

CITY OF



PURCHASING POLICIES AND PROCEDURES

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TABLE OF CONTENTS

I.	Purpose	1
II.	Scope	1
III.	Standard of Conduct	2
IV.	Authority	
	Purchasing Officer	3
	Purchasing Authority Limits	3
V.	Responsibilities	
	Purchasing Officer	4
	Finance Department	4
	Finance Committee	5
	Requesting Department	5
VI.	Process	
	Purchasing Process for Supplies and Services	6
	Purchasing Process for Supplies, Services, Materials and Equipment over \$10,000 (\$5,000 for Public Works Projects)	7
	Purchasing Process for Professional Services	8
	Purchasing Process for Public Works Projects	9
	Change Order	9
VII.	Exceptions to Standard Purchasing Procedures	
	Sole Source	10
	Open Purchase Orders (Blanket)	10
	Petty Cash	10
	Credit Card	12
	Request for Payment	13
VIII.	Unauthorized Commitments	15
IX.	Travel	
	Responsibilities	16
	Travel Authorization	16
	Records and Reimbursements	16
	Transportation Modes	17
	Lodging	17
	Subsistence	18
	Expense Advances	18
X.	Fixed Assets	19
XI.	Sale of Surplus Equipment	20
XII.	Protest Procedures	22
XIII.	Recycled Products Procurement	23
	Definitions	23
	General Policies	23



I. PURPOSE

It is the desire of the City of Yucaipa that all transactions be accomplished with the underlying premise that expending public funds is a matter of great public trust and not one to be taken lightly. Therefore, each dollar spent, by anyone entrusted with the responsibility of expending public funds, should be managed and spent with the same care that the individual would manage his/her own personal finances.

City of Yucaipa Ordinance No. 90-42 created a central purchasing system and established general rules and procedures for the purchase of supplies, services, equipment, and professional services. The purpose of creating Purchasing Policies and Procedures for the City of Yucaipa is to set forth the specific standards for processing all procurement activities. These standards are furnished to ensure that material, equipment, construction and services are obtained in a timely, efficient and economical manner, adhering to principles of good administrative practices and sound judgment.

All procurement transactions, except small purchases, regardless of whether they are by sealed bid or by negotiation and without regard to dollar value, are conducted in a manner that provides maximum free and open competition. The procurement of the City of Yucaipa needs shall be accomplished in accordance with procedures outlined in this Policy manual.

II. SCOPE

This policy applies to the purchase of all supplies, equipment, projects and services (professional and non-professional), and related documents, prepared or processed within the City of Yucaipa. For the purposes of this policy, the term employee shall be interpreted to include all employees and officials of the City, both appointed and elected.



III. STANDARD OF CONDUCT

City employment in a purchasing position is a matter of public trust and requires all such employees to maintain a special awareness of that trust. Each employee must avoid a conflict or appearance of conflict between public employment and their private lives. They must avoid any action, whether or not specifically prohibited by this or other instruction or law that results in or can reasonably be expected to create the appearance of:

1. Using public office for private gain;
2. Giving preferential treatment to any person or entity;
3. Impeding City efficiency or economy;
4. Losing independence or impartiality;
5. Making a City decision outside official channels; or
6. Adversely affecting the confidence of the public in the integrity of the City government.

Therefore, all employees subject to this policy:

1. Shall not engage in personal, business or professional activity nor hold a financial interest that conflicts with the duties and responsibilities of their position;
2. Shall not solicit, accept or agree to accept any gratuity for themselves, their families or others that results in their personal gain which may affect their impartiality in making decisions on the job. Discounts or other concessions realistically available to the general population, items received that do not result in personal gain, and samples to the City used for general City use, are examples of items that are not gratuities;
3. Shall not directly or indirectly use, take, dispose of or allow to use, take or dispose of City property; and
4. Shall report to and discuss with the employee's immediate supervisor questions, problems or potential problems.

The exercise of personal judgment is critical in this area and should be used, and questions regarding particular problems/events should be referred to the employee's immediate supervisor.



