OF PROCUREMENT OF GOODS:

1. Formal or Informal Bid Process: Purchases in excess of $25,000 are subject to formal competitive bidding. For expenditures between $15,000 and $25,000 an informal bid process may be used.

2. Purchase Orders and Invoices: Purchases of goods and services valued at $15,000 or more must be made with a purchase order. There are three types of purchase orders:
   a) One-Time Purchase Orders—used to make a single purchase on a one-time basis.
   b) Blanket Purchase Orders—used to make a series of purchases from the same vendor over a period of time up to one fiscal year.
   c) Emergency Purchase Orders—used to make purchases on an emergency basis where safety and security are a consideration.
   d) For items that are purchased from a sole source provider, an authorized invoice may be used to request payment.

3. Petty Cash: City personnel are authorized to receive petty cash reimbursements up to $50.00.

4. Procurement Cards: Selected City staff members are authorized to use City-issued credit cards (Cal Cards) for purchasing of items, per the City's policy governing procurement card use. The single and monthly purchasing limits for each card shall be established by the Department Head authorizing the issuance of the card.

D. EXCEPTIONS TO COMPETITIVE BIDDING PROCEDURES:

1. Purchases of supplies or equipment, which are not amenable to competitive bidding procedures, including, but not limited to, books and items available through
cooperative purchasing arrangements with other governmental agencies that have competitively bid to establish a vendor list;

2. Purchases not amenable to competitive bidding procedures, such as the purchase of professional services, training programs, etc., may be purchased through the Request for Proposal (RFP) process. The Department Head, in consultation with the City Manager, will determine when this method is appropriate;

3. Purchases of supplies or equipment, determined by the City Manager or by onsite emergency response personnel to be necessary to meet an emergency with threats to the public health, safety or welfare;

4. Purchases of supplies or equipment, determined by the City Council to be necessary to serve the best interests of the City;

5. Purchases from the State of the State of California Department of General Services approved vendor lists;

6. Purchases from the US Communities approved vendor lists;


E. PROFESSIONAL SERVICE CONTRACTS

The City will enter into contracts with any specially trained and experienced person, firm, or corporation for special services and advice in financial, economic, accounting, engineering, legal or administrative matters. The selection of professional services must be based upon the demonstrated competence and on the professional qualifications necessary for the satisfactory performance of the services required.

It is the policy of the city to use professional and other contract services whenever it is in the City's best interests. This may be when a project requires particular expertise, time and/or resources beyond those available within the City organization, or if a project is of a limited duration and not warranting permanent staff.

F. SIGNATURE AUTHORITY

Department heads may designate supervisors or managers to approve invoices for operational purchases up to $5,000 or on previously approved purchase orders related to their programs by submitting written authorization to Finance on an annual basis.

PROCEDURE: A. The Departments shall maintain a bidder's list for contracts.
B. PURCHASING BY FORMAL COMPETITIVE BID:

Purchasing of supplies or equipment requiring an expenditure in excess of $25,000 that are not subject to the exemptions discussed elsewhere shall be subject to formal competitive bidding.

1. The City Clerk shall publish a notice inviting bids not less than ten (10) days before the date of opening bids. The notice inviting bids shall include a general description of the articles or services to be purchased, a place where bid blanks and specifications may be secured and the time and place for opening bids. If the City has required a refundable bidder's security, this requirement shall be specified in the notice inviting bids. The notice shall also specify any requirement for a performance bond and a labor and materials bond prior to execution of the contract in the amount determined necessary to protect the City's best interests. Finally, the notice shall include instructions that all bids must be a sealed envelope marked “Bid Enclosed.” The City Clerk shall publish this notice in a newspaper of general circulation and post said notice in at least three designated public places (e.g., City Hall, Library and Community Center), as well as on the City’s web site. Sealed bids shall also be solicited from all responsible prospective suppliers whose names are on the appropriate bidders’ list or who have requested that their names be added to that list.

2. The Department requesting the bid shall prepare the bid specifications and issue to all prospective bidders any required amendments or addenda related to any changes in the notice to bidders or changes in the original specifications.

3. The City Clerk shall open the bids at the time and place announced. The bids shall be read aloud for all present. The City Clerk shall reject and return unopened any bid submitted after commencement of the bid opening. The original copy of opened bids will be filed as an official City record. If there is a tie bid, all other things being equal, the issue may be resolved through negotiation at the time of the bid opening. The tabulation of bids will be available for public inspection during regular business hours of the City for a period of not less than thirty (30) calendar days after the bid opening. If bidder’s security has been required, the City Clerk shall provide these to the Finance Director.

4. The Finance Department shall accept and secure the bid securities, if any. These shall be refunded, as appropriate upon notification to the Finance Department by the initiating Department, following the completion of the bidding process and the award of contract.

5. The initiating Department shall review the bids submitted and accepted by the City Clerk. In addition to price, the following may be used to determine the lowest responsible bidder:
   a) The ability, capacity and skill of the bidder, including adequacy of physical facilities and financial resources to perform the contract within the specified time and production requirements;
   b) The bidder’s record of performance on previous contracts.
c) The character, integrity, experience and reputation of the bidder, including compliance with laws and ordinances relating to the contract.
d) The bidder’s ability to provide future maintenance and service.
e) The number and scope of conditions attached to the bid or quotation.
f) The quality, availability and adaptability of supplies or contractual services to the particular use required.
g) The compatibility of supplies or equipment with the City’s existing supplies or equipment.
h) The City’s past experience with supplies or equipment in best meeting the City’s needs.
i) The City’s experience and ability to maintain or operate the supplies or equipment.

6. The Department initiating the purchasing process shall prepare the agenda bill for the City Council to award the bid or reject all bids. The agenda bill requires the authorizing signature of the City Manager or designee. The report to the City Council will include the tabulation of bids with a recommendation for the award of the bid or rejection of all bids. If two (2) or more bids received are for the same total amount or unit price, quality and service being equal, and if the public interest will not permit the delay of re-advertising for bids, the Department may recommend the one it chooses or that the City Council accept the lowest bid made by negotiation with the tie bidders at the time of the bid opening. The agenda item shall be scheduled for City Council consideration in order to ensure the contract is awarded (or rejected) within thirty (30) days (or as specified in the bid document) from the bid opening or as otherwise provided by law.

