

# PROCUREMENT MANUAL



## COASTSIDE FIRE PROTECTION DISTRICT

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## I. GENERAL CONDITIONS

### A. Derivation of Procurement Policy

The Coastside Fire Protection District is a political subdivision of the State of California, organized pursuant to California Health and Safety Code section 13800 et. seq. and governed by a five member Board of Directors. The procedures governing procurements of the District derive from state law and the District's previously established rules.

### B. Purpose

These procedures are designed to foster maximum open and free competition for the Coastside Fire Protection District's contracts, to obtain purchases of a quality to suit intended purposes at the least expense, to clearly define the responsibilities of the officers related to purchasing, to maintain an internal centralized control over the purchase of materials and services, and to reduce the time required to pay invoices.

### C. Definitions and Abbreviations

Whenever the following words are used in this Procurement Manual, the intent and meaning shall be interpreted as follows:

"Attorney" or "District's Attorney" shall mean the District's general counsel.

"Board of Directors" or "Board" shall mean the governing board of the Coastside Fire Protection District.

"Contractor" shall mean any person or entity who furnishes materials, equipment or supplies to, or performs any service for the District.

"District" shall mean the Coastside Fire Protection District.

"Professional Services" shall mean those services that require special training, experience, or expertise – as defined as "special services" in Public Contract Code § 20812(a) – including accounting, administration, ambulance, architecture, custodial, economics, engineering, financing, insurance, labor relations, law, maintenance, mechanics, medicine, planning, science, technology, and other services which are incidental to the operation of the District.

"Public works" shall mean any work or improvement contracted by the District, including but not limited to the construction, alteration, addition to or repair, in whole or in part, of any building, wharf, bridge, ditch, flume, aqueduct, well, tunnel, fence, machinery, railroad, or road; the seeding, sodding, or planting of any lot or tract of land for landscaping purposes; the filling, leveling, or grading of any lot or tract of land; the demolition of buildings and the removal of buildings.

“Purchasing Agent” shall mean the employee of the District tasked with or requesting authority to make a purchase or procure a service.

“Purchase Order” shall mean the form constituting written authorization to a vendor to furnish the District with materials, equipment, supplies or services of the kinds and in the amounts specified.

“Purchase Request Form” shall mean the internal memorandum submitted by a District employee to the Fire Chief or Assistant Chief to request approval of items for purchase.

“Services” shall mean non-professional services to be provided by contract.

## **II. STANDARDS OF CONDUCT**

### **A. Duty to Disclose**

District employees shall not be involved in any purchasing decisions, tasks or procedures (including participation in initiation, award or administration of a contract) in which they or persons related to them have a real or apparent conflict of interest, as more particularly defined in section B below. In cases when there may be such conflict of interest, employees have the responsibility to report in writing such conflict to the Fire Chief or Assistant Chief. Failure to make such disclosure is grounds for discipline.

### **B. Conflict of Interest**

The Board has adopted a Conflict of Interest Code, under which certain designated employees are required to disclose economic interests and are prohibited from participating in decisions which may have an effect on their financial interests. The terms and requirements of the Conflict of Interest Code are incorporated into this Procurement Manual.

For purposes of these Procurement Manual Standards of Conduct, it is further required that no employee, officer or agent of the District shall participate in procedures, tasks or decisions relative to initiation, award or administration of a contract if a conflict of interest, real or apparent, exists. Such a conflict of interest arises when: 1) the employee, officer or agent; 2) any member of his or her immediate family; 3) his or her business associate; or 4) any organization which employs, or which is about to employ, any of the above, has a financial or other interest in a firm that participates in a District bidding process or that is selected for an award. The standards governing the determination as to whether such an interest exists are set forth in sections 1090, 1091 and 1091.5 of the California Government Code.

### **C. Gratuities and Contingent Fees**

No director, officer, employee or agent of the District shall knowingly solicit, accept or agree to accept gratuities or favors in connection with actual or potential procurement and contracting activities.

D. Confidential Information

No District employee shall use confidential information for his or her actual, anticipated or apparent personal gain, or for the actual, anticipated or apparent personal gain of any person related to such employee as such relationship is defined in section B above. "Confidential Information" is defined to include any proprietary, privileged or nonpublic information, coming to the employee's attention as a result of employment by the District, the knowledge of which makes financial gain possible.