IV. AUTHORITY

Purchasing Officer

The City Manager shall have the authority to designate a Purchasing Officer. Ordinance No. 90-42 states “The Purchasing Officer, with the approval of the City Manager, may authorize in writing, any agency to purchase or contract for specified supplies, services and equipment independent of the purchasing officer...”. As such, the head of each department is authorized to purchase specified supplies, services and equipment necessary to maintain efficient operations within their department. Such purchases shall be made in accordance with Ordinance No. 90-42, and the City of Yucaipa Purchasing Policies and Procedures Manual.

Purchasing Authority Limits

Under the provisions of Section 2.40.140 of Ordinance No. 90-42, the following limits shall apply for all open market purchases:

<u>Position</u>	<u>Purchasing Authority Limit</u>
Department Director	Up to \$1,000
Purchasing Officer	Up to \$5,000
City Manager	Up to \$10,000
City Council	Over \$10,000

All purchases made above shall be subject to procedures outlined in this policy manual. In addition, Ordinance No. 90-42 sets forth formal, informal and open market guidelines to be followed in the purchasing function:

Open Market or Informal Bids	Up to \$10,000
Formal Bid Procedures	Over \$10,000 (\$5,000 for Public Works)



V. RESPONSIBILITIES

Purchasing Officer

The Purchasing Officer:

1. Is responsible for the procurement of all goods and services;
2. Shall assist each department in making all purchases required by the various departments, divisions, offices, sections and units of the City government in conformity with the procedures established for that purpose;
3. Shall verify the availability of funds; and
4. Shall not issue any purchase order without having the assurance that unappropriated funds are available within the fund account intended for any given purchase.

Finance Department

The Finance Department:

1. Is required to maintain certain financial records and to prepare financial reports monthly and annually;
2. Is required to distribute reports by the 10th working day of each month to all departments, with current and accurate revenue and expenditure account detail;
3. To promptly respond to department requests for data maintained in the financial records;
4. To process all purchase requisitions, purchase orders and other related documents in a timely manner;
5. To process payments for all invoices timely and to work with each department in an efficient manner so as to maintain positive relationships between the City and its vendors;
6. To maintain adequate internal control procedures, which includes, but is not limited to, backup documentation and proper authorization; and
7. To prepare for and submit to an annual examination of those records and procedures by an independent auditing firm.



Finance Committee

The Finance Committee is made up of two members of the City Council. The Committee, as it relates to purchasing, is responsible for reviewing the warrant registers and authorizing the release of all warrants.

Requesting Department

The requesting department is responsible to:

1. Never obligate the City with unauthorized commitment;
2. Consider the time required for purchases and delivery and plan requests accordingly. This will give all parties involved sufficient time to perform the necessary functions as according to this policy;
3. Develop specifications while making every effort to keep such specifications as non-restrictive as possible;
4. Inform the Finance Department in writing of personnel and their limits authorized by the Department Director to execute purchase requisitions and to approve payments;
5. Evaluate the availability of budgeted funds for all items requisitioned;
6. Requisition equipment and supplies that conform to O.S.H.A. requirements;
7. Promptly review and evaluate all items received for completeness and condition to ensure conformity with Department requirements, and to promptly return items if performance is unsatisfactory;
8. Track and develop plans for the disposal of obsolete and surplus property;
9. Prepare, as required, staff reports for the awards of bids and contracts by City Council;
10. Obtain as full and open competition as possible on all purchases;
11. Initiate, when required, the processing of invoices for payment in a timely manner;
12. Verify vendor has valid, current City of Yucaipa business license as appropriate;
13. Verify that vendor or contractor maintains adequate insurance or securities, as appropriate; and
14. Verify vendor is not in violation of any City Code or Ordinance.



