

City of Commerce

Purchasing Policy



I. Purpose

The purpose of this policy is to establish uniform purchasing procedures to ensure the efficient and cost-effective procurement of equipment, materials, supplies, and services for the City of Commerce, while maintaining transparency, competition, and fiscal accountability. This policy outlines authority thresholds, requirements for professional service procurement and general purchases, sole source procedures, use of cooperative agreements, public works projects, change orders, and agreement requirements and procedures.

II. Purchasing Authority

- **Department Head Purchasing Authority:**

Department Heads are authorized to approve purchases of goods and services up to \$10,000 per vendor, per fiscal year, provided that the expenditure has been appropriated in the budget and conforms to all applicable laws and policies. *Per the City's Municipal Code (3.16.030), departments are required to provide periodic reports (interpreted as monthly in this policy) of all purchases and contracts made under the authorization of the department heads.*

- **City Manager Purchasing Authority:**

The City Manager is authorized to approve purchases of goods and services up to \$50,000 per vendor, per fiscal year, provided that the expenditure has been appropriated in the budget and conforms to all applicable laws and policies.

- **City Council Approval Required:**

All purchases, contracts, or agreements exceeding \$50,000 must be approved by the City Council.

III. Procurement of Professional Services and General Purchases

To promote fair competition and transparency in the selection of consultants, contractors, and vendors, the following requirements apply to the procurement of professional services (including but not limited to engineering, legal, financial, planning, architectural, and consulting services) and general equipment and supplies:

- **Less than \$10,000** – Prudent judgment required and competitive bidding to be used whenever practical. Services are contracted by the department head and approved by the Finance Director or his/her designee. Per the City's Municipal Code (3.16.100), any purchase of supplies and equipment of a value in excess of five thousand dollars (\$5,000) requires a formal written contract/agreement. As such, any purchase of supplies or contracting of services in excess of \$5,000 will require a written agreement even when the cost of the supplies or service is under the department head authority.
- **\$10,001 to \$50,000** – Department solicits at least three (3) informal quotes. Services are contracted by the department head and approved by the City Manager.
- **\$50,001 to \$99,999** – Department solicits at least three (3) written proposals. Services are



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recommended by the City Manager and approved by the City Council.

- **\$100,000 to \$220,000** – A Formal Request for Proposal (RFP), Request for Qualifications (RFQ), or Invitation for Bid (IFB) is required, unless waived by the City Manager for documented reasons. Services are recommended by the City Manager and approved by the City Council.
- **Greater than \$220,000** – A Formal Request for Proposal (RFP), Request for Qualifications (RFQ), or Invitation for Bid (IFB) is required and must follow the formal bid procedures as outlined below. Services are recommended by the City Manager and approved by the City Council. For multi-year agreements, the total contract value (including any extensions, renewals, or amendments) shall be used to determine whether thresholds are exceeded.
- **Exceptions:** The City Manager may waive the requirement to issue an RFP in cases of emergency, sole-source justifications, or time-sensitive needs, provided there is written justification. Contracts or purchases cannot be split to avoid the established thresholds. The thresholds are applied on a cumulative basis per vendor, per fiscal year.

Certain professional services are deemed ‘sensitive services’ due to the potential for significant legal, financial, operational, or public trust impacts. Regardless of the dollar amount, these services may require competitive selection, as determined by the City Manager. Sensitive services include but are not limited to: legal counsel and litigation support, external auditors, investment and banking services, cybersecurity and enterprise IT services, construction management and inspection, geotechnical and environmental testing, traffic engineering, CEQA environmental consultants, labor negotiators, workers’ compensation or claims administration, risk management consultants, and program administration involving public safety or housing compliance.

As a best practice, the City will generally issue RFPs for ongoing services every five (5) to seven (7) years. However, if an RFP has already been issued for a service within the five to seven year timeframe, a new RFP is not required unless circumstances warrant one.

A change or cumulative changes to a Professional Services/Consultant Agreement within a given fiscal year, up to the City Manager’s authority of \$50,000, may be approved at the discretion of the City Manager. Any changes that cause the contract price to exceed the City Manager’s authority shall be processed for City Council approval, and work created by such changes shall not commence until City Council approval is obtained.