E. Discipline for Violation

The violation of any of these standards will subject the employee to disciplinary proceedings or action deemed appropriate by the District, up to and including dismissal.

**III. PURCHASE OF SUPPLIES, EQUIPMENT, AND SERVICES**

A. Petty Cash: Purchases Not Exceeding \$500.00 [See Appendix - Health & Safety Code §13905]

The Fire Chief or Assistant Chief is authorized to draw a warrant on the District treasury to establish a petty cash fund. The petty cash fund may be used for the following purposes related to and necessary for the conduct of District business: meals, lodging, travel, supplies, fuel, education, training and meetings. The maximum amount of the fund is \$500. The District's Administrative Secretary will account for all expenditures from the fund. The District's Fire Chief or Assistant Chief is authorized to draw additional warrants to reimburse the funds. Each warrant drawn to reimburse the fund shall contain an itemized account of expenditures. Any officer or employee is authorized to spend the fund upon approval of the Fire Chief or Assistant Chief.

B. Charge Accounts: Purchases Not exceeding \$2,000

The Fire Chief or Assistant Chief may authorize the establishment of charge accounts for purchases of equipment, materials, supplies and services that are required on a regular as-needed basis but in uncertain quantities, such as hardware, groceries and maintenance parts and materials. Employees must receive the permission of the Fire Chief or Assistant Chief before charging on these accounts. No single charge may exceed \$2,000. The Fire Chief or Assistant Chief shall review the monthly invoices for these charge accounts.

C. Purchasing Authority

Purchases shall be made in accordance with the District’s current approved budget. Any service or item, including tools, equipment, furnishing, or fixtures, costing in excess of \$2,000.00 and having an estimated life of three or more years shall normally first be identified in the annual budget prior to being purchased. Purchasing oversight is the responsibility of the Fire Chief or Assistant Chief, who shall determine the availability of funds prior to any purchase. If the purchase or procurement is not funded through the annual budget, or if there are insufficient funds in the annual budget for the purchase or procurement, the Fire Board must approve funding prior to the purchase or procurement.

Except as provided in Section III(A) and (B), above, purchases and service contract procurements that are provided for in the annual budget shall be performed according to method specified for the cost of the purchase or service contract, as follows<sup>1</sup>:

<b>Purchasing Method</b>	<b>Approval</b>	<b>Dollar Limit<sup>2</sup></b>
No-bid (open market/negotiated)	Fire Chief or Assistant Fire Chief	< \$10,000
Informal bid	Fire Chief or Assistant Fire Chief	≥ \$10,000 and ≤ \$50,000
Formal bid	Fire Board	> \$50,000

**D. Purchasing Methods**

1. No-bid (open market/negotiated) procurements require no specific procedure. Unless otherwise authorized herein to purchase items, all no-bid purchases must be initiated by the Purchasing Agent submitting a Purchase Request Form to the Fire Chief or Assistant Chief. The Purchase Request Form shall contain the following information:
  - a) a specific description of the desired products or services, using, whenever possible, dimensions, sizes and catalogue numbers;
  - b) the quantity of desired products or services;
  - c) the date on which products or services are required;
  - d) the place of delivery for the product or service;

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<sup>1</sup> Except where alternative procurement processes are allowed or required by State or Federal law, for example but not necessarily limited to “piggyback” purchases of supplies or equipment pursuant to Public Contract Code §10298.

<sup>2</sup> If a service is to be provided for multiple years, the dollar value of the work for purposes of determining the proper procurement method should be the full cost/compensation to be paid for the service over a three-year period.

- e) the contract, agreement, or term sheet to be executed (if any); and
- f) estimated cost.

No employee may place orders directly with vendors without the prior written approval of the Fire Chief or Assistant Chief, as evidenced by a written Purchase Order signed by the Fire Chief or Assistant Chief. Prior to approving the Purchase Order, the Fire Chief or Assistant Chief will determine that funds are available in the annual budget.