VI. PROCESS

Purchasing Process for Supplies and Services

The purchasing cycle is intended to provide a common understanding of the procedures on how to requisition and secure the materials, equipment, services and leases needed by all City departments; to ensure that all requests are in accordance with the City's Purchasing Policies and Procedures as well as other legal requirements; and to provide a check that all materials and services have been ordered, received and cleared for payment in a timely, efficient and effective manner. The City's procedures for securing the materials and services can best be described as the "purchasing cycle", which is summarized as follows:

1. Budget-The budget appropriation is the authorization by the City Council to purchase specified capital equipment, services and materials for City operations during a fiscal year. Purchases can be made only if funds are available and unappropriated.
2. Purchase Requisition-Once a need to purchase has been established, a department will prepare a purchase requisition which will include the following information:
 - a. Requesting documentation.
 - b. Request date.
 - c. Account number to be charged.
 - d. Vendor name and number (if no number exists, requester will need to provide address, phone number and business license number).
 - e. Description of products or services and quantity and item number if known.
 - f. Invoice amount of purchase, including a line item for sales tax, if appropriate.
 - g. Name of requester.
 - h. Signature of appropriate department director.
 - i. List of other bids or quotes received.
 - j. Expected date to receive goods.
 - k. List of personnel authorized to sign for goods.
3. Requisition is sent to the Finance Department. The Finance Department verifies the account number, available funds and signature/authorization.
4. The Finance Department prepares a purchase order. A purchase order is a written contract between the City of Yucaipa and the seller for the purchase of items or services at an agreed upon price, delivery date and payment terms.
5. The Finance Department posts the encumbrance and returns the department's copy of the purchase order to the originating department.
6. The Finance Department places the purchase order with the successful bidder.



7. The goods are received by the department and examined for quality and completeness.
8. The department signs the receiving copy of the invoice or packing slip and returns it to the Finance Department.
9. The Finance Department receives the invoice and matches it with the packing slip and prepares for payment.
10. A complete warrant package is sent to the department for authorization.

If the services to be retained are professional services, as described below, the procedures for obtaining the professional services shall be followed.

Purchasing Process for Supplies, Services, Materials and Equipment over \$10,000 (\$5,000 for Public Works Projects)

Purchases of supplies, services, materials and equipment with a value in excess of \$10,000, shall be awarded by the City Council, pursuant to Section 2.24.120 of the Yucaipa Municipal Code. Upon Council award, standard requisition procedures will apply.

In addition to those rules and procedures set forth in Ordinance 90-42, relating to the purchase of supplies, services other than professional services, and equipment, the process shall be as follows:

1. Departments shall submit their intent to advertise or issue “Requests for Proposals” (RFP); “Requests for Qualifications” (RFQ); or “Bid Specifications” to the City Manager, who will distribute them to the City Council and the Chamber of Commerce.
2. To the extent possible, departments should prepare an annual schedule of projects for which they will be seeking formal bids.
3. All RFP’s, RFQ’s and bid specifications are to be approved by department directors.
4. Bid specifications shall be written broadly enough to encourage open competition. Departments should rarely, if ever, specify items with “no substitutes”.
5. Departments are to explore the use of local vendors whenever practicable.
6. Price alone shall not be the sole determining factor, but shall be considered along with other factors, including but not limited to, the ability of the bidder to deliver on a timely basis, availability of parts and services, prior experience with the bidder and other factors relating to the particular needs of the City for the supplies, equipment or services.



If the services to be retained are professional services, as described below, the procedures for obtaining the professional services shall be followed.

Purchasing Process for Professional Services

Ordinance 90-42, provides specific rules for professional services contracts. The Ordinance defines professional services, in general terms, to mean “professional contractual services performed by a member(s) of a profession. ‘Profession’ shall include, but not be limited to, the following: accountants, appraisers, architects, attorneys, computer consultants, economic and finance consultants, health and insurance consultants, engineers, geologists, inspectors, marketing and media consultants and planners: (See codified section 2.24.150 of the Yucaipa Municipal Code.) The Ordinance further states that contracts which are not anticipated to exceed \$50,000, may be awarded without a formal request for proposal or request for qualifications process”. However, whenever feasible, a minimum of an informal request for proposal process should be applied for the acquisition of professional services contracts. Unless authorized by the City Manager, the process for acquiring professional services shall be as follows:

