



City of Alameda Purchasing Policy

February __, 2025 version (replacing March 1, 2023 version)

Approved by City Council on _____.

I. OVERVIEW

A. Purpose

This Purchasing Policy governs purchases by the City of Alameda. This policy is not intended to address every issue that may arise in connection with a City purchase – specific questions should be directed to the City Manager’s Office, City Attorney’s Office, or Finance Department as appropriate. However, City staff must always make best efforts to exercise good judgment in the use and stewardship of City resources; act with integrity and fairness; follow sound business and ethical practices that adhere to all applicable federal, state, and City purchasing requirements; and comply with the directions and budgetary authority of the City Council.

B. Scope

All City departments, staff, and agents must comply with this Purchasing Policy when making purchases on behalf of the City. No purchase shall be made without an authorized purchase order or contract as applicable. Otherwise, such purchases are void and not considered an obligation of the City of Alameda. Purchases made “after the fact” for materials already ordered or services already provided are strongly discouraged. The person executing the unauthorized purchase may be held personally liable for the costs of the purchase.

Purchase orders may be used for purchases of \$5,000 or less. Any purchase for more than \$5,000 shall use a City contract template and be approved by the City Attorney’s Office.

Purchases of materials and services for use on City construction projects are subject to the California Uniform Public Construction Cost Accounting Act (CUPCCAA) and are covered in the **Construction Projects** section below.

Purchases of materials and services for use on “regular” (i.e., not construction) projects are covered in the **Materials and Services** section below.

Purchases of professional services (i.e., architectural, landscape architectural, engineering, environmental, land surveying, or construction project management services; or special services and advice in financial, economic, accounting, engineering, legal, or administrative matters) are covered in the **Professional Services** section below.

C. Role of the Finance Department

The City’s Finance Department has primary authority over all City purchases, pursuant to the purchasing rules set forth in this Purchasing Policy, the Alameda City Charter, the Alameda Municipal Code, other applicable local, state, and federal laws, and direction from City Council.

In order to assist the Finance Department, City staff should make best efforts to stay in regular communication with Finance regarding significant purchases, provide information to Finance upon request, follow Finance’s purchasing directions consistently, and submit questions about specific purchases earlier rather than later in the purchasing process.

D. Purchasing Thresholds

Consistent with Article I of the City Charter, the City’s purchasing power originates with the City Council. The City Council delegates purchasing authority to City staff, as set forth below. Depending on their job classifications, City staff are authorized to make purchases on behalf of the City in the following amounts, unless otherwise directed by the City Council:

<u>Approver</u>	<u>Purchasing Authority</u>
City Council	Unlimited
City Manager/City Attorney or designee	\$75,000 (except: \$220,000 for construction agreements, and up to budget authorization for essential services)
Assistant City Manager	\$25,000
Director of Finance	\$75,000 (services) \$25,000 (materials/supplies)
Department Heads	\$25,000
Division Managers	\$10,000
Supervisors	\$5,000
Executive Assistants or similarly-ranked staff	\$1,000

Notwithstanding the above, the City Attorney's authority to procure and authorize payment for legal services, including but not limited to services and materials provided by outside legal counsel, investigators, consultants or experts in conjunctions with claims against the City, pending or anticipated litigation, or other administrative or legal proceedings, shall only be governed by Section IV(A) of the Professional Services section below unless directed otherwise by the City Council.

Also notwithstanding the above, the City Manager and the City Attorney are authorized to approve purchases in amounts higher than \$75,000 for essential services, such as utilities and insurance, because these are non-discretionary procurement costs of the City. However, before approving such purchases the City Manager/City Attorney shall ensure that sufficient funds for such purposes have been authorized by the City Council.