A change or cumulative changes to a Professional Services/Consultant Agreement that has already been approved by the City Council, up to a maximum of 10% of the original contract amount may be approved by the City Manager. Any changes that exceed the 10% of the awarded contract amount will require City Council approval, and work created by such change shall not commence until City Council approval is obtained.

For every professional services contract exceeding \$50,000, staff shall prepare a written selection memorandum documenting the vendors contacted, proposals received, evaluation criteria, and



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justification for the award recommendation. This documentation shall be maintained by the Finance Department for transparency and audit purposes.

Formal Bid Procedures:

The purpose of the formal bid procedure is to outline the specific circumstances under which the city will issue an RFP/RFQ/IFB to address a service need, as required by the requesting department. All general purchases and professional services greater than \$220,000 require a formal bidding process and some general purchases or professional services under the threshold may still be required to issue an RFP/RFQ/IFB, as determined by the City Manager. Per the California Public Contract Code, public works projects greater than \$220,000 require a formal bidding process.

The RFP/RFQ/IFB process is designed to meet the following goals: develop a wider pool of qualified vendors, ensure cost-effectiveness, ensure that current and potential providers have an equal opportunity to provide the services, and to bring consistency to the city's procurement efforts.

The procedures are as follows:

- The requesting department will initiate the formal bid process by working with the Finance Department to develop and issue a formal RFP/RFQ/IFB in which the item(s), service(s), and/or equipment solicited is distinctly described. All applicable special licensing requirements and bid deadlines need to be clearly outlined in the document, along with a Scope of Work.
- The Finance Department will advertise the RFP through the City website and other procurement advertising services.
- A minimum of three (3) qualified proposals must be solicited, when feasible.
- When an RFP/RFQ is used, a selection committee shall evaluate the proposals based on several criteria including qualifications, experience, cost, and other relevant criteria, when feasible.
- When an IFB is used, the selection will go to the lowest responsible bidder (i.e., construction projects, equipment, and office or maintenance supplies).

IV. Sole Source Procedures

Sole source purchases refer to situations where a specific individual or vendor is selected to provide materials or professional services without undergoing a competitive bidding process. There are certain circumstances that can lead to sole source purchases including but not limited to: a particular vendor is the only known qualified provider for the required service due to the uniqueness of the item, proprietary software, patents or copyrights, the vendor is the only one which supplies the



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good or service, or due to time constraints when there is an urgent need for a product or service and when a delay from the competitive process would result in a detrimental impact to the city.

Below are the procedures to be followed for sole source procurement situations:

- The requesting department shall complete and provide to the Finance Department a Sole Source Form. The form will be made available to all staff.
- The requesting department shall check off the appropriate sole source description on Section I Part A of the Commerce Sole Source Form.
- The requesting department shall provide justification and explanation on Section I Part B of the Commerce Sole Source Form.
- Once the Commerce Sole Source Form is complete and signed by the department head and approved by the Finance Director, the form will be filed, attached, and uploaded to the requisition.

V. Cooperative Agreements

Cooperative contracts or agreements are made between government entities in order to lower costs of procuring goods and services that multiple government entities commonly need.

The city can utilize an active agreement from another agency that has been formally solicited by a Cooperative/Consortium in which the City of Commerce is an active member. A Cooperative/Consortium is an association of two or more companies, organizations or governments with the objective of participating in a common activity or pooling of their resources to achieve a common goal. Cooperative/Consortium procurement agreements are usually based on the combined requirements of multiple organizations.

By utilizing a Cooperative/Consortium agreement, the city can gain an economy of scale advantage, lower administrative costs, obtain higher quality products/services, standardize products, increase competition, and obtain more favorable terms and conditions.

Prior to using a Cooperative/Consortium agreement, attention should be given to ensuring legal compliance, open competition, and effective/efficient use of time and resources. Dependent on need, proper procedures and protocol for utilization of a Cooperative/Consortium agreement will be based on approval thresholds as outlined in this policy.

The use of cooperative agreements must comply with the originating agency's bid and procurement process and must maintain documentation showing the agreement was competitively procured. If Council approval is required, appropriate agreement and agenda item will be created and presented to the Council for approval.