1. Budget-Similar to that of normal purchasing procedures, the budget is adopted by City Council, which appropriates funding for various services. Before a department can prepare a Request for Proposal (RFP), available and appropriate funding must be verified.
2. The requesting department prepares a RFP, which will be sent to appropriate professional service firms.
3. The requesting department reviews all RFP statements received. The general selection criteria for determining which firm will be selected includes, but is not limited to:
 - a. Consultant’s relative experience, approach, availability, knowledge of the subject area;
 - b. Fees for services shall be considered, but shall not be an overriding consideration.
4. A staff report with recommendations is prepared by the requesting department and presented to the City Manager for approval.
5. Upon approval of the City Manager, and City Council, if required, standard purchasing procedures would then apply.
6. Professional service contracts valued at \$10,000 or less may be awarded by the department director in coordination with the Purchasing Officer. Professional service contracts over \$10,000, but not exceeding \$50,000 may be awarded by the City Manager. All professional service contracts exceeding \$50,000 shall be awarded by the City Council.



Purchasing Process for Public Works Projects

For all Public Works projects that exceed \$5,000, the formal bidding procedures, as outlined in the Purchasing Ordinance, will apply. Upon approval of the City Council, normal purchasing procedures will also apply.

Change Order

The purpose of this section is to ensure that all changes, revisions, amendments, deletions, etc., to executed contracts are accurately defined in order to avoid any possible misinterpretation and to ensure that proper authorization is given before changes are made.

Changes of any kind which affect the contractual agreement established by a purchase order or a contract will be made only in writing approved by the appropriate authorization level as outlined below. Any change which affects design specifications, quantity, delivery schedule, price, payment of invoice, transportation and similar contractual considerations may be negotiated, but must have proper authorization and approval prior to commitment or performance. A request for a change order to a supplier must be supported by the submittal of an appropriately authorized requisition form or contact change order form.

The authorization level for approving change orders shall be as follows:

- For contracts with a value of \$0-\$20,000, department directors shall have the authority to approve change orders in an amount not to exceed 50 percent of the original contract, or \$10,000, whichever is less.
- For contracts that exceed \$20,000, all change orders exceeding \$10,000 shall require authorization by the City Manager.
- Any change order which causes the aggregate cost of a contract to exceed \$50,000, shall require approval by the City Council.
- In the event that the City Council has authorized a contingency amount, the department director shall have the authority to approve change orders in an amount not to exceed 10 percent of the original contract amount. All change orders that exceed 10 percent the total project must be approved by the City Manager.
- In any event, change orders that will cause the aggregate total of the project to exceed the amount previously authorized by the City Council, shall require Council approval.



VII. EXCEPTIONS TO STANDARD PURCHASING PROCEDURES

In some cases, it is neither practical nor desirable to use the formal requisition procedures. In those instances, there are some alternatives for the efficient procurement of goods and services. Those options include:

Sole Source

Purchase of materials, supplies and equipment may be made without following either formal or informal bidding procedures if they can only be obtained from one vendor (sole source). In any event, approval for all sole source purchases shall be made in accordance with limits established in Section IV. Standard requisition procedures still apply.

Open Purchase Orders (Blanket)

To ensure efficient and effective control of purchases, which are difficult to anticipate, of goods and/or services which are required on a recurring basis and are uneconomical to store, to facilitate the acquisition of supplies and services needed by various departments in their day-to-day operations, and to reduce the volume of small value purchase orders, blanket (open) purchase may be issued. The department requiring an open purchase order may request it by initiating a purchase requisition. Upon receipt and approval of a purchase requisition for an open order, the Finance Department will encumber the entire amount requested in the requisition. Requisitions of this nature should generally be for items with a value of less than \$200. Normal requisition procedures shall apply. At the end of each fiscal year, any open purchase order with a remaining balance will close.

Petty Cash

Occasionally it will become necessary to make certain expenditures which are small in nature, that are not planned for in advance, or provide an unrealistic burden on normal purchasing procedures. Therefore, a petty cash fund shall be established.

The following types of expenditures **will not** be reimbursed through petty cash:

1. Membership dues.
2. Publications/Subscriptions.
3. Other travel expenses.
4. Invoices in excess of \$50.00.
5. Expenditures to account numbers without available funds.

Petty cash may be used for local purchases by City personnel for supplies, materials or services in the amount of fifty dollars (\$50.00) or less. Examples of appropriate petty cash disbursements are: small office supplies, parking fees, lunches, etc.