7. The City Council shall either reject all submitted bids and provide direction for further action (e.g., re-advertising for bids) or award the contract to the lowest responsible bidder whose bid complies with the specifications. Council action may include the requirement for a performance bond and labor and materials bond. The City Council may waive any informalities or minor irregularities in the bids. In a tie bid situation, the Council may accept the bid of their choosing or accept the negotiated low bidder. If the successful bidder fails to execute the contract, the Council may take subsequent action to award the contract to the next lowest bidder.

8. The initiating Department shall notify the successful bidder by forwarding to the bidder a purchase order or other official notice. If the successful bidder refuses or fails to execute the contract within ten (10) days after the City has mailed the notice of the award of the contract, the bidder’s security, if any, is deemed forfeited. The Department shall then seek City Council action to award the bid to the next lowest bidder or to re-advertise. If the next lowest responsible bidder is awarded the contract, the amount of the lowest responsible bidder’s security, if any, will apply to the difference between the low bid and the second lowest bid and any surplus will be returned to the lowest bidder.

9. The Finance Department shall ensure that appropriate bidders receive the return of their bid security after award of contract upon request of the operating department.

10. The City Clerk shall maintain a file of unsuccessful formal bids for a period of two (2) years and make them available for public inspection during that time.
C. PURCHASING BY INFORMAL COMPETITIVE BID:

1. The Department Director or designee shall solicit written or verbal bids from a reasonable number (typically three) of suppliers for all expenditures in excess of $15,000, but not in excess of $25,000. Comparison of equipment or supplies by catalogue, via the internet or published price lists is also acceptable. Selection may be based on any and all of the criteria mentioned in the discussion of the lowest responsible bidder in the formal bidding process (See A. 5. above).

2. The Department shall complete a purchase order for all such purchases above $15,000 or as required by the vendor. These informal bids shall be documented within the purchase order entry online.

3. The Department shall retain all documentation supporting informal bids in accordance with the City’s retention schedule. These are open to public inspection during regular working hours of the City.

D. PURCHASING WITHOUT COMPETITIVE BIDDING:

1. Although purchases of supplies or equipment requiring an expenditure of $15,000 or less do not require competitive bidding, the Department Head or designee will evaluate the regular suppliers of small purchases against competitors at least annually to determine if a change should be made. This review may be done by comparison of equipment and supplies (e.g., price, quality) in catalogues, via the internet, by published price lists or by contacting suppliers for other necessary details (e.g., warranties or guarantees offered, ability and cost to deliver).

2. Departments shall match invoices to goods and services received, and submit the invoice to Finance for payment by completing the payment stamp information that requires a vendor code, account code, amount, purchase order number (when applicable) and signature authorization. If payment is required in advance of purchase, submit the invoice, stamped with the appropriate payment information, to the Finance Department along with the order form and envelope for mailing.

3. For items that do not have an invoice such as refunds or some training expenditures, the Request for Payment form available at K: General/Citywideforms/OfficeTemplates should be completed and submitted to Finance.

E. PURCHASE ORDERS AND INVOICES:

1. The Department Head shall approve purchase orders up to $15,000 and Division Managers may approve Purchases Orders up to $5,000. Purchase orders encumber the Department’s funds prior to actual expenditure.
2. Departments shall instruct their vendors to reference the City’s purchase order number on all invoices. Invoices shall be approved by the Department Head or designee and sent to the Finance Department for payment.

3. The Finance Department shall process the payment and the purchase order will be closed upon receipt of the final approved invoice.

4. Invoices received that do not require a purchase order will be submitted to the Finance Department with the correct account code and signature authorization.

F. BLANKET PURCHASE ORDERS:

1. A blanket purchase order can be used to reduce the time-consuming process of filling out multiple purchase orders. A Department or Departments should use blanket purchase orders in order to:
   a) Purchase repetitive, specified services or items, or categories of items from the same vendor over a period of one fiscal year, or on a monthly basis;
   b) Order standard materials or maintenance supplies, which require numerous shipments;
   c) Obtain more favorable pricing through volume commitments;
   d) Contract for continuing professional services, when it is with the same vendor and for repeat materials or services;

2. A Department or Departments should not use blanket purchase orders when:
   a) No benefit will be derived over and above a regular purchase order;
   b) Prices are unknown at ordering time or subject to change later without notice;
   c) Quality of the vendor or service is questionable;
   d) Control over City expenditures would be weakened significantly;
   e) Paying regular reoccurring utility services, i.e., electricity, natural gas, telephone, cable, long distance, cellular telephone, etc.

3. The initiating Department shall ensure that there is a date range specified that does not exceed past the end of the current fiscal year. Each year during the month of June, Department Heads or their designees shall review all departmental blanket purchase orders and reissue all necessary blanket purchase orders effective July 1.

G. PROFESSIONAL SERVICES CONTRACTS – GENERAL PROVISIONS FOR SELECTION OF CONSULTANTS FOR SPECIFIC PROJECT PROFESSIONAL SERVICES WITH CONTRACTS GREATER THAN $25,000:

1. Department Heads or their designees, with the approval of the City Manager, may prepare a scope of work consistent with budget and project authorizations of the City Council. A Request for Proposal (RFP) shall outline the City requirements and project description. The RFP shall be advertised to invite qualified professionals to submit a proposal setting forth their interest, qualifications and how they can meet the City’s needs. A Request for Qualifications (RFQ) may first be necessary if the required services are particularly specialized or if the qualifications of the available consultants are unknown. The
RFP will include the statement: “All other things being equal, Priority will be given to qualified professionals who are members of protected classes all other factors being equal.” It should be noted that in determining a professional services vendor, requirements are often considered that supersede the utilization of the bid process. Past performance, continuity of work and other such factors may be of importance. Most critical in the selection of vendors is trust in their level of knowledge, their accessibility and professionalism.