E. All Costs are Inclusive

Every dollar amount specified in this Purchasing Policy must be interpreted as fully inclusive of all costs associated with the procurement, e.g., sales tax, shipping and handling, etc. It is each department's responsibility to know all costs that may be associated with a given purchase and include them in the final purchase amount. For example, if a piece of equipment costs \$24,000 but an additional 5% sales tax will be imposed, then the final cost will be more than \$25,000 and all therefore all requirements for purchases of more than \$25,000 must be followed for that purchase.

II. CONSTRUCTION PROJECTS

A. Overview of Construction Projects

The City has adopted the California Uniform Public Construction Cost Accounting Act (CUPCCAA) (Public Resources Code sections 22000-22045) and in accordance with the dollar amount listed in California Public Contract Code (PCC) section 22032 (see Alameda Municipal Code § 2-61). These procedures are intended to provide uniformity of cost accounting standards for construction work performed or contracted by California public entities, and a method for the bidding of “public works” projects (as that term is defined in the PCC). **Contracts for this type of purchase are drafted on the Construction Agreement template.**

Generally, CUPCCAA permits the City to solicit bids and award contracts for construction projects as follows:

- Projects over \$220,000: formal bids
- Projects up to \$220,000: informal bids
- Projects less than \$75,000 may be performed by:
 - City employees, or
 - Negotiated contract

“Maintenance work,” as defined in CUPCCAA, is not subject to CUPCCAA bidding rules. However, please consult with the City Attorney’s Office if you have any questions about whether a given project qualifies as maintenance work.

Construction projects funded by specialized sources (e.g., federal funds) must be procured in accordance with the criteria prescribed by the funding entity.

B. Construction Projects Over \$220,000

1. Preparation of plans and specifications

The department overseeing a project estimated to cost more than \$220,000 shall prepare plans and specifications (using the City's standard forms) that will permit the widest opportunity to prospective bidders to respond to the request for bids based on the specifications. Plans and specifications for the project must be approved by the City Engineer.

The City’s Zero Waste Program requirements, and Local Preference requirements, shall be consulted and identified in specifications as applicable. Bid bonds, performance bonds, and payment bonds may be required in amounts stated in the specifications.

2. Solicitation of formal bids and proposals

Construction projects estimated to cost more than \$220,000 must be let by formal competitive bid. Notices describing the project, where to obtain more detailed information about the project, and the time and place for submitting bids shall be:

- Mailed, and faxed or emailed, to trade journals not less than fifteen (15) calendar days before the opening of the bids;
- Published in a newspaper of general circulation not less than fourteen (14) calendar days before the opening of the bids;
- Mailed, faxed, or emailed to others if necessary or desired

3. Rejection of bids

In its discretion, the City may reject all bids presented by furnishing a written notice to an apparent low bidder. The notice shall inform the bidder of the City's intention to reject the bid and shall be mailed at least two business days prior to the hearing at which the City intends to reject the bid. If so, after reevaluating its cost estimates of the project the City may opt to:

- Abandon the project;
- Re-advertise for bids; or
- Pursuant to Charter section 3-15, the City Council may, by 4/5 vote, override the requirement for bidding if it determines that the public project will be performed more economically by the City without a contract; or that materials and supplies can be purchased at a lower price in the open market; or it is required due to great necessity or emergency. Additionally, if no bids are received through the formal or informal procedure, the project may be performed by City employees by force account or by negotiated contract without further bidding.

C. Projects Between \$75,000 and \$220,000

Construction projects between \$75,000 and \$220,000 may be let by informal competitive bid procedures. Notices describing the project, where to obtain more detailed information about the project, and the time and place for submitting bids:

- Published in trade journals and mailed, faxed, or emailed to contractors on the list of qualified contractors for the category of work to be performed not less than ten (10) calendar days before bids are due;
- Mailed, faxed, or emailed to others as necessary or desired

If the informal bids received are in excess of \$220,000 then the City Council may, by a four-fifths (4/5) vote, award the contract, at \$235,000 or less, to the lowest responsible bidder if the City Council determines the City's cost estimate for the work was reasonable.