- 2. Informal bidding requires the Purchasing Agent to obtain quotations from at least three vendors, when feasible. The quotations may be in the form of written proposals or in cost quotes provided by phone or in writing. In consultation with the Fire Chief or Assistant Chief, the Purchasing Agent and the vendor shall negotiate the basic terms of the procurement, including, but not limited to, price, time for performance, place of performance and manner of payment. Upon completion of negotiations, the District shall formalize the terms of the purchase by Purchase Order or by negotiated agreement, signed by the Fire Chief or Assistant Chief. The District's Attorney shall review all agreements prior to their execution.
- 3. Formal bidding requires the Fire Board to authorize the issuance of a bid request or request for proposals and specify how the Purchasing Agent is to advertise or solicit bids. Upon receiving bids/responses, the Purchasing Agent shall make a recommendation to the Fire Board, and the Fire Board shall determine whether to award the contract.

#### **IV. PROFESSIONAL SERVICES AGREEMENTS**

Professional services shall normally first be identified in the annual budget prior to the District engaging a service provider. Contracting oversight is the responsibility of the Fire Chief or Assistant Chief, who shall determine the availability of budgeted funds for any professional service. If the professional service or project served by the professional service is not funded through the annual budget, or if there are insufficient funds in the annual budget for the work required, the Fire Board must approve funding in conjunction with award of the contract.

Professional service contracts should utilize the standard contracting forms maintained by the District and approved by the District's Attorney and the Fire Chief or Assistant Chief, unless the form has been reviewed by the District's Attorney and approved by Fire Board. When an Request for Proposals ("RFP") is issued by the

District, it shall include, at minimum, a general description of the scope of work, the date that responses shall be considered, a copy of the contract form to be executed by the vendor/contractor awarded the contract, the time in which the project must be completed, requirements concerning coordination with other entities, other information which may be useful in preparation of a proposal, and evaluation criteria specifically tailored to the project. Such evaluation criteria shall include but not be limited to the consultant's proven experience and competence, understanding of the scope of work, financial ability and resources to perform the work, willingness to cooperate with District staff and proposed method for assuring timely and acceptable performance and management of the work. The RFP shall identify all significant evaluation criteria, including price or cost when required, and their relative importance. In addition, résumés of the consultant's staff may be required. The draft RFP shall be submitted to the District's Attorney for review prior to its issuance.

If funds are not budgeted for the professional service, the Fire Board must approve funding prior to entering an agreement for the service. Agreements for professional services for which there is funding in the annual budget shall be procured according to the following methods:

<b>Purchasing Method</b>	<b>Approval</b>	<b>Dollar Limit<sup>3</sup></b>
The Fire Chief or Assistant Chief may engage a vendor/contractor directly or issue a RPP	Fire Chief or Assistant Chief	< \$25,000
Fire Chief or Assistant Chief approves the issuance of a RFP	Fire Chief or Assistant Chief	≥\$25,000 and < \$50,000
Fire Board approves the issuance of a RFP and awards the contract	Fire Board	≥ \$50,000

## **V. PUBLIC WORKS CONTRACTS**

### **A. Purchasing Authority**

Public works projects estimated to cost above \$10,000 shall normally first be identified in the annual budget prior to initiating the project. Contracting oversight is the responsibility of the Fire Chief or Assistant Chief, who shall determine the availability of budgeted funds for any project. If the project is not funded through the annual budget, or if there are insufficient funds in the annual budget to complete the project, the Fire Board must approve funding in conjunction with award of the contract.

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<sup>3</sup> If a professional service is to be provided for multiple years, the dollar value of the work for purposes of determining the proper procurement method should be the full cost/compensation to be paid for the professional service over a three-year period.



All contracts for public works projects should utilize the standard contracting forms maintained by the District and approved by the District’s Attorney and the Fire Chief or Assistant Chief, unless the form has been reviewed by the District’s Attorney and approved by Fire Board. Pursuant to Public Contract Code §20813, contracts for public projects that are provided for in the annual budget shall be awarded according to method specified for the cost of the project, as follows <sup>4</sup>:

<b>Purchasing Method</b>	<b>Approval</b>	<b>Dollar Limit</b>
No-bid (open market/negotiated)	Fire Chief or Assistant Fire Chief	< \$10,000
Informal bid	Fire Board	≥ \$10,000 and ≤ \$200,000
Formal bid	Fire Board	> \$200,000

**B. Purchasing Methods**

1. No-bid (open market/negotiated) procurements require no specific procedure. However, the Purchasing Agent should attempt to obtain the best pricing from available contractors and prepare a contract for review by the District’s Attorney and signature/approval by the Fire Chief or Assistant Chief. Prior to approving the contract, the Fire Chief or Assistant Chief will determine that funds are available in the annual budget.
  