2. The initial review of proposals shall be conducted by the involved Division Manager or Department Head, who shall make a recommendation to the City Manager regarding which consultants should be invited to interviews. Appropriate staff members and/or a committee that deals with the subject matter of the proposal will conduct interviews of candidates submitting proposals. Recommendations for contracts of $25,000 or more are required to be presented to the City Council for final selection.

3. Qualifications should be the determining factor in the selection of a professional consultant. The cost of services will not be the sole criterion. Staff shall then negotiate the final fee based upon the agreed scope of work.

4. Prior to the approval of a contract, Department Head or designee shall conduct appropriate background and reference checks and ensure that adequate bonding or security, if required, is posted.

5. The standard Professional Services Contract available on the City’s K: drive should be used whenever appropriate and all other contracts should be approved as to form by the City Attorney. The contract package is prepared and signed by the requesting department, in accordance with approval authorities outlined on page 1 of this policy/procedure. All contracts of $15,000 or more must be signed by the City Manager. The City Clerk’s office will retain all original contracts and a copy shall be given to Finance to be able to determine payment terms.

6. Upon approval, a purchase order is prepared by the requesting department (including coding to the appropriate general ledger account) and is to be approved by the Department Head. Purchase order numbers should be referred to in any invoices from the consultant.

7. As stated in the contract, consultants must obtain a City of El Cerrito Business License prior to beginning work with the City. Consultants shall comply will all regulations and laws dealing with conflict of interest disclosure and reporting. Consultants shall not be engaged if a conflict of interest exists.

H. PROFESSIONAL SERVICES CONTRACTS—GENERAL PROVISIONS FOR THE USE OF PROFESSIONAL SERVICES FOR CONTINUING SERVICES:

1. Professional firms providing engineering, land surveying, transit, planning, environmental, auditing, landscape architecture, or other services may be retained on a continuing basis to provide professional services. The Department Head, with the approval
of the City Manager, may contract on a project-by-project or retainer basis for additional work or services without going through the RFP and selection process.

2. At least every three years these continuing services arrangements shall be reviewed and every effort shall be made to receive proposals from at least three consultants to perform these same services. This is to ensure that the City is receiving the best value in their services.

3. Exceptions are Recreation contracts should (1) use the Recreation Contract—Short Form template for all instructor contracts and, (2) use the Professional Services Agreement Template-limited insurance format for Professional Services Contracts under the $25,000 bid requirement limit. Both files are available at K:General/CitywideForms/ContractTemplates.

**IG. SURPLUS SALES**

1. Department managers will be notified of all equipment or supplies, which have become unsuitable or unnecessary for City purposes. Any confiscated property will be brought to the attention of the Police Chief.

2. Department managers shall notify the Administrative Services Director of the type and approximate value of the items deemed surplus as well as the recommended disposition.

3. The Administrative Services Director or designee will store these items in a secure location until sold or exchanged.

4. The method and the manner of sale or exchange shall be determined by the Administrative Services Director as authorized by the City Manager, based on what best serves the interests of the City.
### SUMMARY OF PURCHASING REQUIREMENTS

#### GENERAL PURCHASES
(supplies, equipment, operating or maintenance services)

<table>
<thead>
<tr>
<th>Annual Amount</th>
<th>Purchase-Order Requirement</th>
<th>Contract Requirement</th>
<th>Bid Process</th>
<th>Required Approvals</th>
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<tbody>
<tr>
<td>Less than $5,000</td>
<td>No</td>
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<tr>
<td>$5,000--$15,000</td>
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<td>Department-Head</td>
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<tr>
<td>$15,000--$25,000</td>
<td>Yes</td>
<td>No</td>
<td>Informal, negotiated or competitive</td>
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<tr>
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<td>Yes</td>
<td>Formal competitive</td>
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#### PROFESSIONAL SERVICES

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#### PUBLIC WORKS PROJECTS

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<th>Contract Requirement</th>
<th>Bid Process</th>
<th>Approvals Required</th>
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<td>Yes</td>
<td>Formal</td>
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<td>$100,000</td>
<td>competitive bid</td>
<td>City Manager and City Council</td>
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Appendix A
Procedure for Informal Bid ["No Bid"]

1. Although purchases of supplies or equipment requiring an expenditure of $15,000 or less do not require competitive bidding, the Department Head or designee will evaluate the regular suppliers of small purchases against competitors at least annually to determine if a change should be made. This review may be done by comparison of equipment and supplies (e.g., price, quality) in catalogues, via the internet, by published price lists or by contacting suppliers for other necessary details (e.g., warranties or guarantees offered, ability and cost to deliver).

2. Departments shall match invoices to goods and services received, and submit the invoice to Finance for payment by completing the payment stamp information that requires a vendor code, account code, amount, purchase order number (when applicable), and signature authorization. If payment is required in advance of purchase, submit the invoice, stamped with the appropriate payment information, to the Finance Department along with the order form and envelope for mailing.

3. For items that do not have an invoice such as refunds or some training expenditures, the Request for Payment form available at K:General/Citywideforms/OfficeTemplates should be completed and submitted to Finance.
Appendix B
Procedure for Negotiated Bid

1. The Department Director [same as “Head”?] or designee shall solicit written or verbal bids from a reasonable number (typically three) of suppliers for all expenditures in excess of $15,000, but not in excess of $25,000. Comparison of equipment or supplies by catalogue, via the internet or published price lists is also acceptable. Selection may be based on any and all of the criteria mentioned in the discussion of the lowest responsible bidder in the formal bidding process.

2. The Department shall complete a purchase order for all such purchases above $15,000 or as required by the vendor. These informal bids shall be documented within the purchase order entry online.

3. The Department shall retain all documentation supporting informal bids in accordance with the City’s retention schedule. These are open to public inspection during regular working hours of the City.
Purchasing of supplies or equipment requiring an expenditure in excess of $25,000 that are not subject to the exemptions discussed elsewhere shall be subject to formal competitive bidding.