City of Yucaipa

All requests for petty cash must be authorized by the appropriate department director prior to distribution of funds. Petty cash disbursements may be made on either a cash advance or reimbursement basis.

For cash advances, the procedures shall be as follows:

1. A petty cash form will be prepared by the requesting department with the following information:
 - a. Nature or purpose of the expenditure
 - b. Amount of cash advance requested.
 - c. Date requested.
 - d. Authorized signature.
 - e. Account number.
 - f. Signature of person receiving cash.
2. Upon proper completion of the petty cash form, the Petty Cash Custodian will issue funds as indicated on request.
3. The vendor will submit a cash register receipt or invoice covering the purchase to the employee making the purchase.
4. Proof of purchase shall be submitted to the Petty Cash Custodian.

No cash advances will be made except as provided above. No IOUs will be accepted and no checks cashed by the petty cash fund.

For reimbursement of purchase made by employee, the procedures shall be as follows:

1. Employee will contact the vendor in person to obtain desired supplies or services.
2. The vendor will submit a cash register receipt or invoice covering the purchase to the employee making the purchase.
3. The employee will submit a receipt or invoice to the Petty Cash Custodian.
4. In addition to number 3 above, a petty cash form will be prepared by the requesting department with the following information:
 - a. Nature or purpose of the expenditure.
 - b. Amount of expenditure to be reimbursed.
 - c. Date requested.
 - d. Authorized signature.
 - e. Account number.



- f. Signature of person receiving cash.
5. Upon completion of the process, the Petty Cash Custodian will issue the amount to be reimbursed.

On a periodic basis, the Petty Cash Custodian will reconcile the petty cash account with invoices or receipts and remaining cash. The reconciliation will be submitted to the Accounts Payable Department for reimbursement of the Petty Cash fund.

Credit Card

It will occasionally be necessary to order, purchase or secure the purchase of supplies or services either expediently or otherwise that cannot be secured by the use of a purchase order. In those instances, a credit card may be used to secure those items. When using the City credit cards, the following considerations shall be given to the procurement of any goods or service:

1. Credit cards are only issued to department directors and Councilmembers and should not be utilized by other employees;
2. Do not exceed \$1,000. Any credit card purchase in excess of \$1,000, would require authorization by the City Manager;
3. Should only be used for City related business;
4. Items purchased or secured shall be done only if unappropriated funds are available in the department's budget.

The following procedures shall apply to all credit card purchases:

1. The vendor will issue a cash register receipt or invoice to cover the purchase made by the employee.
2. The receipt or invoice must be submitted to Accounts Payable for proper processing.
3. Upon receipt of the credit card statement, Accounts Payable will prepare a Request for Payment, with the receipt or invoice attached, and return in to the department for the account number and authorization.
4. The department returns the Request for Payment to Accounts Payable and the items are processed for payment.



Request for Payment

Normal procedure for ordering goods and services includes the use of a Purchase Requisition, which substantiates the Purchase Order (PO). A PO serves two primary purposes:

1. It assures that a purchase is authorized prior to the procurement activity by an appropriate employee charged with that level of authorization, and
2. It allows for the verification of available funds so that those funds can be encumbered for that purchase.

However, there are several instances where it is not necessary for the procurement of goods and services to issue a PO. In these instances, a Request for Payment (RFP) is to be used by the department for authorizing payment by warrant of city funds. Examples of such items are the following:

1. Insurance premiums, retirement and other payroll related payments;
2. Travel expense, mileage reimbursements or advances;
3. Periodic and regular payments for consultant fees covered by a signed agreement;
4. Incremental payment to an existing contract or PO, which do not require a receiving copy for receipt of materials;
5. Paying for membership in authorized associations;
6. Postage;
7. Certain Council-authorized payments;
8. Utilities; and
9. Advance payments to organizations for attending seminars, meetings, tuition, etc.
10. Reimbursement for the purchase of supplies or other goods with a value of less than \$200, which would be impracticable or otherwise unavailable with a current open Purchase Order.

Every RFP must have the same level of authorization which is required for a purchase requisition. In addition, the original invoice, receipt, packing slip or other supporting documentation is submitted to Accounts Payable, then expenditure can be processed for payment.