2. Informal bidding requires the Purchasing Agent to receive authorization from the Fire Chief or Assistant Chief to publish a notice inviting bids, pursuant to the requirements and specifications in Public Contract Code §20813. The Purchasing Agent should also send the notice inviting bids to all known trade journals and contractors known to perform the type of work sought. After bid opening, the Purchasing Agent shall determine the lowest responsive and responsible bidder and recommend that the Fire Board award the contract to that bidder.
  
3. Formal bidding requires the Fire Board to authorize the issuance of a notice inviting bids to be published pursuant to the requirements and specifications in Public Contract Code §20813. The Purchasing Agent should also send the notice inviting bids to all known trade journals and contractors known to perform the type of work sought. After bid opening, the Purchasing Agent shall determine the lowest responsive and responsible bidder and recommend that the Fire Board award the contract to that bidder.

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<sup>4</sup> Except where alternative procurement processes are authorized or required by State or Federal law.

## **VI. EMERGENCY PROCUREMENTS**

In the event of great public calamity, such as extraordinary fire, flood, storm, epidemic, earthquake, or other such disaster, the District is not required to engage in informal or formal bidding or RFP procedures when making emergency purchases of supplies, equipment, materials, or services if the Board has made the proper findings and, by four-fifths vote, authorized emergency contracting procedures pursuant to Section 22050 of the California Public Contract Code. "Emergency purchases" are those immediate procurements required to safeguard life, health or property, or to prevent the immediate interruption or cessation of necessary District services. In such emergency situations, the Fire Chief or Assistant Chief may expend up to \$50,000 for the immediate purchase or contract for supplies, equipment, materials or services.

When the intended procurement amount will exceed applicable statutory bid limits, as in the case of construction work exceeding \$10,000 or professional services exceeding \$25,000, the emergency must be so declared and approved by resolution passed by a four-fifths vote of all members of the Board pursuant to California Public Contract Code Sections 20812(c)(5), 20813(d) and 22050.

## **VII. SOLE SOURCE PURCHASES**

### **A. General**

Regardless of the estimated cost of procurement, the District is not required to engage in the specified procurement methods when procuring material, equipment, supplies, or services for which there exists only a sole source of supply. Such procurements often arise when the specifications and requirements for the items or services to be procured are so unusual or distinct as to narrow possible sources down to one. This may be the case, for example, with replacement parts for brand name machinery, equipment or vehicles when only one source of supply is available. In this example, however, if more than one distributor is available, the product is not exempt from the specified procurement methods. The sole source must be the only known source of supply with the capability of meeting the bona fide specification requirements. A sole source decision is not permitted merely on the grounds that the source demonstrates technical or administrative superiority, is the most convenient, or shows superior performance potential at lowest cost.

### **B. Request to Purchase from a Sole Source**

The Purchasing Agent submitting the Purchase Request Form shall indicate that it is a "sole source purchase," after determining that there is only one vendor or supplier of the materials, goods, equipment, or services desired. The Fire Chief or Assistant Chief must first determine the availability of funds for the project, item, or service and verify that the particular procurement meets the definition of a sole source. If the estimated expenditure exceeds \$10,000, the Fire Chief or Assistant Chief shall consult the District's

Attorney for a determination as to the applicability of the sole source exception. No purchase order shall be issued to the vendor or contract executed until the District's Attorney has confirmed that the procurement qualifies as a sole source purchase.

The Fire Chief or Assistant Chief may authorize a purchase or execute a contract with a sole source. However, the Board must approve the purchase of the product or service or construction project if:

1. the cost of the service, project, or item(s) exceeds \$10,000 or adequate funds are not available in the annual budget; or
2. upon approving the annual budget, the Board asked that this purchase have specific board approval before the purchase is actually made.