1. The City Clerk shall publish a notice inviting bids not less than ten (10) days before the date of opening bids. The notice inviting bids shall include a general description of the articles or services to be purchased, a place where bid blanks and specifications may be secured and the time and place for opening bids. If the City has required a refundable bidder’s security, this requirement shall be specified in the notice inviting bids. The notice shall also specify any requirement for a performance bond and a labor and materials bond prior to execution of the contract in the amount determined necessary to protect the City’s best interests. Finally, the notice shall include instructions that all bids must be a sealed envelope marked “Bid Enclosed.” The City Clerk shall publish this notice in a newspaper of general circulation and post said notice in at least three designated public places (e.g., City Hall, Library and Community Center), as well as on the City’s web site. Sealed bids shall also be solicited from all responsible prospective suppliers whose names are on the appropriate bidders’ list or who have requested that their names be added to that list.

2. The Department requesting the bid shall prepare the bid specifications and issue to all prospective bidders any required amendments or addenda related to any changes in the notice to bidders or changes in the original specifications.

3. The City Clerk shall open the bids at the time and place announced. The bids shall be read aloud for all present. The City Clerk shall reject and return unopened any bid submitted after commencement of the bid opening. The original copy of opened bids will be filed as an official City record. If there is a tie bid, all other things being equal, the issue may be resolved through negotiation at the time of the bid opening. The tabulation of bids will be available for public inspection during regular business hours of the City for a period of not less than thirty (30) calendar days after the bid opening. If bidder’s security has been required, the City Clerk shall provide these to the Finance Director.

4. The Finance Department shall accept and secure the bid securities, if any. These shall be refunded, as appropriate upon notification to the Finance Department by the initiating Department, following the completion of the bidding process and the award of contract.

5. The initiating Department shall review the bids submitted and accepted by the City Clerk. In addition to price, the following may be used to determine the lowest responsible bidder.
Appendix C
Procedure for Formal Competitive Bid

a) The ability, capacity and skill of the bidder, including adequacy of physical
counties and financial resources to perform the contract within the specified
time and production requirements.
b) The bidder's record of performance on previous contracts.
c) The character, integrity, experience and reputation of the bidder, including
compliance with laws and ordinances relating to the contract.
d) The bidder's ability to provide future maintenance and service.

e) The number and scope of conditions attached to the bid or quotation.
f) The quality, availability and adaptability of supplies or contractual services
to the particular use required.
g) The compatibility of supplies or equipment with the City's existing supplies
or equipment.
h) The City's past experience with supplies or equipment in best meeting the
City's needs.
i) The City's experience and ability to maintain or operate the supplies or
equipment.

6. The Department initiating the purchasing process shall prepare the agenda bill for
the City Council to award the bid or reject all bids. The agenda bill requires the
authorizing signature of the City Manager or designee. The report to the City Council
will include the tabulation of bids with a recommendation for the award of the bid or
rejection of all bids. If two (2) or more bids received are for the same total amount
or unit price, quality and service being equal, and if the public interest will not
permit the delay of re-advertising for bids, the Department may recommend the one
it chooses or that the City Council accept the lowest bid made by negotiation with
the tie bidders at the time of the bid opening. The agenda item shall be scheduled
for City Council consideration in order to ensure the contract is awarded (or
rejected) within thirty (30) days (or as specified in the bid document) from the bid
opening or as otherwise provided by law.

7. The City Council shall either reject all submitted bids and provide direction for
further action (e.g., re-advertising for bids) or award the contract to the lowest
responsible bidder whose bid complies with the specifications. Council action may
include the requirement for a performance bond and labor and materials bond. The
City Council may waive any informalities or minor irregularities in the bids. In a tie
bid situation, the Council may accept the bid of their choosing or accept the
Appendix C
Procedure for Formal Competitive Bid

negotiated low bidder. If the successful bidder fails to execute the contract, the Council may take subsequent action to award the contract to the next lowest bidder.

8. The initiating Department shall notify the successful bidder by forwarding to the bidder a purchase order or other official notice. If the successful bidder refuses or fails to execute the contract within ten (10) days after the City has mailed the notice of the award of the contract, the bidder's security, if any, is deemed forfeited. The Department shall then seek City Council action to award the bid to the next lowest bidder or to re-advertise. If the next lowest responsible bidder is awarded the contract, the amount of the lowest responsible bidder's security, if any, will apply to the difference between the low bid and the second lowest bid and any surplus will be returned to the lowest bidder.

9. The Finance Department shall ensure that appropriate bidders receive the return of their bid security after award of contract upon request of the operating department.

10. The City Clerk shall maintain a file of unsuccessful formal bids for a period of two (2) years and make them available for public inspection during that time.
Appendix D

Procedure for Using Purchase Orders and Invoicing

2. Purchase Orders and Invoices: Purchases of goods and services valued at $15,000 or more must be made with a purchase order. The Department Head shall approve purchase orders up to $15,000 and Division Managers may approve Purchase Orders up to $5,000. Purchase orders encumber the Department’s funds prior to actual expenditure.

There are three types of purchase orders:

   a) One-Time Purchase Orders - used to make a single purchase on a one-time basis.
   b) Blanket Purchase Orders – used to make a series of purchases from the same vendor over a period of time up to one fiscal year. (See below for more information on blanket purchase orders.)
   c) Emergency Purchase Orders – used to make purchases on an emergency basis where safety and security are a consideration. (do we need further clarification on what constitutes an emergency?)
   d) For items that are purchased from a sole source provider, an authorized invoice may be used to request payment.

A. BLANKET PURCHASE ORDERS

1. A blanket purchase order can be used to reduce the time consuming process of filling out multiple purchase orders. A Department or Departments should use blanket purchase orders in order to:
   a) Purchase repetitive, specified services or items, or categories of items from the same vendor over a period of one fiscal year, or on a monthly basis;
   b) Order standard materials or maintenance supplies, which require numerous shipments;
   c) Obtain more favorable pricing through volume commitments;
   d) Contract for continuing professional services, when it is with the same vendor and for repeat materials or services.