As a best practice, the use of Cooperative/Consortium procurement agreements will be determined on a case-by-case basis, and only after proper due diligence has been carried out.



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Authorized purchasing cooperative contracts for use by the City of Commerce may include but not limited to the following:

- OMNIA Partners
- The Cooperative Purchasing Network (TCPN),
- Sourcewell Contract
- The Interlocal Purchasing System (TIPS)
- NASPO ValuePoint Cooperative
- GSA Multiple Award Schedules (MAS) Contracts
- Other State cooperative agreements

VI. Public Works Projects

The California Public Contract Code (PCC) sections 20160 to 20175 govern how and when contracts for public works projects (i.e., projects to improve infrastructure, buildings, and other capital assets of the City) are to be advertised, put out to bid, and awarded. In addition, the city, back in 2021, opted

in to the Uniform Public Construction Cost Accounting Act (“UPCCAA”), which streamlined the process for smaller public works projects by adjusting the monetary thresholds and introducing informal bidding for projects within certain monetary limits. This policy not only adheres to the PCC but also memorializes the practice.

The following requirements apply to public works projects per the PCC section 22032:

- **Less than \$75,000** – Prudent judgment required and competitive bidding to be used whenever practical. Services are contracted by the department head and approved by the Finance Director or his/her designee. *Per the City’s Municipal Code (3.16.100), any purchase of supplies and equipment of a value in excess of five thousand dollars (\$5,000) requires a formal written contract/agreement.*
- **\$75,001 - \$220,000** – Must follow informal procedures as outlined in the PCC section 22034. Services are contracted by the department head and approved by the City Manager.
- **Greater than \$220,000** – A Formal Request for Proposal (RFP), Request for Qualifications (RFQ), or Invitation for Bid (IFB) is required and must follow the formal bid procedures as outlined in this policy. Services are recommended by the City Manager and approved by the City Council.

The above threshold amounts are subject to change, as amended by the state legislature.

VII. Change Orders

Changes to contracts/purchase orders require the department to submit a Change Order request and attach all supporting documentation to process the change. Prior to submitting a Change Order request, the department is responsible for ensuring that adequate appropriations are



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available in the budget to accommodate the additional expenditure. Finance will not begin processing the requested change until the availability of funds is confirmed. If sufficient funds are not available to accommodate the additional expenditure, the Change Order request will be rejected. The department is responsible for seeking approval for additional appropriations from the City Council when adequate appropriations are not available in the budget.

Change orders up to 10% of the original contract amount and within the approved Scope of Work may be approved by the City Manager or his/her designee. Approved changes to the contract/project include any emergency work or additional work that is directly related to the completion of the original contract/project. Change orders exceeding 10% of the original contract amount requires City Council approval.

VIII. Agreement Requirements & Procedures

Per the City's Municipal Code (3.16.100), any purchase of supplies and equipment of a value in excess of **five thousand dollars (\$5,000)** requires a formal written contract/agreement. As such, all professional services and/or purchases of supplies and equipment exceeding \$5,000 must be memorialized in a written agreement reviewed by the City Attorney and signed by either the City Manager (up to \$50,000) or the Mayor (excess of \$50,000). Even when the total cost of services is under the \$5,000 threshold, the Finance Department may require a signed professional services agreement if the work involves physical activity, access to City facilities, interaction with the public, or any other element that could pose a liability concern. This ensures proper risk allocation, insurance coverage, and legal protections for both parties.

Each agreement shall include the following elements:

- Scope of Work
- Compensation terms and not-to-exceed amount
- Term and termination provisions
- Insurance requirements (as determined by Risk Management) and indemnification clauses
- Legal compliance and conflict of interest language

Each supply and equipment purchase agreement shall include the following elements:

- Clear definition of the goods being supplied, detailed specifications, quantities, and quality standards
- Pricing and payment terms
- Clear definition of delivery obligations, including timelines and methods
- Guarantees regarding product quality, performance, and compliance with specifications

No services shall commence until a fully executed agreement is in place and has been reviewed and filed with Risk Management, Finance, and the City Clerk.