City of Yucaipa

At no time shall a RFP be used to circumvent the normal purchasing procedures because of a lack of planning or other reason. In addition, RFP's cannot be processed when adequate funds do not exist in a department's budget.



VIII. UNAUTHORIZED COMMITMENTS

In the event a purchase is made by someone without the authorization of the City Council, City Manager, Purchasing Officer or appropriate department director (see Section IV), the obligation or commitment shall be considered unauthorized. In addition, no purchase by any person, other than those specifically authorized in writing according to the procedures outlined in this document, shall be binding upon the city or constitute a lawful charge against any City funds. (Ordinance 90-42, Section 2.40.108) An unauthorized purchase may be ratified by the appropriate authority. However, unauthorized commitments, whether ratified or not, may result in disciplinary action, up to and including termination. Ratification of an unauthorized commitment shall be done according to the appropriate authority (See Section IV). The Finance Department will not take steps to pay a vendor invoice for an unauthorized commitment until properly ratified by the appropriate authority.



IX. TRAVEL

It is the policy of the City to encourage the attendance of personnel at training, meetings and conferences because of the benefit to the City in terms of information, ideas and improved personnel performance. The expense of such attendance, upon proper approval, shall be borne by the City. The purpose of this section is to define the procedures by which employees shall report and be reimbursed for necessary travel expenses incurred on behalf of the City of Yucaipa.

Attendance of spouses at meetings and conferences is encouraged (when appropriate). However, any and all expenses incurred because of the attendance of an employee's husband or wife is a personal expense and will not be borne by the City.

Responsibilities

It shall be the responsibility of each department director or his/her designee to investigate and approve each request for expense reimbursement. It shall be the responsibility of each employee to obtain prior approval from their Department Director or designee to incur a business expense.

Travel Authorization

1. Department directors may authorize attendance at meetings at City expense when the program material is directly related to an improvement phase of City service and holds promise of benefit to the City as a result of such attendance.
2. Authorization for attendance at meetings without expense reimbursement, but on City time, may be granted when the employee is engaged on the City's behalf, but from which the gain will inure principally to the benefit of the employee and only incidentally to the City.
3. City Councilmembers and Commissioners may be reimbursed for actual and necessary traveling expenses incurred in the performance of official duties.

Records and Reimbursements

1. Receipts or vouchers which verify the claimed expenditures will be required for all items of expense, except:
 - a. Per diem, except as otherwise provided in this policy.
 - b. Private mileage.
 - c. Streetcar, bus and ferryboat fares; bridge and road tolls.
 - d. Telephone and facsimile charges.



City of Yucaipa

2. Reimbursement shall not be made for any personal expenses such as, but not limited to: entertainment, barbering, etc.
3. Except as otherwise provided in this policy, expense reimbursements shall be made on an actual cost basis.
4. All travel related expenses shall be recorded on an expense report form provided by the Finance Department within 30 days and maintained as a public record. Members of the City Council shall provide a brief report on meetings attended, at the expense of the City, at the next regularly scheduled City Council meeting during the segment dedicated to Councilmember business. Members of Commissions shall provide a brief report on meetings attended, at the expense of the City, at the next regularly scheduled meeting of the respective Commission.

Transportation Modes

1. The general rule for selection of a mode of transportation is that mode which represents the lowest expense to the City.
2. **Travel via Private Automobile:** Reimbursement for use of privately owned automobiles to conduct City business shall be at the rate of \$0.485 per mile.

Reimbursement at this rate shall be considered as full and complete payment for actual necessary expenses for the use of the private automobile, insurance, maintenance, and all other transportation-related costs. The City does not provide any insurance for private automobiles used on City business. The owner of an automobile is responsible for the personal liability and property damage insurance when the vehicle is used on City business.

3. When traveling expenses are allowed by law to any city officer, he/she may contract with the appropriate authorities for an allowance or mileage rate for the use of vehicles owned or rented and used by him/her in the performance of duty, in lieu of the usual transportation charges. Councilmembers may contract for an allowance in an amount not to exceed \$150 per month.