2. A Department or Departments should not use blanket purchase orders when:
   a) No benefit will be derived over and above a regular purchase order;  
   b) Prices are unknown at ordering time or subject to change later without notice.
Appendix D
Procedure for Using Purchase Orders and Invoicing

c) Quality of the vendor or service is questionable;
d) Control over City expenditures would be weakened significantly;
e) Paying regular reoccurring utility services, i.e., electricity, natural gas, telephone, cable, long distance, cellular telephone, etc.

3. The initiating Department shall insure that there is a date range specified that does not exceed past the end of the current fiscal year. Each year during the month of June, Department Heads or their designees shall review all departmental blanket purchase orders and reissue all necessary blanket purchase orders effective July 1.

B. INVOICES [This section seems weak. Should there be more procedure/governance around submission and payment of invoices to ensure against fraud/embezzlement?]

1. Departments shall instruct their vendors to reference the City’s purchase order number on all invoices. Invoices shall be approved by the Department Head or designee and sent to the Finance Department for payment.

2. The Finance Department shall process the payment and the purchase order will be closed upon receipt of the final approved invoice.

3. Invoices received that do not require a purchase order will be submitted to the Finance Department with the correct account code and signature authorization.
Appendix E
Procedures for Acquiring Professional Services

The City will enter into contracts with any specially trained and experienced person, firm, or corporation for special services and advice in financial, economic, accounting, engineering, legal or administrative matters. The selection of professional services must be based upon the demonstrated competence and on the professional qualifications necessary for the satisfactory performance of the services required.

It is the policy of the city to use professional and other contract services whenever it is in the City's best interests. This may be when a project requires particular expertise, time and/or resources beyond those available within the City organization, or if a project is of a limited duration and not warranting permanent staff.

PROCEDURE: A. The Departments shall maintain a bidder's list for contracts.

B. PURCHASING BY FORMAL COMPETITIVE BID:

C. PURCHASING BY INFORMAL COMPETITIVE BID:

1. The Department Director or designee shall solicit written or verbal bids from a reasonable number (typically three) of suppliers for all expenditures in excess of $15,000, but not in excess of $25,000. Comparison of equipment or supplies by catalogue, via the internet or published price lists is also acceptable. Selection may be based on any and all of the criteria mentioned in the discussion of the lowest responsible bidder in the formal bidding process (See A. 5. above).

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Appendix E
Procedures for Acquiring Professional Services

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Appendix E
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Appendix E

Procedures for Acquiring Professional Services

The City Manager’s Office will conduct interviews of candidates submitting proposals. Recommendations for contracts of $25,000 or more are required to be presented to the City Council for final selection.

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1. Professional firms providing engineering, land surveying, transit, planning, environmental, auditing, landscape architecture, or other services may be retained on a continuing basis to provide professional services. The Department Head, with the approval of the City Manager, may contract on a project-by-project or retainer basis for additional work or services without going through the RFP and selection process.

2. At least every three years these continuing services arrangements shall be reviewed and every effort shall be made to receive proposals from at least three
Appendix E
Procedures for Acquiring Professional Services
consultants to perform these same services. This is to ensure that the City is receiving the best value in their services.

3. Exceptions are Recreation contracts should (1) use the Recreation Contract - Short Form template for all instructor contracts and, (2) use the Professional Services Agreement Template-limited insurance format for Professional Services Contracts under the $25,000 bid requirement limit. Both files are available at: K:General/CitywideForms/ContractTemplates.
Agreement. Seller/Contractor agrees that the only terms and conditions that are applicable to this Purchase Order are those issued by the City of Richmond (City) and no other terms and conditions shall be binding upon the parties. Any additional or different terms or conditions offered by the Seller/Contractor are hereby rejected. If a court of competent jurisdiction holds any part of this Purchase Order invalid, the balance shall retain its full force and effect. This purchase order, and any additional documents incorporated herein by reference, set forth the entire agreement between Seller/Contractor and City.

Arbitration. Any controversy or claim arising out of or relating to this Purchase Order, or the breach thereof, shall be settled by arbitration in accordance with the Rules of the American Arbitration Association, and judgment upon the award rendered by the Arbitrator(s) may be entered in any Court having jurisdiction thereof. Any Arbitration award may make the cost of the arbitration a charge against either or both parties, and may determine and fix a reasonable attorney’s fee to be paid the prevailing party.

Artwork, Designs, etc. (a) Upon completion or cancellation of this Purchase Order, Seller/Contractor shall return all designs, drawings, and blueprints (Artwork) that are furnished by the City for the production of the goods. Artwork shall not be used by the Seller/Contractor in the production of materials for any third party without express written consent of the City. Artwork involves valuable property rights of City and shall be held confidential by Seller/Contractor. (b) Unless otherwise agreed herein, at its own cost Seller/Contractor shall supply all materials, equipment, tools and facilities to perform the work described herein. Any materials, equipment, tools, artwork, designs, or other properties furnished by City or specifically paid for by City shall be City’s property. Any such property shall be used only in filling Purchase Orders from City and may on demand be removed by City without charge. Seller/Contractor shall use such property as its own risk and shall be responsible for all loss of or damage to the same while in Seller/Contractor’s custody. Seller/Contractor shall at its cost store and maintain all such property in good condition and repair. City makes no warranties of any nature with respect to any property it may furnish to Seller/Contractor hereunder.

Assignment. Seller/Contractor shall not delegate or subcontract any duties or assign any rights or claims under the purchase order without City’s prior written consent.

Authorized Distributor. Seller/Contractor shall be an authorized distributor of the product he sells or he must be able to show substantial evidence that the product manufacturer will honor the manufacturer’s warranty of the product when purchased by the City from the Seller/Contractor. The City reserves the right to cancel this Purchase Order if the manufacturer refuses to honor the product warranty.

Backorders & Product Substitution. The Seller/Contractor shall not backorder any item without first requesting authorization from the buyer nor make any product substitution without prior written authorization from the Purchasing Division.