C. Cost Analysis

Unless the reasonableness of the price can be established on the basis of a catalog or market price for a similar commercial product sold in substantial quantities to the general public, or on the basis of prices set by law or regulation, the Fire Chief or Assistant Chief or designee shall conduct a cost analysis. A cost analysis is a detailed evaluation of the cost elements that comprise the proposed price to determine whether the bidder is applying sound management and appropriate resources to the procurement. This process includes verification of cost data, evaluation of specific cost elements such as labor hours, quantities, tooling or testing and projection of cost data to determine its effect on prices. The following factors should be considered: necessity for certain costs, reasonableness of amounts estimated for necessary costs, the bases for allocating overhead costs, allowances for contingencies and the appropriateness of allocations of particular overhead costs to the contract.

## **VIII. DISPOSAL OF SURPLUS EQUIPMENT AND SCRAP ITEMS**

A. Summary

The Fire Chief or Assistant Chief shall from time to time poll District's staff in order to determine whether any supplies, equipment, or materials might be considered surplus or scrap. With respect to items with an original acquisition cost not exceeding \$20,000, the Fire Chief or Assistant Chief shall make the determination as to the manner of disposition of such scrap or surplus items. The Board shall determine the manner of disposition of any item having an original acquisition cost greater than \$20,000. In all cases, any disposition or sale of rolling stock shall require notification to the Board.

The method of sale or disposition of any surplus or scrap items shall depend upon the nature of the items. Such methods shall include: (1) transfer or sale to other public agencies, (2) trade-in as part of a new procurement, or (3) sale by auction,

advertisement for sealed bids, or negotiation. Items of nominal value may be donated without consideration after Fire Board approval. The Fire Chief or Assistant Chief shall have responsibility for carrying out the disposition procedures for surplus or scrap items. In all cases, steps shall be taken to indemnify the District against loss or liability that may result from use of the items after disposition, transfer, or sale. All bidding or contract documents prepared in connection with the disposition, transfer or sale of surplus or scrap items shall be submitted to the District's Attorney for review and approval.

B. Original Acquisition Cost Determination

To the extent data is available, the Fire Chief or Assistant Chief shall prepare adequate documentation describing the items and its method of original procurement, original acquisition cost, and current fair market value.

C. Sealed Bid Procedure

The surplus/scrap items may be disposed of by means of a sealed bid procedure, conducted similarly to the formal competitive bid procedure. Upon appropriate determination and approval as described above, the Fire Chief or Assistant Chief shall cause a Notice of Sale to be placed in a newspaper of general circulation in the District's jurisdiction for a period of not less than two weeks. Such Notice shall adequately describe the items to be sold, including, where appropriate, the original acquisition cost and date. The Notice shall state that the sale shall be made to the highest responsive bidder, and that the items will be sold in an "as-is," "where-is" and "with all faults" condition. The Notice may also specify the amount of a minimum bid, if any. The Notice may be sent to known interested dealers and other parties, including other area fire departments.

D. Auction

The disposition of items may be undertaken by means of an auction. The Fire Chief or Assistant Chief shall cause to be published once, in a newspaper of general circulation in the District's jurisdiction, a Notice of intention to sell at public auction to the highest bidder at the time and place therein specified. The Notice shall adequately describe the items to be disposed of, including, if appropriate, the original acquisition cost and date. The sale may be conducted by the District, or, alternatively, may be held in conjunction with San Mateo County or other public auction. Each item shall be sold to the highest bidder.

E. Other Methods of Disposal (Trade-In, Negotiation, Etc.)

If the Board makes a determination to surplus/scrap items, the items may be disposed of by any other reasonable means designed to maximize the property's disposal value to the District. Such alternate means of disposition may include trading the surplus/scrap property in for new supplies, equipment, and materials. Arrangements

for a trade-in in connection with a District procurement shall be conducted in accordance with the procedures mandated by this Procurement Manual. In no case shall a trade-in represent a lower dollar value than could have been realized by means of another verified method of sale or disposition.

The Fire Chief or Assistant Chief may proceed to dispose of the property by negotiating the sale thereof. The Fire Chief or Assistant Chief shall call or ask in writing for informal offers to purchase the property and sell to the highest price offered upon Fire Board approval.

F. Prohibited Sales

Sale of items shall not be permitted to any of the following:

1. Members of the Board;
2. District officers;
3. District staff, their families, or agents, unless the staff member certifies that he or she has not had any involvement or influence in the bidding process or contract award, and agrees to abide by the conflict of interest provisions set forth in Article 4, Chapter 1, Division 4 of Title 1 (commencing with section 1090) of the Government Code of the State of California.