D. Project Less Than \$75,000

Procurements for projects less than \$75,000 may be made by force account or negotiated contract. Records must be kept by the City department overseeing the project of all inquiries and informal requests for quotes to substantiate the City's eventual award of the contract.

E. Contract Monitoring and Administration

The City department overseeing a project shall forward a copy of each new executed contract to the Finance Department to be retained for financial audit purposes. The department overseeing the project shall be responsible for administering the contract and supervising the work, approving progress payments, accepting the work (unless City Council acceptance is required), and authorizing payment of invoices.

The Finance Department shall process payments in accordance with the terms of the contract.

III. MATERIALS AND SERVICES

A. Overview of Materials and Services Purchases

Materials and services, other than professional services (which are discussed in the Professional Services section below), are purchased by City departments via formal or informal bids or by open market purchases. **Contracts for this type of purchase are drafted on the Service Provider Agreement template.**

City departments are authorized to solicit bids/quotations and/or award contracts for materials and services purchases as follows:

- Purchases for more than \$25,000: formal bids
- Purchases between \$10,000 - \$25,000: informal bids
- Purchases between \$1,000 - \$10,000: informal quotations
- Purchases less than \$1,000: informal bids and quotations not required

Materials and services funded by specialized sources (e.g., federal funds) must be procured in accordance with the criteria prescribed by the funding entity.

B. Solicitations of Bids and Proposals for Materials and Services

1. Purchases for more than \$25,000

Purchases of materials and services for \$25,000 and over shall be solicited by formal competitive bid. Notices describing the project, where to obtain more detailed information about the project, and the time and place for submitting bids shall be:

- Published in a newspaper of general circulation at least ten (10) days before the date of opening bid;
- Mailed, faxed, or emailed to suppliers whose names are on the bidders list; and
- Mailed, faxed, or emailed to other interested suppliers as necessary or desired.

2. Purchases between \$10,000 - \$25,000

Purchases of materials and services between \$10,000 - \$25,000 shall be solicited in writing from a minimum of three (3) suppliers.

3. Purchases between \$1,000 - \$10,000

Purchases of materials and services between \$1,000 - \$10,000 shall be solicited by obtaining informal quotations from at least three (3) suppliers. All quotes must be documented in writing by the department overseeing the project.

4. Purchases for less than \$1,000 - \$10,000

Purchases of materials and services of less than \$1,000 may be made without first obtaining bids or quotations quotes.

5. Sole Source Procurements

If limitations on the source of supply, necessary restrictions in specifications, necessary standardization, quality considerations, or other valid reasons for waiving competitive bids exist, then purchases may be made without recourse to the competitive bidding procedures of this Policy. The City department overseeing the project must obtain written approval of waiver of competitive bidding from the City Manager for sole source purchases over \$10,000; or by the Department Head for sole source purchases of \$10,000 or less; or by the City Attorney for sole source purchases by the City Attorney's Office.

IV. PROFESSIONAL SERVICES

A. Overview of Professional Services Purchases

Professional services are exempt from the procurement requirements that otherwise apply to materials and services purchases. “Professional services” refers to “private architectural, landscape architectural, engineering, environmental, land surveying, or construction project management firms” (Government Code section 4526) and “special services and advice in financial, economic, accounting, engineering, legal, or administrative matters” (Government Code section 37103). All professional services must be procured on the basis of demonstrated competence and on the professional qualifications necessary for the satisfactory performance of the services required. **Contracts for this type of purchase are drafted on the Service Provider Agreement template.**

A City department’s requisition for a professional service must be contained in the annual budget as part of a capital project or an item approved by the City Council.

Professional services funded by specialized sources (e.g., federal funds) must be procured in accordance with the criteria prescribed by the funding entity.