Changes in Contract/Purchase Order. It is mutually understood and agreed that no alteration or variation of the terms of this Purchase Order shall be valid unless made in writing and signed by the City, and that no oral understandings or agreements not incorporated herein, and no alterations or variations of the terms hereof unless made in writing between the parties, shall be binding. The City will not compensate Seller/Contractor for goods not authorized by written Change Order. The City shall have the right to revoke, amend, or modify this Purchase Order at any time by issuance of a written Change Order. Seller/Contractor’s failure to respond within ten (10) days to a written Change Order shall constitute Seller/Contractor’s acceptance of the change without price or other adjustment.

Compliance with Laws – Goods and Services. All goods and services shall comply with all current federal, state, and other laws relative thereto, including but not limited by those specified by the California Occupational Safety and Health Act (Cal-OSHA). Seller/Contractor further agrees to indemnify, defend and hold the City harmless for any failure to so conform. If, in connection with the specified goods, Seller/Contractor is required to comply with the Occupational Safety and Health Act’s hazardous communications standard, SELLER/CONTRACTOR SHALL PROVIDE COPIES OF APPLICABLE MATERIAL SAFETY DATA SHEETS (MSDS) AT THE TIME OF DELIVERY OF THE GOODS.

Default by Seller/Contractor/Breach of Contract. The City reserves the right to cancel at any time, any or all items not delivered as directed and within the time specified. In case of default by Seller/Contractor, the City may procure the goods or services from any source available and may charge the difference between the price named in the Purchase Order and the actual cost thereof to the Seller/Contractor. Prices paid by the City shall be considered the prevailing market price at the time such purchase is made.

Delivery - Time is of the Essence. Time is of the essence of this Purchase Order and failure to deliver the goods or services specified herein shall be a material breach of this Purchase Order. If Seller/Contractor cannot deliver the goods within the specified time, Seller/Contractor shall promptly notify City of the earliest possible date for delivery. Notwithstanding such notice, City may terminate this Purchase Order or any part thereof without liability except for goods previously delivered and accepted. City’s receipt or acceptance of all or part of a nonconforming delivery shall not constitute a waiver of any claim, right or remedy City has under this Purchase Order or applicable law.

F.O.B. Point and Title. The F.O.B. point for this Purchase Order shall be “F.O.B. Destination” unless otherwise shown on the face of this purchase order. Except as otherwise expressly provided herein, title to and risk of loss on all items shipped by Seller/Contractor, or his agent, shall pass to the City upon the City’s inspection and acceptance of such items at the City’s premises. Supplier warrants that all articles, materials, and work are free and clear of all liens and encumbrances whatsoever, and that Supplier has a good and marketable title to same, and Seller/Contractor agrees to hold City free and harmless against any and all claims to said article, material, or work. Transportation charges shall be prepaid by the Seller/Contractor and added to the invoice. THE ORIGINAL FREIGHT BILL MUST BE ATTACHED TO THE SHIPMENT. No charges for transportation, containers, packing, handling, or inside delivery will be allowed unless specifically stated in the purchase order.

Force Majeure. Neither party to the Purchase Order shall be held responsible for delay or default caused by fire, riot, acts of God, and/or war which is beyond that party’s reasonable control. City may terminate the purchase order upon written notice after determining such delay or default will reasonably prevent successful performance of the Purchase Order.

Hold Harmless. Seller/Contractor shall indemnify, defend, and hold harmless the City, and its officers, officials, employees and agents, from and against any and all claims asserted, liability, loss damage, expense, costs, including without limitation costs and fees of litigation, of every nature arising out of, directly or indirectly, in connection with this Purchase Order or the acts or omissions of Seller/Contractor, Seller/Contractor’s subcontractors, employees, representatives, agents and invitees including, but not limited to, performance of the work hereunder or failure to comply with any of the obligations contained herein, except such loss or damage which was caused by the established active negligence of City or the established sole negligence or willful misconduct of City, its officers, officials, employees and agents. Said indemnification and hold harmless provisions shall be in full force and effect regardless of whether or not there shall be insurance policies covering and applicable to such liability, loss, damage, expense or cost. The Seller/Contractor agrees that the use of any and all public streets and improvements that are part of or subject to this Purchase Order shall be at all times, prior to final acceptance by the City, the sole and exclusive risk of Seller/Contractor. The Seller/Contractor further specifically agrees that he shall indemnify and hold City free of any liability for any accident, loss or damage to the work that is the subject of this Purchase Order prior to its completion and acceptance by the City.

Inspection, Testing, & Approval. Goods shall be received subject to City inspection, testing, approval, and acceptance at City premises notwithstanding any prior payment for such goods. Goods rejected by City as not conforming may be returned to Seller/Contractor at Seller/Contractor’s risk and expense, and shall not be replaced by Seller/Contractor without written authorization from City. Substitutions are not permitted except upon specific written authorization of City.

Insurance. When specified herein and/or when specified by bid or quote documents that are incorporated herein by reference, maintenance of required insurance coverage is a material element of this Purchase Order and failure to maintain or renew coverage or to provide evidence of renewal shall be a material breach of this Purchase Order.

Invoice. Seller/Contractor shall bill the City in arrears after goods have been shipped and work has been performed. Invoice each purchase order separately, and the purchase order number must appear on all invoices and packing slips. Items on this purchase order must not be billed with those on other purchase orders. Goods, except for commodities, shall be itemized as shown on this Purchase Order, and tax must be shown as a separate line item. Out-of-state Seller/Contractors must indicate their State of California Use Tax Permit number when collecting tax. Mail one original invoice to: City of Richmond, Accounts Payable, P.O. Box 4046, Richmond, CA 94804.

Law and Venue. This Purchase Order has been negotiated and executed in the state of California and shall be governed by and construed under the laws of the state of California. In the event of any legal action to enforce or interpret this agreement, the sole and exclusive venue shall be a court of competent jurisdiction located in Contra Costa County, California, and the parties hereto agree to do hereby submit to the jurisdiction of such court, notwithstanding Code of Civil Procedure section 384.

Material Safety Data Sheets. Seller/Contractor shall conform to California Labor Code Section 6360 and Title 8 C.C.R., Sections 330 and 5194 and submit Material Safety Data Sheets with orders of hazardous substances.