It is anticipated that City Councilmembers will utilize their own personal vehicle for city related work, incidental and local use on a fairly routine basis. Automobile allowances are intended to reimburse Councilmembers for that incidental use of their personal vehicles. Local use is considered any driving distance not greater than 20 miles from City Hall. All other eligible, travel related expenses are subject to reimbursement pursuant to the provisions outlined in the Purchasing Policies and Procedures.

4. **Travel via Air:** When commercial aircraft transportation is approved, the travel shall be at the lowest rate available, including tax and security surcharges.



Lodging

When lodging is approved, the lodging shall be at the lowest reasonable rate available, including tax and security surcharges. Lodging costs in connection with a conference or organized educational activity, conducted in compliance with this policy, shall not exceed the maximum group rate published by the conference or activity sponsor, provided that lodging at the group rate is available to the member of a legislative body at the time of booking. If the group rate is not available, the member shall use comparable lodging that is consistent with the requirements of this policy.

Subsistence

Subsistence allowances for meals may be allowed with prior approval of the Department director for the purpose of conducting City business. It is expected that each employee, as an exercise of personal judgment, shall not abuse the subsistence allowance. The allowance is intended to provide for meals for employees when overnight stays are required and has been calculated so that the amount is adequate to cover the cost for meals in most situations. Charges greater than the allowances listed below may be authorized under special conditions, such as travel in an area of unusually high cost (such as San Francisco Bay Area, Los Angeles and San Diego). It is anticipated that the per diem meal allowance will be sufficient in most instances to cover the actual and necessary expenses incurred. However, in the event that the meal allowance is not sufficient, actual expenses will be reimbursed, subject to the documentation and approval processes outlined in this policy.

The allowance for meals is fifty-nine dollars per day, for three (3) meals, or when separate meals are claimed, ten dollars (\$10) for breakfast; fifteen dollars (\$15) for lunch; and thirty-four (\$34) for dinner. The allowance for meals shall be inclusive of tax and gratuities.

Meal allowances for a business meeting/conference including meals are reimbursed based upon the actual cost.

At no time shall the City pay for the cost of entertainment or alcoholic beverages of any type.

Expense Advances

Advancement of funds for business expenses can be obtained from the Finance Department through submission of the appropriate form. Advancements shall not exceed the per diem allowances set forth herein. The minimum amount to be advanced is twenty five dollars (\$25.00).



X. FIXED ASSETS

The City of Yucaipa maintains a fixed asset inventory listing as required by generally accepted accounting standards, which includes all capital outlay items purchased by the City of Yucaipa.

Capital outlay is a capital expenditure for the acquisition of equipment, furniture or City personal property and must possess primary attributes:

1. Tangible in nature;
2. Useful life greater than one year; and
3. Value of \$500 or more.

When considering capital outlay, the following procedures shall apply:

1. City Council authorizes funds annually in the budget for the specific purposes of capital outlay;
2. Departments annually submit their capital outlay requests for inclusion on the City-wide capital outlay priority listing;
3. The City Manager approves all purchases of capital outlay from the annual City-wide listing; and
4. Once authorized, standard purchasing procedures shall apply.



XI. SALE OF SURPLUS EQUIPMENT

Equipment that has become obsolete, or otherwise has become unfit, unsuitable for City use or is undesirable, may be considered surplus and therefore, disposable. To dispose of surplus equipment the following considerations shall be applied:

1. The head of any department may declare any personal property, held by such department, as potentially surplus.
2. Declaration of surplus equipment shall be in writing to the Purchasing Officer.
3. Declaration of surplus equipment shall include the following information:
 - a. Description of item.
 - b. Department.
 - c. Current location.
 - d. Estimated value.
 - e. Department director authorization.
 - f. Recommendation for disposition.
4. Disposal of surplus equipment shall be approved by the proper authority as defined in Section IV of this document. Disposal of equipment with a value greater than \$10,000, shall be approved by the City Council.
5. The Purchasing Officer shall notify all other departments of items scheduled for disposal. If any department director has a use for such property, he/she may so request it from the Purchasing Officer, who shall have the authority to assign the property to any department (able to make best use of such property). If no department has need of equipment, it shall be declared surplus.
6. Once an equipment item is finally deemed surplus, and is authorized for disposal, the department director shall have the authority to approve one of the following methods for disposal:
 - a. **Trade-in:** When requesting bids or quotations for new supplies, materials and equipment, a trade-in allowance may be requested. Where the trade-in allowance is determined to be adequate and advantageous, the appropriate authority is authorized to accept said allowance.
 - b. **Sale in Open Market:** The department director shall be responsible for understanding current market conditions of the personal property of the type declared surplus. The department director shall have authority to dispose of any surplus equipment by sale, auction or otherwise, after receiving bids or proposals which provide the maximum return to the City. In any event, the method of sale