Professional services contracts for legal services are to be approved and signed by the City Attorney. The City Attorney is authorized to award, enter into contracts, and authorize payments for legal services, including but not limited to, services and materials provided by outside legal counsel, investigators, consultants or experts in conjunction with claims against the City, pending or anticipated litigation, or administrative or other legal proceedings. The City Attorney shall timely notify Council when costs for any particular matter or case has or is expected to exceed \$75,000, or if costs have or are expected to exceed budgeted appropriations. Sections B and C, below, shall not apply to the procurement of legal services by the City Attorney’s Office.

B. Procedures for Professional Services Purchases

Professional services purchases for more than \$75,000 must be formally advertised. A notice describing the professional service, where to obtain more information, and the deadline to submit proposals shall be:

- Published in a newspaper of general circulation fourteen (14) days before the proposal deadline;
- Mailed, faxed, or emailed to providers who have previously expressed an interest in providing professional services to the City; and
- Mailed, faxed, or emailed to other interested providers as necessary or desired

Proposals submitted by professional service providers should contain the following information:

- The experience, background, and education of the provider's principal staff, and the location(s) the provider is registered (if applicable);
- Qualifications of key personnel to be used on the project;
- Office location and space availability where work is to be performed;
- Size of organization and availability of sufficient personnel to complete project within time required.
- Name(s) of any outside consultants used, how they will be used on the project, and the qualifications of the outside consultant's principals;
- List of the provider's previous clients and similar projects;
- List of professional references; and
- Number of years the provider has performed the requested professional service.

The City department overseeing the professional service should, as appropriate, interview qualified providers that submit responsive proposals. At the interview, the services to be provided, and the proposed approach to organization, liaison, completion schedules, and other relevant items may be discussed.

The rules for sole source procurements materials and services set forth in Section III(B)(5), above, also apply to professional services.

C. Fee Negotiation

Following interviews and evaluation, the City department overseeing the professional service shall select a qualified provider and negotiate the scope of work for the service to be provided, the type of fee arrangement, and fee amount. Fee arrangements may include, but are not necessarily limited to:

- Lump sum or fixed fee
- Percent of costs of project
- Cost of services plus a fixed fee
- Per Diem or hourly basis
- Cost of services plus a percentage of cost of project
- Direct payroll costs times a multiplier to cover overhead and profit
- Retainer fees, annual or otherwise

The fee amount shall be based on the complexity of the project and the nature of the services required. In the event that a reasonable scope of work and fee arrangement cannot be reached with the first provider selected, the City department overseeing the professional service shall terminate negotiations with that provider and negotiate with an alternate provider.

D. Additional Considerations

All other factors being equal, providers whose qualifications are satisfactory, who have sufficient experience and capabilities for performing the requested services, and who have offices within the City should be given priority in being considered for employment by the City. However, it is ultimately within the discretion of the City department overseeing the work as to whether to select a professional service provider located inside or outside of the City, with high quality of services and best value for the City being the primary considerations.

The provider selected shall be of high ethical and professional standing. Where the profession is regulated by the State of California, the principal member of the provider may require registration/licensing with the state as applicable. Consultants retained by the selected professional services provider as subcontractors may also require state registration/licensing as applicable.

V. COOPERATIVE PURCHASES

The City Manager and City Attorney are authorized to enter into cooperative purchasing agreements (i.e., “piggyback”) with one or more public bodies, agencies, or other programs as appropriate, in order to take advantage of economies of scale and thereby maximize value for the City. The procurement process used by the program by must be in conformance with California law and the Alameda City Charter and Municipal Code.

VI. SUBSCRIPTION-BASED PURCHASES

Subscription-based purchases (e.g., software licenses) with regular renewals shall be made pursuant to the purchasing limits set forth in Section I(D), above. Consistent with Alameda Municipal Code section 2-59.3, any such purchase with a term longer than five years, or with total expenditures exceeding \$75,000, shall require Council authorization.

Renewals of a subscription not otherwise obligated or optioned by the initial or contract (e.g. annual discretionary renewals of a software license) shall be construed as new contracts. In such instances, purchasing limits shall be aggregated on an annual basis to determine approval authority.