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City of Richmond
Purchase Order Terms and Conditions

Packaging, Packing Materials, And Manner Of Shipping. Goods shall be packaged, marked, and otherwise prepared for shipment by Seller/Contractor in suitable containers, in accordance with sound commercial practices. Due to environmental and solid waste considerations, the City of Richmond will not accept Polystyrene pellets as packing material. DO NOT SHIP GOODS USING POLYSTYRENE PELLETS. Alternate vendors will be sought to replace companies violating this policy.

Packaging Slip. All shipments of goods shall be accompanied by a packing slip identifying the Seller/Contractor and describing the goods and quantity shipped.

Patent Indemnity. Seller/Contractor agrees to hold harmless and fully indemnify the City of Richmond, its officers, agents, servants, and employees from all damages or claims for damages, and costs or expenses in law or equity, including costs and expenses incurred, for the use of any invention or discovery and for the infringement of any Letters Patent, not including liability arising pursuant to Section 183 U.S. Code, Title 35 (1952), prior to issuance of Letters Patent, occurring in the performance of this order or arising by reason of the use or disposal by or for the account of the City of items manufactured or supplied under this Purchase Order.

Payment. Payment terms for this Purchase Order shall be net 30 days unless otherwise specified herein.

Payment Terms. Payment terms shall be net thirty-(30) days from the date of receipt of invoice or acceptance of goods, whichever occurs last. If City is entitled to a cash discount, the period of computation shall commence on the date of receipt of invoice or acceptance of goods by City, whichever occurs last. Delay caused by correction of errors and omissions shall extend the discount period and shall be just cause for withholding settlement without loss of cash discount by City. City may set off any amount owed by Seller/Contractor to City against any amount owed by City to Seller/Contractor under the Purchase order. City shall endeavor to pay each invoice within thirty-(30) days, but shall not be responsible to Seller/Contractor for additional charges, interest, or penalties due to failure to pay within that period.

Permits, Licenses, and Other Requirements. (A) Seller/Contractor shall comply with all applicable existing and future governmental laws, municipal ordinances, codes, rules, regulations, programs, plans and orders in the performance of the Purchase order. (B) Seller/Contractor shall be in full compliance with all permit or licensing requirements in connection with the manufacture, sale, shipment, and/or installation of the goods specified in the Purchase order.

Prices. All prices shall be as stated in the Purchase order and are firm and not subject to escalation.

Quantities. Seller/Contractor shall deliver the exact quantities specified in the purchase order. City reserves the right to reject incomplete deliveries and to return at Seller/Contractor’s risk and expense excess quantities delivered.

Rejection Of Disclaimers Of Warranties. THE CITY OF RICHMOND REJECTS ANY DISCLAIMER BY SELLER/CONTRACTOR OF ANY WARRANTY, STANDARD, IMPLIED OR EXPRESS UNLESS SPECIFICALLY AGREED TO ON THE FACE OF THIS PURCHASE ORDER, INCLUDING WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE.

Severability. If any provision of the Purchase order is declared by a court to be illegal or in conflict with any law, the validity of the remaining terms and conditions shall not be affected; and the rights and obligations of the parties shall be construed and enforced as if the Purchase order did not contain the particular provision held to be invalid.

Shipping and Handling Charges. No shipping, transportation, or handling charges shall be allowed unless specified on the face of this Purchase Order (see “FOB Point and Title” above).

Taxes. This Purchase Order is subject to California Sales Tax. The City is exempt from Federal Excise Tax and will provide an exemption certificate upon request.

Termination for Convenience. The City reserves the right to terminate this Purchase Order WITHOUT CAUSE at any time, unless otherwise specified.

Termination for Default. In addition to any other remedies or rights it may have by law, the City may by written notice terminate this Purchase Order immediately and without penalty for Seller/Contractor’s DEFAULT, in whole or in part, at any time, if Seller/Contractor refuses or fails to comply with the provisions of this Purchase Order, or so fails to make progress as to endanger performance and does not cure such failure within a reasonable period of time, or fails to make deliveries of the materials or supplies or perform the services within the time specified or any written extension thereof. In such event, the City may purchase or otherwise secure materials, supplies, or services and, except as otherwise provided herein, Seller/Contractor shall be liable to the City for any excess costs occasioned by the City of Richmond thereby.

(No) Waiver. Failure of City to enforce any provision of the Purchase order shall not constitute a waiver or relinquishment by City of the right to such performance in the future nor of the right to enforce any other provision of the Purchase order.

Warranties. In addition to any other express or implied warranties, Seller/Contractor warrants that all goods delivered under this Purchase Order will be (1) new, suitable for the use intended; (2) of the grade and quality specified; (3) free from all defects in design, material and workmanship; (4) in conformance with all samples, drawings, descriptions and specifications furnished by City; and (5) in compliance with all applicable federal, state, and local laws and regulations. These warranties shall not be deemed to exclude Seller/Contractor’s standard warranties or other rights or warranties that City may have or own. At its expense and option, Seller/Contractor shall replace or repair any goods not conforming to the foregoing warranties. If, after notice, Seller/Contractor fails promptly to replace or repair any such goods, Seller/Contractor shall promptly refund to City the full purchase price paid by City for such goods.

ADDITIONAL TERMS & CONDITIONS SPECIFIC TO THE PURCHASE OF SERVICES

Business License. Seller/Contractors with Purchase Orders in excess of $5,000 are required to have a City of Richmond Business License through the term of the Purchase Order.

Changes In Work. Seller/Contractor shall perform no extra or additional work, alter, or deviate from the work specified in this Purchase Order except by written order of the City. Seller/Contractor will not be paid for work to which City has not agreed in advance in writing.

Independent Seller/Contractor. Seller/Contractor shall be considered an independent Seller/Contractor and not an agent or an employee of the City. The Seller/Contractor does not qualify for workers’ compensation or other fringe benefits of any kind. The Seller/Contractor is responsible for paying all required state and federal taxes.