chosen should be the one which, in his/her opinion, will bring the greatest number of potential purchasers.

Notice of any disposal of equipment for sale shall be made at least once, not later than three days prior to the sale, in a newspaper of general circulation, published and/or distributed in the City. The notice shall set forth the date of the sale, locations where items may be examined and sold, location where purchase price is to be paid and a general description of items to be sold.

The appropriate authority or designee is authorized to sell to the highest bidder in accordance to the rules established in this section.

- c. **Donation:** The City Manager shall have authority to approve the donation or long term loan of surplus equipment to other government agencies or local not-for-profit organizations. The Purchasing Officer shall be responsible for maintaining adequate records of such loans or donations.
7. The terms of any sale made in accordance with the item 6b, above, shall be cash in the amount of the full purchase price. A cashier's check or money order may also be accepted.
8. The department director or other authorized representative shall issue a receipt to the purchaser of such property and shall keep a copy of the receipt for City records.
9. The City copy of the receipt shall be forwarded to the Finance Department along with the money collected from the sale.
10. The Finance Department shall make appropriate entries in accounting records, including fixed asset listing to reflect disposal of equipment.
11. When, after a reasonable effort has been made to obtain bids, no bids have been obtained for any item of surplus City-owned property, the Purchasing Officer or his/her designee is authorized to dispose of such items for the highest scrap value that can be obtained therefore, and if a reasonable effort to do so produces no opportunity to sell the same for scrap, he/she may cause its destruction or any disposition thereof.



XII. PROTEST PROCEDURES

It shall be the policy of the City of Yucaipa that, for the appropriate handling and resolution of disputes relating to procurements, a protester must exhaust all administrative remedies with the City of Yucaipa before pursuing a protest with the Federal Agency.



XIII. RECYCLED PRODUCTS PROCUREMENT

Departments shall, whenever possible, use recycled products and recycled materials to meet their needs. This policy is enacted to demonstrate compliance with the Waste Management Reduction Act and foster market development for recycled products.

Definitions

Recycled material: Waste material and by-products that have been recovered or diverted from the solid waste stream and that can be utilized in place of raw or virgin material in the of a product. Recycled materials may consist of material derived from post-consumer waste, manufacturing waste, industrial scrap, agricultural waste and other items, all of which can be used in the manufacture of new products.

Post-consumer recycled materials: A finished material or product that has served its intended use and would normally be disposed of as solid waste. Examples of post-consumer recovered materials include, but are not limited to: old newspaper, office paper, yard waste, steel, glass, aluminum cans, plastic bottles, oil, asphalt, concrete and tires.

Practicable: Sufficient in performance and available at a reasonable price within a reasonable time period.

Pre-Consumer: Materials or by products generated after manufacturing of a product is completed, but before the product reaches the end use consumer. Examples of pre-consumer recovered materials include, but are not limited to; obsolete inventories of finished goods, - rejected unused stock and paper wastes generated during printing, cutting and other converting operations.

General Policies

- A. All City departments shall use recycled products whenever practicable. Special emphasis shall be placed on the purchase of products manufactured with post-consumer recycled materials.
- B. All departments may, at their option and with purchasing concurrence, require procurement of designated recycled products or recycled products above the levels required by this policy.
- C. The City shall require its contractors and consultants to use and specify recycled products and recycled products in fulfilling contractual obligations whenever practicable.
- D. The City shall promote the use of recycled products and recycled products by publicizing its procurement policy whenever practicable.