Agreement Procedures

The purpose of these procedures is to establish uniform procedures for the initiation, development, review, approval, and execution of contracts and agreements entered into by the City. These procedures ensure:

- Legal and fiscal compliance
- Transparency and accountability



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- Departmental coordination
- Risk mitigation
- Timely execution

Definitions

- Agreement/Contract: A legally binding document between the City and another party for goods, services, or other purposes.
- Originating Department: The department requesting or initiating the agreement.
- City Attorney: Legal counsel responsible for reviewing and approving legal form and content.
- City Manager: The City's chief administrative officer, authorized to execute certain agreements per this Purchasing Policy.
- City Council: The governing body with authority to approve agreements exceeding \$50,000.
- Risk Management: Reviews insurance, indemnity, and liability provisions

Applicability

These procedures apply to:

- All new agreements
- Amendments, extensions, and renewals
- MOUs, leases, licenses, grant agreements, professional services, and purchase agreements

General Process Overview

Step 1: Needs identification and Planning

- Department identifies need for an agreement (i.e., service, lease, etc.).
- Preliminary scope, term, and estimated value are determined.
- Department ensures budget availability or identifies funding source.

Step 2: Drafting the Agreement

- Originating department completes a City-approved template agreement (i.e., Professional Services Agreement, MOU, Lease).
- If no template exists, the department shall work with the City Attorney to draft one.

Step 3: Internal Review Process

- Department Review – verifies need, scope, deliverables, budget
- Finance Department Review – confirm fund availability, budget coding, and purchase order process
- Risk Management Review – verifies insurance requirements, indemnity clause, and liability limits
- City Attorney Review – reviews for legal sufficiency, authority, and compliance with the Municipal Code and state law.

Step 4: Routing and Approval

- Final draft is routed using the contract routing form with all signoffs.



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- Approval thresholds:
 - \$5,000 - \$10,000: Department Head authorization
 - \$10,001 - \$50,000: City Manager authorization
 - Greater than \$50,000: City Council approval
- Council staff report prepared by department (if applicable). The staff report must have the agreement as an exhibit.

Step 5: Execution and Signature

- Once approved, the agreement shall be signed in the following order:
 - Other Party
 - City Representative (City Manager or Mayor, depending on delegation)

Step 6: Distribution and Recordkeeping

- Final fully executed agreement distribution:
 - Original to the City Clerk (official record)
 - Copies to originating department, Finance, and City Attorney
- City Clerk logs the contract into the contract database

Amendments, Renewals, and Extensions

- All modifications must go through the same review and routing process.
- Amendments must clearly identify what terms are being modified and include updated insurance or scope attachments, as necessary.
- Amendments are still subject to the original contract thresholds, unless additional amount has been approved by the City Council.

Compliance and Monitoring

- Departments are responsible for:
 - Monitoring deliverables and deadlines
 - Confirming vendor performance
 - Ensuring payment aligns with terms and budget
- Departments must initiate renewals or rebidding at least 60-90 days before expiration.
- Finance or the City Clerk may issue periodic reminders for expiring contracts

Emergency or Urgent Agreements

In limited circumstances, the City Manager may authorize agreements without full routing for:

- Emergency work (i.e., disaster response)
- Legal mandates
- Council-authorized exceptions

All emergency agreements must still be documented and ratified at the next available Council meeting.

Training and Implementation



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- All department heads and administrative staff will receive training on the new process.
- A procedures manual with templates, routing forms, and FAQs will be maintained by the Finance Department.

IX. Emergency Purchases

In case of emergency where immediate procurement is necessary to protect public health, safety, or critical infrastructure, the City Manager may waive normal purchasing procedures. Emergency purchases must be documented and submitted for ratification at the next City Council meeting.

X. Conflict of Interest and Ethics

All City employees and officials involved in procurement must avoid conflicts of interest, comply with the Political Reform Act, and uphold the highest standards of integrity and impartiality. No contract may be awarded to any party in violation of Government Code § 1090 or applicable ethics laws.

XI. Policy Review and Updates

This policy shall be reviewed periodically and may be amended by resolution of the City Council.