Insurance. Seller/Contractor shall comply with the insurance requirements as specified in the written Purchase Order or agreement between City and Seller/Contractor. If no such Purchase Order or agreement exists, then the following insurance requirements shall apply: Seller/Contractor shall maintain for the term of this Purchase Order at its own expense insurance as follows: (A) Workers’ Compensation and Employer’s Liability Insurance as required by the State of California; and (B) General Liability and Auto Insurance as shall protect Seller/Contractor, City, its officials, officers, directors, employees, and agents from claims which may arise from work performed under the Purchase Order, whether such work is performed by Seller/Contractor, by City, its officials, officers, directors, employees, or agents or by anyone directly or indirectly employed by either. The amount of insurance shall not be less than the following: Single limit coverage applying to bodily and personal injury liability and property damage not less than one million dollars ($1,000,000). The liability insurance shall include, but shall not be limited to:

1. Protection against claims arising from bodily and personal injury and damage to property, resulting from Seller/Contractor’s operations, and use of owned or non-owned automobiles. (2) Coverage on an “occurrence” basis. (3) Broad form property damage liability. Deductible shall not exceed $5000 without prior written approval of the City. (4) Notice of cancellation to City at least thirty-(30) days before the cancellation effective date.

(C) The following endorsements shall be attached to the liability insurance policy:

1. The policy shall cover complete contractual liability. Exclusions of contractual liability as to bodily injuries, personal injuries, and property damage shall be eliminated. (2) The City, its officers, agents, and employees shall be named as Additional Named Insured with respect to the work to be performed under the Purchase Order. (3) The coverage shall be primary insurance so that no other insurance affected by City will be called upon to contribute to a loss under this coverage.

Non-Discrimination. Seller/Contractor shall strictly adhere to all state and federal laws with respect to discrimination in employment and shall not discriminate against any individual based on race, color, religion, gender, sexual orientation, marital status, national origin, age or disability.

Prevailing Wages. Pursuant to provisions of Section 1770, et seq. of the Labor Code of the State of California, for all public works Purchase Orders, Seller/Contractor shall pay its employees the general prevailing rate of wages as determined by the Director of the Department of Industrial Relations. In addition, Seller/Contractor shall be responsible for compliance with the requirements of Section 1775.5 of the California Labor Code relating to apprentices on public works Purchase Orders. A copy of the prevailing wages to be paid by Seller/Contractor is on file with the City Clerk.

Subcontractors. Seller/Contractor shall perform the work with its own employees under its immediate supervision. Unless approved by City in advance in writing, Seller/Contractor shall not subcontract any portion of the work.

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City of Thousand Oaks

Purchase Order
Terms & Conditions

In consideration of the issuance of this Purchase Order by the City Purchasing Officer and acceptance thereof by the Vendor, it is agreed:

1. The Vendor shall furnish to the City the labor, materials, equipment, or supplies described in the Purchase Order on the reverse side hereof;

2. The City shall pay to the Vendor the price or prices specified in the Purchase Order upon delivery of the materials, equipment, or supplies and acceptance thereof by the City Purchasing Officer, or upon the completion of the work to be performed and the acceptance thereof, as specified in the Purchase Order;

3. On the date of shipment, mail invoices (in triplicate) to the City and reference the department indicated at the top of the Purchase Order. If invoices subject to cash discount are not mailed on the date of shipment, discount period will be calculated from the date the invoice is received;

4. If the Purchase Order is continuing in nature, the City shall pay to Vendor after the close of each calendar month the amount due Vendor for material, equipment or supplies furnished, or work completed and accepted, as herein provided, during the proceeding calendar month;

5. The Vendor shall deliver the materials, equipment, or supplies or cause the work to be performed, within the time and in the manner specified in the Purchase Order. The Vendor may, at City discretion, be excused in performance for delays resulting from causes beyond the control of the Vendor, only if the Vendor gives the City Purchasing Officer prompt notification of such delays and the reason for same on or before the time set for performance;

6. The City will not be bound in any manner for goods delivered or services rendered except on the basis of this order and all conditions contained herein;

7. Goods delivered or services rendered must be strictly in accordance with bid or quotation referred to, and shall not deviate in any way from the terms, conditions, or specifications of the bid or quotation;

8. By accepting this order, the Vendor understands and agrees that any terms and conditions contained on Vendor’s acknowledgement or other forms that are in conflict with those contained herein are null and void;

9. No substitution, changes, or deviations shall be made without a formal written change order from the City Purchasing Officer. Do not fill order if unable to fill exactly as written;
10. In the event of the adjudication of Vendor, a bankruptcy, or the filing of any petition by or against Vendor, under the federal bankruptcy laws or the laws of any state or territory relating to the relief of debtors, for reorganization, arrangement, or other similar relief provided therein, unless such petition filed against Vendor is dismissed within thirty (30) days, or the making by Vendor of a general assignment for the benefit of creditors, the City shall have the right, in its sole discretion, to reduce the quantities of goods or services to be provided hereunder and to cancel this and any or all other orders or contracts between Vendor and the City;

11. All blueprints, drawings, dyes, patterns, tools, etc., prepared or constructed by Vendor and paid for by the City of Thousand Oaks shall be the property of the City of Thousand Oaks, and upon completion of deliveries under this order, or in case of cancellation of this order for any reason, Vendor agrees to deliver the City of Thousand Oaks all blueprints, drawings, dyes, patterns, tools, etc., which may have been either furnished or paid for by the City;

12. In the event work is performed, or labor furnished to the City under this Purchase Order, Vendor shall defend, indemnify, and save harmless the City, its officers and employees, from and against any and all liability, claims, cost, loss, or expense arising out of or connected with or attributable to any work performed under this Purchase Order, Vendor shall obtain and keep in full force and effect during the performance of any work herein a policy of Public Liability and Property Damage Insurance, issued by a company authorized to transact business in the State of California, in an amount not less than:

- $1,000,000 – General Personal Injury, Property Damage Liability, Automobile Liability, each Claimant
- $1,000,000 – Each occurrence for the injury or death of a person, or persons, and property damage (which policy may have an aggregate annual limit, but in an amount of no less than $2,000,000)